



PUBLIC DISCLOSURE

June 12, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankChampaign, National Association
Charter Number 16643

2101 South Neil
Champaign, IL 61824

Office of the Comptroller of the Currency

Harris Center
3001 Research Road
Champaign, IL 61822-1089

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 Outstanding.

The major factors that support this rating include:

- BankChampaign, N.A.'s (BankChampaign) distribution of loans represents excellent penetration among businesses of different sizes.
- The distribution of loans reflects an excellent dispersion throughout the different geographies within the bank's assessment area (AA).
- BankChampaign's loan to deposit ratio is more than reasonable.
- A substantial majority of BankChampaign's primary loan product (business loans), are originated within the bank's AA.

SCOPE OF EXAMINATION

We used small bank examination procedures to evaluate BankChampaign's CRA performance in meeting credit needs of its AA through lending activities. The evaluation period is from August 11, 2009 to June 12, 2014.

Based upon both number and dollar volume of loan origination information supplied by the bank, BankChampaign's primary loan product is business loans. As the primary lending products did not change since the prior examination, our analysis utilized a sample of business loans originated from January 1, 2012 to December 31, 2013. We also utilized 2010 US Census data, 2013 Business Demographic data, and FDIC deposit market share data in our analysis.

DESCRIPTION OF INSTITUTION

BankChampaign is an intrastate bank headquartered in Champaign, IL. The bank is wholly owned by Market Place Bancshares, Inc., a one-bank holding company. The main office is located in south Champaign, and has one branch located next to Market Place Mall in north Champaign. Both locations include deposit-taking automated teller machines (ATMs). The bank opened a new branch in a moderate-income census tract in downtown Champaign during late 2009. This branch was closed at the end of 2013, due to low volume of activity.

BankChampaign offers a range of deposit and loan products and services. The bank offers both online and mobile banking, as alternative delivery services. The bank also offers trust services through its trust department. As of March 31, 2014, BankChampaign had \$198 million in total assets and tier one capital of \$16 million. The gross loan portfolio totaled \$146 million and represented 74 percent of total assets. The bank's strategy has been to focus on business loans within Champaign County. The following represents the loan portfolio mix:

Loan Portfolio Summary by Loan Product	
Loan Category	% of Outstanding Dollars
Business Loans	50.46%
Home Loans	37.26%
Farm Loans	9.87%
Consumer Loans	2.41%

Source: March 31, 2014 Call Report Data.

There are no known impediments limiting BankChampaign’s ability to meet the credit needs of its AA. The bank received a “Satisfactory” rating at its previous CRA examination dated August 10, 2009.

DESCRIPTION OF ASSESSMENT AREA(S)

BankChampaign’s AA consists of Champaign County, which is one of three counties that comprise the Champaign-Urbana Metropolitan Statistical Area (MSA) 16580. Based upon the 2010 census, Champaign County has a population of 201,081. Census estimates for 2013 project the county population has grown to approximately 205,000. The AA consists of 43 census tracts, including six low-income tracts, eight moderate-income tracts, 18 middle-income tracts, nine upper-income tracts, and two undefined tracts.

The assessment area conforms to regulation and does not arbitrarily exclude low- or moderate-income areas. The Champaign-Urbana MSA is widespread and includes three counties. BankChampaign only has branches within the city of Champaign, which would make it difficult to service the entire MSA. Therefore, it is reasonable for the assessment area to just include Champaign County, instead of the entire MSA.

The local economy is stable and driven by the education and healthcare sectors. Agriculture is also a major contributor to the local economy. Some of the largest employers are the University of Illinois, Carle Clinic/Carle Foundation Hospital, and Kraft Foods. The April 2014 unemployment rate for Champaign County was 5.8 percent, consistent with the national average of 5.9 percent. The county’s unemployment rate is well below the state of Illinois average of 7.2 percent, as of April 2014.

The AA contains 12,574 non-farm businesses. Small businesses reporting annual gross revenues of \$1 million or less comprise 68.98 percent of that total. Businesses reporting annual gross revenues over \$1 million represent 4.32 percent of AA businesses, with the remaining 26.70 percent not reporting revenue data.

BankChampaign faces strong competition from other local community banks, and branches of larger regional and nationwide institutions. There are 30 other banks with locations within the AA. BankChampaign ranks fifth in deposit market share with 3.82 percent of deposits within the AA based upon June 30, 2013 Federal Deposit Insurance Corporation (FDIC) reported information.

We performed one community contact with a federal government official with an office located within the AA. We assessed the bank’s performance and discussed lending needs within the AA. Our contact indicated that the University of Illinois has benefited the community and there is a number of start-up businesses located in Champaign-Urbana. The contact mentioned that the City of Rantoul is still feeling the impact of the closure of an air force base twenty years ago. Affordable housing for low- and moderate-income individuals continues to be an ongoing credit need for the area.

The table below provides additional demographic information for the AA:

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	43	13.95	18.60	41.87	20.93	4.65
Population by Geography	201,081	11.70	15.37	48.66	19.91	4.36
Owner-Occupied Housing by Geography	43,527	2.40	11.45	61.59	24.56	0.00
Business by Geography	12,574	10.57	18.06	47.56	22.82	0.99
Family Distribution by Income Level	43,123	21.54	17.43	21.06	39.97	0.00
HUD Adjusted Median Family Income for 2013		72,000	Median Housing Value			133,342
HUD Adjusted Median Family Income for 2012		68,000	Families Below Poverty Level			9.66%

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2012 and 2013 HUD updated Median Family Income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

BankChampaign’s performance of meeting the community credit needs is outstanding. This review concentrated on business loans, the bank’s primary loan product. BankChampaign had a more than reasonable loan-to-deposit ratio and a substantial majority of the loans originated was within the AA.

The borrower and geographic distribution portions of this review received the most weight when arriving at the overall rating. BankChampaign had excellent penetration among businesses of different sizes. BankChampaign also had excellent geographic distribution of loans among various income tracts within the AA.

Loan-to-Deposit Ratio

BankChampaign’s net loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, AA’s credit needs, and local competition.

The bank’s net loan-to-deposit ratio averaged 86.71 percent over the nineteen quarters since the last CRA examination. The ratio ranged from a low of 77.17 percent to a high of 98.04 percent during the review period.

BankChampaign’s net loan-to-deposit ratio compares favorably to other banks within the AA with assets between \$75 million and \$250 million. The average quarterly net loan-to-deposit ratio for these similarly situated banks was 66.08 percent over the same period.

Lending in Assessment Area

BankChampaign originates a substantial majority of its primary loan product inside the AA. Our sample showed 90.00 percent of the total number of loans and 94.60 percent of the total dollar volume of loans were located within the assessment area.

Lending within the AA										
Type of Loans	Number of Loans					Dollar of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	18	90.00%	2	10.00%	20	\$2,460	94.60%	\$141	5.40%	\$2,601

Source: Sample of 20 business loans originated between 1/1/2012 and 12/31/2013.

Lending to Businesses of Different Sizes

BankChampaign’s distribution of loans reflects an excellent penetration among businesses of different sizes. Small business loans (businesses with gross annual revenues of \$1 million or less) comprised 90 percent of the total business loans originated during the review period. This ratio is substantially higher than the demographic data that shows 69 percent of the businesses located within the AA are small businesses. It is important to recognize that some of the businesses that did not report revenues in the demographic data are likely also small businesses.

Borrower Distribution for Business Loans within AA				
Business Revenues (or Sales)	< = \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA businesses	68.98%	4.32%	26.70%	100.00%
% of bank loans in AA by #	90.00%	10.00%	0.00%	100.00%
% of bank loans in AA by \$	85.06%	14.94%	0.00%	100.00%

Sources: Sample of 20 business loans originated between 1/1/2012 and 12/31/2013 made within the AA and 2013 Business Geodemographic Data.

Geographic Distribution of Loans

BankChampaign’s geographic dispersion of business loans reflects excellent dispersion throughout the census tracts of different income levels. There were no conspicuous gaps in lending within the AA and we noted loans in a majority of the AA census tracts. The percentage of loans originated within the moderate-income census tracts are well above demographic data. The bank’s performance in the low-income census tracts is consistent with the number of AA

businesses located within these geographies. The following chart illustrates that the bank’s loans originated to businesses in both the low and moderate-income census tracts are comparable to demographic data.

Geographic Distribution for Business Loans within AA										
Census Tract Income Level	Low		Moderate		Middle		Upper		N/A	
	% 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	% of AA Businesses	% of Number of Loans
% of Total	10.57%	10.00%	18.06%	25.00%	47.57%	30.00%	22.82%	35.00%	0.99%	0.00%

Sources: Sample of 20 business loans originated between 1/1/2012 and 12/31/2013 made within the AA and 2013 Business Geodemographic Data.

Responses to Complaints

BankChampaign did not receive any complaints regarding its CRA performance during the assessment period.

Fair Lending or Other Illegal Credit Practices Review

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