



PUBLIC DISCLOSURE

August 3, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

The Paris National Bank
Charter # 5794
118 North Main Street
Paris, Missouri 65275

Comptroller of the Currency
Saint Louis Field Office
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 Paris National Bank, Paris, Missouri**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 3, 1998. This evaluation is based on information since the last CRA examination dated July 14, 1995. 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 level of lending to borrowers of different income levels is reasonable based on our review of residential mortgage lending activities.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The bank's loan-to-deposit ratio is comparable to similarly situated area banks.
- A majority of loans are extended in the bank's assessment area.

DESCRIPTION OF INSTITUTION

The Paris National Bank is a \$43 million bank which is wholly owned by Paris Bancshares, Inc., a one-bank holding company. Its facilities consist of the main branch on North Main Street and an automated teller machine located in Hickman's IGA Store. The bank is primarily an agricultural lender. As of June 30, 1998, total loans are 55% of average assets, and over 65% of the bank's gross loans were related to agriculture or farmland.

No financial or legal constraints impede the bank's ability to meet 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 bank's prior CRA rating, dated June 7, 1995, was "Outstanding Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSMENT AREA

The Paris National Bank has designated Monroe and Shelby Counties, western Ralls and Marion Counties, and those areas in Audrain County other than the City of Mexico as its assessment area. The area consists of nine middle- and one upper-income Block Numbering Area (BNA). This assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income areas.

The population of The Paris National Bank's assessment area was 29,375 as of the 1990 census. The median family income at that time was \$25,932. The 1998 Missouri non-metropolitan median family income is \$31,900. Census information on family incomes aggregated for all BNAs in the assessment area shows that 18% of the families were in low-, 17% were in moderate-, 22% were in middle-, and 43% were in upper-income levels. Census data shows that 16% of the households in the assessment are below the poverty level.

For the analysis contained in this report, low income is defined as income that is less than 50% of the 1998 non-metropolitan median family income. Moderate income is defined as income that is at least 50% but less than 80% of the 1998 non-metropolitan median family income. Middle income is at least 80% but less than 120% of the 1998 non-metropolitan median family income. Upper income is income that is 120% or more of the 1998 non-metropolitan median family income.

The median housing value is \$31,841 and the median year built is 1960. Owner-occupied units represent 66% of the housing stock, with 83% of the housing stock being 1-4 family units.

The unemployment rate for Monroe County reflects higher unemployment and a poorer economy compared to the state and nation as a whole, while the other counties in the assessment area are fairly consistent with statewide figures. The April 1998 unemployment rate in Monroe County was 6.8% compared to the state unemployment rate of 4.2% and the national rate of 4.1% for the same period. The unemployment rate is 4.7% in Ralls County, 4.8% in Marion County, and 4.2% in Shelby County. Audrain County has the lowest unemployment rate in the assessment area at 3.1%.

Strong competition in the area for all banking products is provided by other financial institutions in Paris and the other communities within the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes:

The bank demonstrates satisfactory performance. Our review of all residential real estate loans originated between January 1, 1997, and August 17, 1998, revealed the distribution of loans to borrowers of different income levels reasonably approximated the income characteristics of the assessment area.

A summary of these findings is presented in the following table.

Income Levels	# of Loans	% By # of Loans	Loan \$ (000's)	% By \$ of Loans	BNA Family Breakdown by Income
<i>Low Income</i>	5	10%	150	9%	18%
<i>Moderate Income</i>	10	21%	189	11%	17%
<i>Middle Income</i>	17	35%	383	23%	22%
<i>Upper Income</i>	16	34%	943	57%	43%

The bank extends loans to small businesses. Currently, the bank's loan portfolio contains 82 business-related loans to 49 borrowers originated between January 1, 1997, and June 30, 1998. The following tables represent a 25% sample of those borrowers.

Gross revenues of business borrowers

	Under \$250M		\$250M-\$500M		\$500M-\$1MM		Over \$1MM	
#	8	63%	2	15%	1	7%	2	15%
\$ (000's)	137	6%	119	6%	256	10%	1,970	79%

The bank extends loans to small farms. Currently, the bank's loan portfolio contains 257 agriculture-related loans to 118 borrowers originated between January 1, 1997, and June 30, 1998. The following tables represent a 25% sample of those borrowers.

Gross revenues of agricultural borrowers

	Under \$100M		\$100M-\$250M		\$250M-\$500M		Over \$500M	
#	15	50%	5	17%	5	17%	5	17%
\$ (000's)	2,223	45%	445	9%	820	16%	1,505	30%

Geographic Distribution of Loans:

The geographic distribution of loans is satisfactory. Our review of all residential real estate loans originated between January 1, 1997, and August 17, 1998, revealed the distribution of loans reflects reasonable dispersion throughout the assessment area.

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio is satisfactory. The loan-to-deposit ratio is 70% as of June 30, 1998. The bank's average loan-to-deposit ratio for the thirteen quarters since the previous CRA evaluation is 66%. Banks in the peer group (i.e., banks with total assets between \$25MM and \$50MM and with more than one banking facility located in a non-metropolitan area) have an average loan-to-deposit ratio of 67% as of June 30, 1998, and an average ratio for the last 12 quarters of 63%. Other banks in the five-county assessment area have an average loan-to-deposit ratio of 61.8%.

Lending in the Assessment Area:

Lending in the assessment area is satisfactory. Our review of residential real estate loans originated between January 1, 1997, and August 17, 1998, showed that 90% of the number of loans and 78% of the dollar amount of loans were in the bank's assessment area.

Response to Complaints:

No complaints were received since the prior CRA evaluation.

Compliance with Antidiscrimination Laws:

In conjunction with the CRA evaluation, we performed a Fair Lending examination which included a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. We found no evidence of discrimination or disparate treatment.