



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 28, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Savings Bank of Champaign-Urbana
Charter Number 701611

1311 South Neil Street
Champaign, IL 61820-6558

Office of the Comptroller of the Currency

Champaign Field Office
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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 families and 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income families and 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 First Federal Savings Bank of Champaign-Urbana (First Federal or institution). The Office of the Comptroller of the Currency (OCC) evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The OCC rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 195.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors providing support for this rating include:

- First Federal has a reasonable distribution of loans to borrowers of different incomes and businesses of different sizes in the assessment area.
- First Federal has a reasonable geographic distribution of residential and small business loans among various income tracts in the assessment area.
- A substantial majority of First Federal's loans are originated inside the assessment area.
- First Federal has a reasonable loan-to-deposit ratio.

SCOPE OF EXAMINATION

We reviewed the institution's CRA performance using small institution examination procedures. This evaluation of First Federal's CRA performance covers a 36-month review period from January 1, 2009, to December 31, 2011. We reviewed the institution's Home Mortgage Disclosure Act (HMDA) data and small business loans originated during the review period. The small business loan data contained in this report was obtained from internal records provided by management. According to definitions contained in the CRA regulations, small business loans are loans originated in amounts of \$1 million or less and small businesses are defined as businesses having annual gross revenues of \$1 million or less. Based on the number and dollar volume of loan origination information supplied by the institution, First Federal's primary loan products are residential real estate loans and business loans. The loans we reviewed are representative of the institution's business strategy since the last examination.

We utilized 2000 U.S. Census data for the demographic information in this report. Aggregate HMDA information from 2009 and 2010 provided us with peer group data. The 2011 aggregate HMDA data is not yet available. Prior to this examination, we reviewed the institution's 2010 and 2011 HMDA data for accuracy and found the data to be reliable.

DESCRIPTION OF INSTITUTION

First Federal is a federally chartered stock savings bank with assets totaling \$160.2 million. The institution is a wholly-owned subsidiary of Great American Bancorp, Inc. The institution's primary business focus is to serve its local community through the origination and servicing of residential mortgage loans and to provide deposit-related banking services to its customers.

First Federal's main office and one branch are located in Champaign, Illinois, and an additional branch office is located in Urbana, Illinois. Each office has drive-up facilities and convenient banking hours. First Federal has three automated teller machines (ATMs) within the assessment area. In addition, the institution offers debit cards that enable its customers to conduct account transactions from any ATM station throughout the area. There are no known impediments limiting First Federal's ability to help meet the credit needs of its local community, including those of low- and moderate-income families and neighborhoods.

First Federal offers a wide range of conventional mortgage products including fixed and adjustable rate loans and construction loans, as well as home improvement, home equity, consumer, and commercial loans. The institution makes both commercial real estate and commercial business loans.

First Federal offers specialized loan programs to aid low- and moderate-income borrowers and first time homebuyers. These programs are offered through the Illinois Housing Development Authority, U.S. Department of Agriculture Rural Development, Federal Home Loan Bank of Chicago Downpayment Plus, and the City of Champaign Acquisition-Rehabilitation Programs. These programs assist homebuyers with down payment and closing costs, below market interest rates, and/or 100 percent financing.

The institution's loan portfolio totaled \$103 million or 64.3 percent of total assets as of December 31, 2011. The following table represents the various components of the portfolio:

Loan Portfolio Summary by Loan Product		
Loan Category	\$ Amount Outstanding	% of Amt Outstanding
Residential Mortgage Loans	\$ 72,282	70.17%
Non-Residential Mortgage Loans	16,738	16.25%
Land Loans	2,805	2.72%
Commercial Non-Mortgage Loans	8,071	7.84%
Consumer Loans	3,113	3.02%
Totals	\$103,009	100.00%

Source: December 31, 2011 Thrift Financial Report data

One- to four-family home loans represent 35.8 percent of total assets with multifamily loans representing 9.4 percent and nonresidential mortgage loans representing 10.4 percent. Commercial non-mortgage loans represent 5.1 percent of assets.

At the previous CRA evaluation, dated May 14, 2008, First Federal also received a rating of Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

First Federal’s assessment area consists of all of Champaign County, Illinois, which is one of three counties that comprise the Champaign-Urbana, IL Metropolitan Statistical Area (MSA). Champaign County is unique in that a high percentage of the population is college students attending the University of Illinois at Urbana-Champaign or Parkland College. Approximately 60,000 students attend these two schools. First Federal’s assessment area is reasonable, as all of its offices are located in Champaign County, and it would be difficult for an institution of its size to serve all three counties in the MSA.

There are a total of 41 census tracts in the assessment area, of which three tracts are low-income, 12 tracts are moderate-income, 16 tracts are middle-income, nine tracts are upper income and one tract is categorized as NA. The U.S. Department of Housing and Urban Development (HUD) estimated that median family income for the Champaign-Urbana, IL MSA was \$65,200 in 2009, \$64,900 in 2010, and \$67,100 in 2011. According to definitions contained in the CRA regulations, a census tract’s designation or borrower’s income is considered low when it is less than 50 percent, moderate when it is 50 percent to less than 80 percent, middle when it is 80 percent to less than 120 percent, and upper when it is 120 percent or more of the area’s median family income.

According to the 2000 census data, the assessment area has a population of 179,669. There are 75,280 housing units in the area, of which 39,334 or 52.3 percent are categorized as owner-occupied housing units (OOHUs). The table below provides additional demographic information for the assessment area.

Demographic Information for Champaign County, IL Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	7.32%	29.27%	39.02%	21.95%	2.44%
Population by Geography	179,669	6.19%	28.70%	44.32%	20.69%	0.10%
Owner-Occupied Housing by Geography	39,334	0.91%	18.58%	52.38%	28.13%	0.00%
Businesses by Geography	15,059	4.12%	25.49%	45.24%	23.35%	1.80%
Households by Income Level	70,619	25.00%	15.30%	18.03%	41.67%	0.00%
Family Distribution by Income Level	39,751	18.12%	18.34%	24.52%	39.02%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	14,493	6.20%	33.82%	47.00%	12.98%	0.00%
HUD-Adjusted Median Family Income for 2009	\$65,200		Median Housing Value		\$89,492	
HUD Adjusted Median Family Income for 2010	\$64,900		Households Below Poverty Level		16.04%	
HUD-Adjusted Median Family Income for 2011	\$67,100		Families Below Poverty Level		6.92%	
			Area Unemployment Rate		7.90%	
(*) The NA category consists of geographies that have not been assigned an income classification.						

The local economy is generally stable and largely driven by the education and health care sectors. The largest area employers are the University of Illinois, Carle Foundation Hospital, Champaign Unit 4 Schools, and Kraft Foods, Inc. The December 2011 unemployment rate for the Champaign-Urbana, IL MSA was 8.6 percent. The state unemployment rate for the same period was 9.7 percent, while the national rate was 8.5 percent.

First Federal faces competition from numerous community banks within the assessment area, as well as larger regional and national financial institutions. There are 38 financial institutions with offices located in the Champaign-Urbana, IL MSA. First Federal ranks tenth in the MSA with a deposit market share of 2.81 percent, based on June 30, 2011 deposit information reported annually to the Federal Deposit Insurance Corporation (FDIC).

During the examination, we conducted a community contact with a local economic development corporation. The contact stated that there is always a need for more affordable housing for low- and moderate-income individuals and families. The contact also stated that local financial institutions are doing a good job of working with landlords and homeowners to provide and maintain opportunities for providing affordable housing in the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

First Federal's performance of meeting community credit needs is satisfactory. This review concentrated on the institution's primary loan products, which include residential real estate loans and business loans. First Federal has a reasonable loan-to-deposit ratio and a substantial majority of loans originated are within the assessment area. First Federal has a reasonable distribution of loans to borrowers of different incomes and businesses of different sizes in the assessment area. The geographic distribution of loans among various income tracts in the assessment area is reasonable.

Loan-to-Deposit Ratio

First Federal's average loan-to-deposit ratio is reasonable given the institution's asset size, financial condition, assessment area credit needs, and local competition.

First Federal's loan-to-deposit ratio was calculated for the twelve quarters ending December 31, 2011. The institution's average loan-to-deposit ratio for the twelve quarters was 83.7 percent. First Federal's loan-to-deposit ratio has decreased steadily during the review period, from 93.8 percent at March 31, 2009 to 74.4 percent at December 31, 2011.

Even though the ratio has decreased throughout the review period, the institution's ratio is still comparable with that of its peer group. The peer group average loan-to-deposit ratio was 87.3 percent for the review period, and also reflects a generally declining trend during that timeframe. The peer group consists of 230 other thrift institutions with assets between \$100 million and \$300 million.

Lending in Assessment Area

A substantial majority of First Federal’s primary loan products are originated inside the assessment area.

The following table shows the number and dollar amount of HMDA and small business loans originated by First Federal during the review period and their location with regard to the institution’s assessment area:

Lending Inside and Outside the Assessment Area										
Type of Loans	Number of Loans					Dollar Amount of Loans (000s)				
	Inside AA		Outside AA		Totals	Inside AA		Outside AA		Totals
	#	%	#	%		\$ Amt	%	\$ Amt	%	
HMDA Reportable	996	95.22%	50	4.78%	1,046	\$139,469	95.85%	\$6,032	4.15%	\$145,501
Small Business	188	86.24%	30	13.76%	218	\$17,733	90.00%	\$1,971	10.00%	\$19,704

Our review indicated that 996 or 95.2 percent of the total number of HMDA loans and \$139.5 million or 95.9 percent of the total dollar amount of HMDA loans are located in the assessment area. Our analysis also indicated that 188 or 86.2 percent of the total number of small business loans and \$17.7 million or 90 percent of the total dollar amount of small business loans are located in the assessment area.

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

First Federal’s distribution of loans to borrowers of different incomes and businesses of different sizes in the assessment area is reasonable.

Residential Mortgage Loans

First Federal’s record of mortgage lending to borrowers of different incomes in the assessment area is reasonable, including its lending to low- and moderate-income borrowers.

The following table shows the number and percentage of HMDA loans originated by First Federal among borrowers of different income levels during the review period. The percentages are compared to the percentages of families and aggregate percentages of loans originated by all HMDA lenders in the assessment area.

Distribution of HMDA-Reportable Loans By Borrower Income Level in the Assessment Area									
Borrower Income Level	2009		2010		2011		Families in AA %	HMDA Aggregate	
	#	%	#	%	#	%		2009 %	2010 %
Low	24	5.99%	22	7.14%	13	4.53%	18.12%	6.37%	6.45%
Moderate	75	18.70%	52	16.88%	42	14.63%	18.34%	18.21%	15.08%
Middle	95	23.69%	51	16.56%	70	24.39%	24.52%	23.94%	23.45%
Upper	161	40.15%	137	44.48%	122	42.51%	39.02%	43.46%	48.50%
NA	46	11.47%	46	14.94%	40	13.94%	0.00%	8.02%	6.52%
Totals	401	100.00%	308	100.00%	287	100.00%	100.00%	100.00%	100.00%

First Federal’s percentage of mortgage lending to low-income borrowers was above the HMDA aggregate lending percentage for low-income borrowers in the assessment area in 2010, and was below in 2009 and 2011. The institution’s lending percentage to low-income borrowers is significantly less than the percentage of low-income families in the assessment area. However, it is important to note that 6.9 percent of families in the area are living below the poverty level, thus making it difficult for these families to qualify for a home loan.

First Federal’s percentage of mortgage lending to moderate-income borrowers was above the HMDA aggregate lending percentage for moderate-income borrowers in the assessment area in 2009 and 2010, and below in 2011. The institution’s lending percentage to moderate-income borrowers is reasonable when compared to the percentage of moderate-income families in the area for 2009, but was below for 2010 and 2011.

Small Business Loans

First Federal’s origination of small business loans by loan amount and to small businesses in the assessment area is reasonable.

The following table shows the number, percentage, and dollar amount of small business loans originated by First Federal by loan amount during the review period. These figures are compared to the aggregate lending levels for originations of small business loans, as reported by CRA lenders in the assessment area.

Distribution of Small Business Loans By Loan Origination Amount in the Assessment Area						
Loan Amount at Origination	2009 - 2011		2009 – 2011		CRA Aggregate	
	#	%	\$ Amt (000)	%	2009 % of #	2010 % of #
≤ \$100,000	135	71.81%	\$6,057	34.16%	86.45%	86.41%
\$100,001 to \$250,000	41	21.81%	6,831	38.52%	6.51%	6.71%
\$250,001 to \$1 Million	12	6.38%	4,845	27.32%	7.04%	6.88%
Totals	188	100.00%	\$17,733	100.00%	100.00%	100.00%

A substantial number of small business loans originated by the institution during the review period were in amounts of \$100,000 or less. This demonstrates First Federal’s willingness to grant small business loans in small loan amounts, which is viewed favorably under CRA. The institution’s percentage of small business loans in amounts of \$100,000 or less is lower than the aggregate lending average for CRA lenders in the area, but it is reasonable given the institution’s primary lending focus is residential mortgage originations.

The following table shows the number and percentage of small business loans granted by First Federal to small businesses within the assessment area. These figures are compared to the business demographic information and aggregate lending levels for originations of small business loans to small businesses, as reported by CRA lenders in the assessment area.

Distribution of Small Business Loans By Annual Revenues of the Business in the Assessment Area							
Annual Revenues of Business	2009 – 2011		2009 – 2011		Business Demo- graphics % of #	CRA Aggregate	
	#	%	\$ Amt	%		2009 % of #	2010 % of #
\$1 Million or Less	153	81.38%	\$11,043	62.27%	63.86%	44.96%	46.24%
Over \$1 Million	35	18.62%	6,690	37.73%	2.89%	55.04%	53.76%
Not Available	0	0.00%	0	0.00%	33.25%		
Totals	188	100.00%	\$17,733	100.00%	100.00%	100.00%	100.00%

First Federal’s percentage of small business loans to small businesses is significantly higher than the comparable lending average for CRA lenders in the area. The institution’s percentage is also much higher than the comparable business demographic information for the assessment area.

Geographic Distribution of Loans

First Federal’s geographic distribution of residential mortgage and small business loans among various income tracts in the assessment area is reasonable. We identified no significant gaps in lending within the assessment area.

Residential Mortgage Loans

First Federal’s geographic distribution of mortgage loans within the assessment area is reasonable, including its lending in low- and moderate-income census tracts. There were no conspicuous gaps in lending identified within the assessment area.

The following table shows the number and percentage of HMDA loans originated by First Federal by type of census tract during the review period. These percentages are compared to the percentages of owner-occupied housing units and the aggregate percentages of loans originated by all HMDA lenders in the assessment area.

Distribution of HMDA-Reportable Loans By Census Tract in the Assessment Area									
Type of Census Tract	2009		2010		2011		OOHUs In AA %	HMDA Aggregate	
	#	%	#	%	#	%		2009 %	2010 %
Low	8	2.00%	1	0.32%	7	2.44%	0.91%	0.63%	0.78%
Moderate	62	15.46%	57	18.51%	53	18.47%	18.58%	11.97%	12.04%
Middle	185	46.13%	144	46.75%	123	42.86%	52.38%	55.02%	53.85%
Upper	146	36.41%	106	34.42%	104	36.23%	28.13%	32.36%	33.31%
NA	0	0.00%	0	0.00%	0	0.00%	0.00%	0.02%	0.01%
Totals	401	100.00%	308	100.00%	287	100.00%	100.00%	100.00%	100.00%

First Federal’s percentage of mortgage lending in low-income census tracts exceeds the HMDA aggregate lending percentage for low-income census tracts in the assessment area in 2009 and 2011, and is below in 2010. The institution’s lending percentage in low-income tracts is excellent when compared to the percentage of owner-occupied housing units in the assessment area in 2009 and 2011, but below in 2010.

First Federal’s percentage of mortgage lending in moderate-income census tracts exceeds the HMDA aggregate lending percentage for moderate-income borrowers in the assessment area during the review period. The institution’s lending percentage in moderate-income census tracts is below the percentage of owner-occupied housing units in the assessment area in 2009, but is reasonable in 2010 and 2011.

Small Business Loans

First Federal’s geographic distribution of small business loans within the assessment area is reasonable, including its lending in low- and moderate-income census tracts. There were no conspicuous gaps in lending within the assessment area.

The following table shows the number and percentage of small business loans originated by the institution by the type of census tract during the review period. These percentages are compared to the percentages of businesses and aggregate percentages of loans originated by all CRA lenders in the assessment area.

Distribution of Small Business Loans By Census Tract in the Assessment Area							
Type of Census Tract	2009 – 2011		2009 – 2011		Distribution of Businesses % of #	CRA Aggregate	
	#	%	\$ Amt	%		2009 % of #	2010 % of #
Low	12	6.38%	\$ 957	5.40%	4.12%	4.85%	4.40%
Moderate	34	18.09%	4,354	24.55%	25.49%	20.32%	20.68%
Middle	65	34.57%	5,455	30.76%	45.24%	46.29%	46.24%
Upper	77	40.96%	6,967	39.29%	23.35%	26.83%	26.48%
NA	0	0.00%	0	0.00%	1.80%	1.71%	2.20%
Totals	188	100.00%	\$17,733	100.00%	100.00%	100.00%	100.00%

First Federal's percentage of small business loans originated in low-income census tracts in the assessment area was higher than the comparable lending average for CRA lenders in the area. The institution's lending percentage in low-income tracts was also higher than the percentage of businesses in low-income areas.

First Federal's percentage of small business loans originated in moderate-income census tracts in the assessment area was less than the comparable lending average for CRA lenders in the area. The institution's lending percentage in moderate-income tracts was considerably less than the percentage of businesses in moderate-income areas; however, it is acceptable given that First Federal's primary lending focus is residential loan originations and its comparison to actual lending performance by other CRA lenders in the assessment area is reasonable.

Responses to Complaints

First Federal did not receive any complaints with regard to its CRA performance during the review period.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's or federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.