



PUBLIC DISCLOSURE

September 16, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Paris National Bank
Charter Number 5794

118 N. Main Street
Paris, MO 65275

Office of the Comptroller of the Currency

2350 Market Street, Room 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The Paris National Bank's (TPNB) lending performance reflects a satisfactory response to community credit needs. The conclusion is based on the following:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- The bank originated a substantial majority of loans inside its AA.
- Lending activities represent a reasonable penetration among farms of different sizes in the AA.
- The geographic distribution of loans represents a reasonable dispersion in the AA.

SCOPE OF EXAMINATION

The Performance Evaluation is an assessment of the record of TPNB in meeting the credit needs of the communities in which it operates. TPNB was evaluated under the Small Bank performance criteria, which includes a lending test. The lending test evaluates the bank's record of helping to meet the credit needs of its AA through its lending activities. The scope of the CRA evaluation period is January 19, 2006 through September 16, 2013. The lending test analysis includes loans originated or purchased from January 1, 2011 through June 30, 2013.

Based on the following table, the primary product for the AA is agricultural lending.

Loan Originations by Loan Type from January 1, 2011 through June 30, 2013				
Loan Category	Dollars	% of Dollars	Number of Loans	% of Number of Loans
Agricultural Loans	\$15,663,766.50	54%	195	38%
Business Loans	\$ 8,362,807.65	29%	85	16%
Residential Loans	\$ 3,342,765.79	12%	35	7%
Consumer Loans	\$ 1,376,006.66	5%	205	39%
Total Originations	\$28,745,346.60	100%	520	100%

Source: Loan originations from January 1, 2011 through June 30, 2013

DESCRIPTION OF INSTITUTION

TPNB is an intrastate bank wholly owned by Paris Bancshares, Inc., a one-bank holding company located in Paris, Missouri. As of June 30, 2013, TPNB had total assets of \$75 million, net loans of \$29 million, total deposits of \$61 million and total risk-based capital of \$9.7 million. TPNB's assets represent substantially all of the holding company's assets. There has been one change in the bank's corporate structure since the last CRA evaluation; the bank closed a loan production office (LPO) in Wildwood, Missouri, on February 28, 2009.

TPNB offers a full range of loan and deposit services. TPNB's primary business focus is agricultural loans.

As of June 30, 2013, net loans represented 39% of total assets. The loan portfolio consisted of 44% farm real estate/agriculture production loans, 32% commercial real estate/business loans, 16% residential real estate loans, 5% construction/development loans, and 3% consumer loans.

We evaluated TPNB's agricultural lending using data from January 1, 2011 through June 30, 2013. Agricultural loans represent the highest percentages of loans originated during this evaluation period by dollar value. Accordingly, we focused our performance evaluation on this loan type.

We found no legal or financial factors constraining the bank's ability to help meet community credit needs; the bank has adequate resources to provide for the credit needs of its AA.

The bank was rated Satisfactory at its prior CRA examination dated January 19, 2006.

DESCRIPTION OF ASSESSMENT AREA

TPNB has one AA consisting of 35 census tracts (CTs) in seven rural counties in Missouri. Management designated all of Audrain, Macon, Marion, Monroe, Ralls, Randolph, and Shelby Counties in Missouri as their AA. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income areas.

Based on 2010 census information, no CTs were classified as low-income, 3 CTs or 9% as moderate-income, 24 CTs or 68% as middle-income, and 8 CTs or 23% as upper-income CTs.

Demographic Information for the Missouri AA – 2010 Census data					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	35	0.00	8.57	68.57	22.86
Population by Geography	120,670	0.00	10.54	64.98	24.48
Owner-Occupied Housing by Geography	34,701	0.00	9.39	65.28	25.33
Business by Geography	11,089	0.00	11.26	63.95	24.79
Farms by Geography	1,423	0.00	4.01	76.88	19.11
Family Distribution by Income Level	31,982	17.84	18.90	25.87	37.40
Distribution of Low and Moderate Income Families throughout AA Geographies	11,748	0.00	9.98	64.78	25.24
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		45,840 47,800 15%	Median Housing Value Unemployment Rate (2010 US Census)	88,643 2.45%	

Source: 2010 US Census and 2012 HUD updated MFI

Based on 2000 census information, no CTs were classified as low-income, 2 CTs or 6% as moderate-income, 24 CTs or 68% as middle-income, and 9 CTs or 26% as upper-income.

Demographic Information for the Missouri AA – 2000 Census data					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	35	0.00	5.71	68.57	25.71
Population by Geography	120,303	0.00	6.86	65.02	28.13
Owner-Occupied Housing by Geography	34,645	0.00	5.69	65.28	29.03
Business by Geography	12,075	0.00	9.22	62.21	28.57
Farms by Geography	1,441	0.00	2.36	72.38	25.26
Family Distribution by Income Level	32,262	15.86	17.17	23.25	43.72
Distribution of Low and Moderate Income Families throughout AA Geographies	10,657	0.00	9.82	66.87	23.32
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		35,821 47,200 13%	Median Housing Value Unemployment Rate (2000 US Census)	62,127 2.36%	

Source: 2000 US Census and 2011 HUD updated MFI

Economic conditions in the AA worsened after the recession in 2008, but they have steadily improved since 2010. In 2009 and 2010, unemployment rates in the AA reached double digits with Monroe County reaching the highest rate, 15.5%, in February 2010. As of June 30, 2013, the unemployment rates for Monroe, Audrain, Macon, Marion, Ralls, Randolph, and Shelby Counties have dropped to 7.6%, 6.4%, 5.8%, 6.2%, 5.4%, 7.4%, and 5.4%, respectively. The national and Missouri unemployment rates for the same time were comparable at 7.8% and 7.1%, respectively.

The local economy is primarily supported by agriculture, service-related businesses, and retail trade businesses employing 1-4 persons. Major employers in the area include the various local school districts, county governments, agricultural services, Moberly Regional Medical Center, and Audrain Medical Center.

Competitive pressures are present in this AA. Twenty-six other institutions have a total of 69 branches within the AA. TPNB’s only office is in Monroe County; the bank has 2.82% of the deposit market share in the AA. We contacted an economic development official during the examination. The official indicated the primary needs of the community are financial literacy, homebuyers counseling, and home purchase and home rehabilitation loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

TPNB does a reasonable job of meeting the credit needs of its AA, including those of low- and moderate-income people, small farms and small businesses, given the demographics, economic factors, and competitive pressures faced by the bank.

Loan-to-Deposit Ratio

TPNB’s average quarterly loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and AA credit needs. The bank’s quarterly average LTD ratio since the last CRA evaluation was 76%. This ratio is higher than the ratio of two banks and lower than that of two other banks, all comparable in size and location. The average LTD ratio of these banks ranges from 66% to 81% for the same period.

Lending in Assessment Area

A substantial majority (95%) of the primary loan products were originated or purchased within TPNB’s AA. The following table details the bank’s lending within the AA by number and dollar amount based on our sample of farm loans.

Lending in the Missouri AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(000)	%	\$(000)	%	
Farm Loans	38	95%	2	5%	40	3,973	99%	31	1%	4,004

Source: Loan sample.

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

TPNB’s lending distribution to farms of different sizes reflects reasonable penetration, given the bank’s product offerings and local economic conditions.

Borrower Distribution of Loans to Farms from January 1, 2012 through June 30, 2013				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99.51%	0.21%	0.28%	100%
% of Bank Loans in AA by #	95%	5%	0%	100%
% of Bank Loans in AA by \$	94%	6%	0%	100%

Source: Sample of 20 farm loans.

Borrower Distribution of Loans to Farms in 2011				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Farms	99.44%	0.28%	0.28%	100%
% of Bank Loans in AA by #	95%	5%	0%	100%
% of Bank Loans in AA by \$	92%	8%	0%	100%

Source: Sample of 20 farm loans.

Geographic Distribution of Loans

TPNB’s geographic distribution of loans is considered reasonable. There are no low-income CTs in the bank’s AA. TPNB’s lack of loans in moderate-income CTs is mitigated by the following factors. The moderate-income CTs in the AA contain only a small number of farms: 57 (4%) of the total farms in 2012, and 34 (2.37%) of the total farms in 2011. Moreover, TPNB is located over 20 miles from the moderate-income CTs, while competitive banks have branches located in these moderate-income CTs.

Geographic Distribution of Loans to Farms from January 1, 2012 through June 30, 2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans						
Farms	0%	0%	4%	0%	77%	100%	19%	0%

Source: Sample of 20 farm loans.

Geographic Distribution of Loans to Farms in 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Farms	% of Number of Loans						
Farms	0%	0%	2%	0%	72%	95%	26%	5%

Source: Sample of 20 farm loans.

Responses to Complaints

No CRA-related complaints have been received by TPNB or the OCC since the prior CRA evaluation.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28 (c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.