



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 9, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Sandoval
Charter # 9786**

**302 Main Street
Sandoval, Illinois 62418**

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 Sandoval** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 9, 1996. This evaluation is based on information accumulated since the last CRA assessment dated September 25, 1992. 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 satisfactory with an average ratio of 41% since December 31, 1992.
- A substantial majority of a sample of the bank's residential real estate loans (95%) and consumer vehicle loans (87%) are within its assessment area.
- The bank's lending to borrowers of different income levels is reasonable. Over 40% of a sample of the bank's loans are to low- and moderate-income individuals.
- The geographic distribution of loans reflects an acceptable dispersion throughout the assessment area.

The following table indicates the performance level of The First National Bank of Sandoval with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	THE FIRST NATIONAL BANK OF SANDOVAL PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Sandoval is a subsidiary of First Sandoval Bancorp, Inc., a one-bank holding company located in Marion County. The bank operates one office in Sandoval, Illinois, and has total assets of \$25 million. The bank's primary business focus is in consumer loans and 1-4 family residential real estate loans. As of June 30, 1996, consumer loans totaled 40% of the portfolio, loans secured by 1-4 family residential properties totaled 34% of the portfolio, commercial loans totaled 15% of the portfolio, and agricultural related loans totaled 11% of the portfolio. There are no financial or legal impediments to the bank's ability to meet community credit needs. The date of the last CRA assessment was September 25, 1992, and the bank's CRA rating was satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The First National Bank of Sandoval has designated its assessment area as the western portion of Marion County and the eastern portion of Clinton County. Marion County is a non-Metropolitan Statistical Area (MSA) and Clinton County is a MSA. The assessment area consists of Census Tracts (CTs) 9004 and 9005 in Clinton County and Block Numbering Areas (BNAs) 9517-9519 and 9523-9527 in Marion County, of which four are moderate-, five are middle-, and one is an upper-income geography. The town of Sandoval is located in BNA 9518 which is a moderate-income geography in a non-MSA. The assessment area does not contain a low-income geography. This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

Competition is provided by ten institutions in Marion and Clinton Counties. Four of these institutions are similar in size to The First National Bank of Sandoval.

Major employers in the area are Cambridge Manufacturer, North American Lighting and World Color Press. None of the leading employers is located in Sandoval, which is considered a "bedroom" community for larger cities within the area. Economic conditions in the local area are unstable with recent layoffs at Leaf Inc. in Marion County and Monterey Coal Company in Clinton County. The August 1996 unemployment rates for Marion and Clinton Counties are 8.0% and 4.1%, respectively. The recent layoffs are not reflected in the unemployment figures. The unemployment rate for the State of Illinois is 5.3% and the national rate is 5.1% for the same time period.

The population of the bank's assessment area as of the 1990 census was 39,917. The 1996 statewide non-MSA median family income is \$36,000. The St. Louis MSA median family income is \$46,900. Census information on family incomes aggregated for all BNAs indicated that 2,790 families or 26% are considered in low-, 2,029 or 19% are in moderate-, 2,555 or 24% are in middle-, and 3,399 or 31% are in upper-income levels.

We performed two community contact interviews in the area. We met with a housing organization official and a government official both in Marion County. The contacts cited housing (specifically home improvement) and small business loans as the primary credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio:

The bank's loan to deposit ratio is satisfactory. The bank's average loan to deposit ratio from December 31, 1992, to June 30, 1996, was 41%. This ratio has increased from 37% on December 31, 1992, to 45% on June 30, 1996. Four similarly situated banks have current loan to deposit ratios ranging from 65% to 83% and average ratios for the period ranging from 65% to 67%. These banks have similar asset sizes to and are in adjacent communities of The First National Bank of Sandoval.

Lending in Assessment Area:

A substantial majority of the bank's loans are within its assessment area. Our review of all residential real estate loans made in 1996 revealed that 95% of the number and 98% of the dollar amount of the credit extensions were located within the bank's assessment area. Our review of consumer vehicle loans made in August 1996 revealed similar results with 87% of the number and 78% of the dollar amount of the credit extensions located within the bank's assessment area.

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

The distribution of borrowers reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Because the bank does not typically compile income information for tracking purposes, an analysis of all residential real estate loans made in 1996 was performed to determine the distribution of credit within the assessment area by borrower income. The breakdown was 5 loans or 12% to low-, 13 loans or 30% to moderate-, 12 loans or 29% to middle-, and 12 loans or 29% to upper-income individuals. Our review of consumer vehicle loans made in August 1996 revealed 27% to low-, 18% to moderate-, and 55% to middle-income individuals. This compares reasonably to the demographic makeup of the bank's assessment area. Due to the limited amount of lending activity in CTs 9004 and 9005, a separate test using the St. Louis MSA median family income was not performed.

As of June 30, 1996, the bank had 148 commercial loans outstanding, of which 147 were in amounts less than \$100,000. As of the same date, 88 agricultural related credits were outstanding, of which 86 were in amounts less than \$100,000. None of the commercial or agricultural loans were extended to businesses or farms with gross annual revenues of \$1,000,000 or more.

Geographic Distribution of Loans:

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Information from our review of residential real estate loans made in 1996 indicated that 64% of the number and 57% of the dollar amount of the bank's loans were made in the moderate-income BNA 9518. Our review of consumer vehicle loans made in August 1996 revealed that 54% of the number and 37% of the dollar amount of the bank's loans were made in moderate-income CT 9004 and BNA 9518. Remaining loans were in middle- and upper-income BNAs.

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.