



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 14, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

**Broadway and Market Streets
Sparta, IL 62286**

**Comptroller of the Currency
St. Louis Field Office
2350 Market Street, Suite 100
St. Louis, MO 63103**

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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING	2
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	2
CONCLUSIONS ABOUT PERFORMANCE CRITERIA	3

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

All the lending performance components meet the standards for satisfactory performance.

- Loans are reasonably distributed to borrowers of different income levels.
- The bank's level of lending is reasonable. The bank's average loan-to-deposit ratio is 63%, which compares favorably with similarly situated area banks.
- A majority of the bank's loans are in the assessment area.

DESCRIPTION OF INSTITUTION

The First National Bank of Sparta (FNB) had assets of approximately \$57 million at December 31, 2001. FNB is wholly owned by First Bancorp of Sparta, Ltd., which is a one-bank holding company located in Sparta. FNB assets represent substantially all of the holding company's assets. There have been no changes in the bank's corporate structure since the last CRA evaluation. The bank operates one office, which has an ATM, in downtown Sparta, Illinois. Management has neither opened nor closed any branches.

FNB offers a full range of retail and commercial banking products normally associated with a community bank. The bank's primary business focus is 1-4 family residential real estate. As of December 31, 2001, net loans totaled approximately \$31 million, representing 54% of total assets. The composition of the loan portfolio included 42% residential real estate, 25% consumer, 21% commercial, 9% agriculture, and 3% other.

There are no known constraints placed on the bank's ability to meet the community credit needs. The type and amount of CRA activities are consistent with the bank's size, financial capacity and local economic conditions. FNB's last CRA evaluation was July 10, 1997, and rated the bank Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

Bank management designated its assessment area (AA) 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 and all BNAs are designated as middle-income. Randolph County is a non-Metropolitan Statistical Area (non-MSA) located approximately 60 miles southeast of St. Louis, Missouri. Based on the non-MSA median family income in 1990, the nine BNAs in Randolph County are middle- and upper-income.

As of the 1990 census, the population in the bank's AA totaled 10,795, which included

2,981 families. Of these families 20% were classified low-income, 17% were classified moderate-income, 23% were classified middle-income, and 40% were classified upper-income. The non-MSA statewide median family income as of the 1990 census was \$29,693, and the most recent updated figure is \$43,600.

The 1990 census demographic data for the county indicate that 15% of the population is age 65 and over, 17% of households are in retirement, and 14% of households live below the poverty level. The median housing value is \$41,564 and the median age of the housing stock is 37 years.

The unemployment rate in Randolph County was 5.3% in April 2002. Economic conditions are stable after a long period of decline due to mine and plant closings. The unemployment rate in the county was 7.2% in April 1997. The economy is supported primarily by light manufacturing and retail. Major employers include Spartan Light Metal Products, Wal-Mart Supercenter, Sparta Community Hospital and Sparta School District.

Competition is strong within the bank's AA. Three other banks have branches located in Sparta. Financial institutions in communities surrounding the bank's AA also provide competition.

Bank management indicated the primary credit needs of the community are low-dollar residential real estate loans, consumer loans for debt consolidation, and small business loans. To further our understanding of community credit needs, we contacted a local realtor. Our contact identified that long-term residential real estate and small business loans are needed.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

FNB does a reasonable job of meeting the credit needs of its AA, including those of low- and moderate-income individuals.

Lending to Borrowers of Different Incomes

The bank's lending distribution to borrowers of different income levels is reasonable. FNB's primary loan products are 1-4 family residential real estate loans and consumer loans. Using only loans made in the bank's AA, we sampled 20 residential and 20 consumer loans originated from January 1, 2000, through May 15, 2002. The bank's residential real estate lending to moderate-income borrowers significantly exceeded demographic data; however, residential real estate lending to low-income borrowers was below demographic data. The findings from these samples are presented in the following tables.

Distribution by Borrower Income Level 1-4 Family Residential Real Estate Loans

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	AA Family Income
<i>Low Income</i>	2	10%	60	8%	20%
<i>Moderate Income</i>	8	40%	325	41%	18%
<i>Middle Income</i>	5	25%	164	21%	22%
<i>Upper Income</i>	5	25%	238	30%	40%

**Distribution by Borrower Income Level
Consumer Loans**

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	AA Household Income
<i>Low Income</i>	9	45%	\$33	31%	24%
<i>Moderate Income</i>	3	15%	\$32	29%	15%
<i>Middle Income</i>	5	25%	\$21	20%	17%
<i>Upper Income</i>	3	15%	\$21	19%	44%

Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable. As of December 31, 2001, the bank's quarterly average loan-to-deposit ratio since the 1997 CRA examination was 63%. This compared well to five competing banks in the area whose quarterly average ratios ranged from 36% to 62%. Bank management identified these five competing banks and felt they were similarly situated due to their size and location.

Lending in Assessment Area

Lending in the AA is satisfactory. A majority of the bank's loans originated since the last CRA evaluation were made in the AA. A sample of 76 loans made since the last CRA evaluation found that 78% by number and 76% by dollar were made within the bank's AA.

Geographic Distribution of Loans

Analysis of the geographic distribution of the bank's loans in its AA is not meaningful. All three

BNAs are classified as middle-income.

Responses to Complaints

No CRA-related complaints have been received since the prior CRA evaluation.

Fair Lending Review

An analysis of 5 years' public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1997.