



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 10, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Sparta
Charter Number 7015**

**P.O. Box 377
Sparta, Illinois 62286**

Office of the Comptroller of the Currency

**Fairview Heights Duty Station
13 Executive Drive, Suite 7
Fairview Heights, Illinois 62208**

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 Community Reinvestment Act (CRA) performance of **The First National Bank of Sparta**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 10, 1997. This assessment covers the time periods from May 11, 1995, to July 10, 1997. 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.

- The bank's loan to deposit ratio is reasonable with an average ratio of 61% over the past eight quarters.
- A majority (78%) of the loans are in the bank's assessment area.
- The bank's level of lending to borrowers of different income levels is reasonable.

DESCRIPTION OF INSTITUTION

The First National Bank of Sparta, located in Sparta, Illinois, is owned and operated by The First Bancorp of Sparta LTD., a one-bank holding company. As of March 31, 1997, the bank's assets totaled \$42 million. The bank operates one banking facility. The primary business focus is in commercial lending, 1-4 family residential real estate lending and consumer lending. As of March 31, 1997, commercial or industrial loans totaled 33% of the portfolio, 1-4 family residential property totaled 29%, loans to individuals totaled 27%, and agricultural loans totaled 11%.

There are no known constraints placed on the bank's ability to meet the community credit needs. The bank has adequate resources to provide for the credit needs of its assessment area. The type and amount of CRA activities are consistent with the bank's size, financial capacity, and local economic conditions. The First National Bank of Sparta's prior CRA rating, dated May 11, 1995, was Satisfactory Record of Meeting Community Credit Needs.

DESCRIPTION OF ASSESSMENT AREA

The First National Bank of Sparta designated its assessment area as Block Numbering Areas (BNAs) 9505, 9506, and 9507 in Randolph County. This is a contiguous area and meets the criteria of the regulation. The bank is in BNA 9506.

Randolph County is a non-Metropolitan Statistical Area (MSA) located approximately 60 miles southeast of St. Louis, Missouri. Based on the non-MSA median family income for Illinois in 1990, each BNA within the bank's assessment area is middle income. Randolph County contains nine BNAs; there are no low- or moderate-income BNAs within the county.

Economic conditions in Randolph County are stagnant due to local coal mine and plant closings. As of May 31, 1997, the unemployment rate in Randolph County is 7.2%, the state rate is 4.2%, and the national rate is 4.8%.

The population of this assessment area as of the 1990 census was 10,795. The median family income was \$29,694. Census information on family incomes aggregated for this assessment area shows that 20% are low-, 17% are moderate-, 23% are middle-, and 40% are upper-income families.

Major employers in this assessment area are Gilster-Mary Lee, the State of Illinois, Spartan Light Metals, and the local Walmart SuperCenter.

Management identified residential real estate loans as the primary credit need of this community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio: The bank's loan to deposit ratio is reasonable. The bank's average loan to deposit ratio for the eight quarters between May 11, 1995 and March 30, 1997, is 61%. The average loan to deposit ratio among similarly situated financial institutions ranges between 42% and 65% for the same period. As of June 30, 1997, the bank's loan to deposit ratio is 63.49%.

Percentage of loans in the assessment area: A majority of the loans are within the bank's assessment area. A sampling of loans originated in 1996 and 1997 found that 78% of the number of loans and 79% of the dollar amount of loans are in the bank's assessment area.

Lending to borrowers of different income levels and businesses and farms of different sizes: The distribution of borrowers reflects a reasonable penetration among individuals of different income levels including low and moderate-income and among businesses and farms of different sizes. An analysis of a sample of forty consumer and home purchase loans and of thirteen small farm and small business loans was performed to determine the distribution of credit within the assessment area by borrower income and business revenue. Our review of consumer and residential real estate loans revealed that each type of loan is extended to borrowers of different income levels, including low- and moderate-income individuals (Table A).

Table A - Loan dispersion by income

Loan Type	Low < \$18,800	Moderate \$18,800 - \$30,800	Middle \$30,800- \$45,120	Upper > \$45,120
Consumer	40%	27%	27%	6%
1-4 family RE	12%	25%	38%	25%

Our review of loans to businesses revealed that 77% are to small business and small farms with revenues under \$1 million; all of these loans had original amounts of \$250,000 or less. Credit extensions to both small businesses and small farms reflect a responsiveness to commercial credit needs (Table B).

Table B - Credit extensions for small businesses and small farms

Loan Type	Loan Amount (Originations)		
	< \$100,000	\$100,000 - \$250,000	\$250,000 - \$500,000
Small Business	100%	0%	0%
Small Farm	60%	40%	0%

Geographic distribution of the bank's loans: All BNAs in the bank's assessment area are middle income. Consequently, an analysis of the geographic distribution of loans would not have provided meaningful results.

Compliance with antidiscrimination laws: In conjunction with the CRA evaluation, we performed a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No substantive violations of these antidiscrimination laws and regulations were identified.