



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 08, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Citizens National Bank of Paris
Charter Number 6451

110 West Court Street
Paris, IL 61944

Office of the Comptroller of the Currency

CENTRAL ILLINOIS & CENTRAL INDIANA
3001 Research Road, Suite E2
Champaign, IL 61822

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 primary factors supporting the bank's rating include:

- The bank's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of loans are originated to borrowers inside the bank's assessment area.
- The distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes, given the demographics of the AA.

SCOPE OF EXAMINATION

We evaluated the bank under the small bank performance standards. Using bank generated reports of all loan originations for the period January 1, 2006 through January 31, 2008; we determined the bank's primary credit products by dollar and number to be commercial, farm, and consumer loans. For this analysis, we used a sample of twenty loans each for commercial, farm, and consumer loans. We also used deposit information, reported annually to the Federal Deposit Insurance Corporation (FDIC), to determine the bank's market share and market presence in the AA. The most recent deposit information available is as of June 30, 2007. There is no affiliate activity considered in this evaluation.

DESCRIPTION OF INSTITUTION

The Citizens National Bank of Paris (Citizens) is a \$211 million intrastate financial institution located in Paris, Illinois. Paris is the county seat of Edgar County, and is located twenty-five miles northwest of Terre Haute, Indiana. The bank is a wholly owned subsidiary of First Citizens of Paris Inc., a one-bank holding company located in Paris, Illinois. The bank also has an operating subsidiary, Citizens Insurance Services, Inc.

The bank is a full service banking institution and operates four banking offices in Edgar and Coles counties, including the main bank office and a branch facility in Paris, and a full service branch each in Oakland and Charleston, Illinois. Automated teller machines (ATMs) are available at four locations in Paris, two locations in Charleston, and one location in Oakland. Four of the ATMs accept deposits. During this evaluation period, two new ATMs have been added, including one each in Paris and Charleston. The bank has not opened or closed any branches during the evaluation period. The bank has the third largest market share in the AA with approximately eight percent (8%) of the deposits as of June 30, 2007.

The bank offers a full range of retail and commercial banking products and services normally associated with a community bank. Gross loans total \$153 million on December 31, 2007, representing 65% of total assets and 91% of deposits. The following represents the bank's loan and lease portfolio mix as of December 31, 2007: 55 percent commercial loans, 33 percent consumer loans, 9 percent residential real estate loans, and 3 percent agricultural loans. Tier 1 capital is \$19 million as of December 31, 2007. The bank's business strategy during the evaluation period has been to grow through origination of business and farm loans inside and outside the AA. The bank also participates in the State of Illinois Agricultural Deposit Loan Program, which provides lower interest rates for operating loans to farmers, and the Illinois Finance Authority Beginning Farmer Program, which provides credit enhancements for loans to new farmers. The bank's legal and financial circumstances do not impede its ability to meet the credit needs of the AA. The bank received a Satisfactory rating on its last CRA performance evaluation dated March 10, 2003.

DESCRIPTION OF ASSESSMENT AREA(S)

The bank's assessment area (AA) consists of all census tracts in Edgar and Clark Counties, the east side of Coles county (census tracts 1, 5, 6, 7, 8, and 9), and one census tract (9520) in Douglas County. This AA is legal, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income geography. Edgar and Clark Counties are designated distressed income areas. The AA includes no low-income, one moderate-income (6%), fourteen middle-income (88%), and one upper-income (6%) census tracts. The moderate-income census tract is located in Charleston. Since the last CRA examination in 2003, the bank's AA has been expanded to include Clark County. The following demographic information is based on 2000 census data:

Population:	68,445
Population by Geography: <i>Low-, moderate-, middle-, upper-income tract</i>	0%, 4%, 90%, 6%
Housing Stock: <i>1-4 family housing units</i>	91%
Occupancy: <i>Owner-occupied, renter-occupied, vacant</i>	63%, 29%, 8%
Home Values: <i>Median home value</i>	\$65,871
Age of Homes: <i>Median year of homes built</i>	1958
Income: <i>Updated median family income for 2007</i>	\$44,287
Family Income Levels: <i>Low-, moderate-, middle-, upper-income</i>	18%, 19%, 24%, 39%
Income: <i>Weighted Average median household income</i>	\$33,567
Household Income Levels: <i>Low-, moderate-, middle-, upper-income</i>	26%, 17%, 19%, 38%
	2006 Business Data
Farms:	795
Farms: <i>Percent of small farms in the assessment area</i>	99%
Farms: <i>Percent not reporting revenue figures</i>	1%
Farms by Geography: <i>Low-, moderate-, middle-, upper-income tract</i>	0%, 0%, 100%, 0%
Businesses:	4,160
Businesses: <i>Percent of small businesses in the assessment area</i>	58%
Businesses: <i>Percent not reporting revenue figures</i>	38%
Businesses by Geography: <i>Low-, moderate-, middle-, upper-income tract</i>	0%, 1%, 95%, 4%

The local economy is stable. Employment is driven by agriculture and service industries. Major employers in the AA include the local school districts and city and county governments, hospitals, Eastern Illinois University, Illinois Department of Transportation, a window manufacturer, automotive light and injection molding manufacturers, and a metal machine shop. The December 2007 unemployment rate for Edgar County was 6.4%, Clark County 6.5%, Coles County 5.0%, and Douglas County 5.1%, compared to the state and national rates of 5.5% and 5.0% respectively. The bank faces strong competition from several other financial institutions in the AA.

During this examination, we made one community contact with a representative of a not-for-profit organization that provides social services in Edgar and Clark Counties. Their clients qualify as low- and moderate-income individuals. He did not identify any specific unmet credit needs in the community. The organization is planning for a capital expansion of its service center properties, and would welcome financial contributions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance under the Lending Test is satisfactory.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The bank's loan-to-deposit ratio averaged eighty-six percent (86%) over twenty quarters between March 2003 and December 2007, ranging from a low of 80% to a high of 92%. The bank's loan-to-deposit ratio was 90% on December 31, 2007. This ratio is above the average loan-to-deposit ratio for similarly situated banks in and near the AA. The similarly situated banks include four banks in Edgar, Clark, Cumberland, and Vermilion Counties with assets ranging between \$184 million and \$233 million. The combined loan-to deposit ratio for the similarly situated banks was seventy-six percent (76%), ranging from 61% to 84%, for the same time period.

Lending in Assessment Area

The bank originated a majority of loans within the AA. Eighty-five percent (85%) of the number and forty percent (40%) of the dollar amount of loans originated to borrowers within the bank's AA. The dollar amount of loans outside the AA is distorted by two large business loans for \$1.5 million and \$600,000 in the loan sample. A high percentage of the dollar amount of farm and consumer loans is made within the AA.

Lending in AA										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	14	70%	6	30%	20	\$493	16%	\$2,523	84%	\$3,016
Farm Loans	19	95%	1	5%	20	\$1,211	88%	\$160	12%	\$1,371
Consumer Loans	18	90%	2	10%	20	\$110	90%	\$12	10%	\$122
Totals	51	85%	9	15%	60	\$1,814	40%	\$2,695	60%	\$4,509

Source: Sample of 20 business, 20 farm, and 20 consumer loans from the AA that were originated between January 1, 2006 and January 31, 2008.

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

The distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income.

Business Loans

The bank's performance of lending to businesses of different sizes is reasonable. Eighty-five percent (85%) of the number of business loans sampled in the AA were made to small businesses. Small businesses are businesses with gross revenues equal to or less than \$1,000,000. Two loans in the sample (10%) for amounts ranging between \$25,000 and \$70,000 did not contain financial information. Given the size of these loans, it is likely that these businesses are also small. Demographic data for the AA shows that fifty-eight percent of the businesses in the AA have revenues equal to or less than \$1,000,000. A high percentage of businesses in the AA have unreported financial information available for analysis.

Borrower Distribution of Loans to Businesses in the Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses*	58%	4%	38%	100%
% of Bank Loans in AA by #	85%	5%	10%	100%
% of Bank Loans in AA by \$	54%	37%	9%	100%

Source: This table is based on 20 commercial loans from the AA that were originated between January 1, 2006 and January 31, 2008. Two small loans totaling \$92,898 in the sample did not have revenue information in the file.

Farm Loans

The bank's performance of lending to farms of different sizes is reasonable. Eighty percent (80%) of the number of farm loans sampled in the AA were made to small farms. Small farms are farms with gross revenues equal to or less than \$1,000,000.

Four loans in the sample (20%) for amounts ranging between \$1,000 and \$50,000 did not contain financial information. Given the small size of these loans, it is likely that these farms are also small. Demographic data for the AA shows that ninety-nine percent (99%) of the farms in the AA have revenues equal to or less than one million dollars.

Borrower Distribution of Loans to Farms in the Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Farms*	99%	0%	1%	100%
% of Bank Loans in AA by #	80%	0%	20%	100%
% of Bank Loans in AA by \$	93%	0%	7%	100%

Source: This table is based on 20 commercial loans from the AA that were originated between January 1, 2006 and January 31, 2008. Four small loans totaling \$81,648 in the sample did not have revenue information in the file.

Consumer Loans

The distribution of consumer loans to borrowers of different income levels is reasonable. Performance with moderate-income borrowers exceeds the demographic comparator. Performance with low-income borrowers is weaker than the demographic comparator. The effect of this on the bank's overall CRA rating is mitigated by the high family poverty rate of more than sixteen percent (16%) and above average unemployment rate in the AA. Thirty percent (30%) of the population are on social security, and two percent are on public assistance.

Borrower Distribution of Consumer Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26%	8%	17%	22%	19%	18%	38%	52%

Source: Sample of 40 consumer loans originated in the AA between January 1, 2006 and January 31, 2008, and 2000 U.S. Census data.

Geographic Distribution of Loans

A geographic distribution analysis was not meaningful to the evaluation. The one moderate-income census tract in the AA is predominately centered over the Eastern Illinois University campus. A majority of the population in the moderate-income census tract consists of students. Households in the moderate-income census tract represent less than four percent of the entire AA. Fifty-five percent (55%) of the population in the moderate-income census tract has income below poverty level. This is extremely high at more than triple the poverty rate for the entire AA. The number of businesses in the moderate-income census tract is limited, and represents less than one percent of all businesses in the AA.

Community Development Lending

The bank provided one community development loan for \$1.77 million since the previous evaluation. This loan financed the expansion of a local hospital.

Responses to Complaints

The bank has not received any CRA related complaints.

Fair Lending or Other Illegal Credit Practices Review

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