



Comptroller of the Currency
Administrator of National Banks

500 N. Akard
1600 Lincoln Plaza
Dallas, Texas 75201-3394

PUBLIC DISCLOSURE

February 23, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Peoples National Bank
Paris, Texas
Charter Number 21944
35 Southside Plaza
Paris, Texas 75461**

**Office of the Comptroller of the Currency
Southwestern District
500 North Akard
1600 Lincoln Plaza
Dallas, Texas 75201-3394**

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 CRA performance of **Peoples National Bank, Paris, Texas**, prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of February 23, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated "**Satisfactory**"

Peoples National Bank, Paris, Texas (Peoples) is actively seeking to make loans in the assessment area. Fees and charges assessed for loan products are reasonable and allows credit to be affordable to all segments of the assessment area. The loan-to-deposit ratio is higher than all other national and state chartered banks in the assessment area. Banking facilities and hours are reasonable and serves the needs of the assessment area.

The following table indicates the performance level of **Peoples National Bank, Paris, Texas**, with respect to each of the five performance criteria.

Small Institution Assessment Criteria	Peoples National Bank 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

Peoples National Bank (Peoples), is a \$82 million full-service financial institution. Peoples is wholly-owned by Texas Peoples National Bancshares, Incorporated, a Texas Corporation. Peoples owns two affiliates, Peoples National Mortgage Corporation (PNMC), and Peoples Asset Management, (PAM). In the previous CRA public evaluation dated December 4, 1995, Peoples was rated **Outstanding**.

Peoples has three locations in Paris, Texas. The main office is located in downtown Paris, Texas. A branch is located on Lamar Avenue in the eastern sector of the city and a branch is located in the Wal-Mart Supercenter. Hours of operation vary at each location with the Lamar Avenue and Wal-Mart locations open six days weekly. Automatic teller machines at both branch locations provide 24-hour deposit and withdrawal services.

Various loan products are offered and are properly structured to serve the needs of the assessment area. Peoples has developed an active residential mortgage lending program that offers several different loan products to the assessment area. Long-term fixed rate loans, secured by one-to-four family residential properties, represents a large portion of total loans outstanding. Residential real estate mortgages secured by 1-4 family dwellings comprised 54% of gross loans as of December 31, 1997. Actual residential mortgages originated were much greater, however a large number were sold to the secondary market and are not included in this percentage.

Commercial loans to businesses located in the assessment area are also a major loan product. Commercial loans comprised 25% of gross loans as of December 31, 1997. Loans to businesses with gross revenues of \$1 million dollars or less, (small businesses) represented 85% of all commercial loans originated, based upon a sample of loans reviewed during this examination. Consumer loans secured by automobiles, consumer products and those originated on an unsecured basis are also available to borrowers residing in the assessment area. Consumer loans totaled 11% of gross loans as of December 31, 1997.

There are no financial, legal or economic impediments impacting Peoples ability to meet the requirements of the CRA.

Description of Assessment Area

Peoples' assessment area is the County of Lamar, Texas. Paris is the largest city in the county and is the county seat. Several other small cities and towns are located within the assessment area, however none are of substantial size. There are several financial institutions in Paris, but only one bank, First Bank, Roxton, Texas is chartered in a city outside Paris and the assessment area. Paris has two other locally owned community banks. Also doing business in Paris are two branches of regional banks, a savings and loan, two state banks and two credit unions.

There are several companies doing business in the assessment area. Campbell Soup, Kimberly Clark, Phillips Lighting, Merico Earth Grains, and Saint Joseph's Hospital are among the largest employers. Since Paris, Texas is the county seat and is near the Oklahoma border, a large number of persons living outside the assessment area commute to work and seek banking services in the assessment area.

The average income of \$31,500 for the assessment area is based upon the weighted average family income for non-metropolitan areas in the State of Texas. The income information is based on the 1996 Housing and Urban Development (HUD) statistics. Peoples' assessment area does not arbitrarily exclude low-or-moderate income census tracts. The assessment area meets the requirements established by the Community Reinvestment Act. The chart below illustrates a breakout of the block numbering areas by income characteristics.

Source: 1990 Census Bureau Statistics

Block Characteristics	# of Tracts	% of Total Tracts	# of Households	% of Total Households
Low	0	0%	0	0
Moderate	3	30%	4,596	27%
Middle	5	50%	8,074	48%
Upper	2	20%	4,137	25%
Totals	10	100%	16,807	100%

As illustrated by the chart above, a substantial majority of households in the assessment area are in middle and upper income block numbering areas. The total population for the assessment area was approximately 44 thousand as of the 1990 census. Approximately 84% of the total households in the county are one-to-four family units. The average housing cost is approximately \$38 thousand. Average monthly rental cost is approximately \$330 according to 1990 census data.

The chart below illustrates the income of households within the block number areas. Although there are no low income block numbering areas in the assessment area, there are low income households within the assessment area.

Source: 1990 Census Bureau Statistics

Block Characteristics	Low Income Households	Moderate Income Households	Middle Income Households	Upper Income Households
Low	0	0	0	0
Moderate	2,102	642	720	1,131
Middle	1,752	1,112	1,421	3,790
Upper	578	461	501	2,596
Totals	4,432 26%	2,215 13%	2,642 16%	7,517 45%

Approximately 26% of all households are low income. The population of moderate income households adds an additional 13%. Low and moderate income households are disbursed within all block numbering areas. The largest percentage of low income households reside in the moderate block numbering areas. The largest percentage of moderate income households reside in the moderate and middle income block numbering areas.

Conclusions with Respect to Performance Criteria

Peoples’ average loan-to-deposit ratio is considered outstanding when compared to other national and state banks chartered in the assessment area. Peoples has an average loan-to-deposit ratio of 90.5% for the previous 8 quarterly periods ending December 31, 1997. The quarterly average loan-to-deposit ratio for other banks chartered in the assessment area is substantially lower. Peoples’ actual loan-to-deposit ratio is 94.3% as of December 31, 1997.

The majority of loans originated during 1996 and 1997 are within the assessment area. A sample of 255 mortgage loans originated between June 1, 1996 and January 31, 1998, showed 83% are within the assessment area. A sample of 52 commercial loans originated between January 1, 1996 and December 31, 1997, indicated 69% of the number of loans and 81% of the total dollar amount are to businesses located in the assessment area. The chart shown on the following page illustrates the numbers, dollars and percentages of loans in the assessment area from the loan samples.

Source: Loan Sample

Loan Type	Number in Assessment Area	Percentage in Assessment Area	Dollars in Assessment Area	Percentage of Dollars in Assessment Area
One-to-Four Family	211	83%	\$12,703	85%
Business Loans	37	69%	2,424	81%

Peoples has a satisfactory record of lending to borrowers and businesses of different income levels. Loans to low income borrowers secured by one-to-four family dwellings totaled 6% (4 of 62) of the number of loans sampled. Loans to moderate income borrowers totaled 14% (9 of 62) of the number of loans sampled. This level of lending is commensurate with the population of low and moderate income households in the assessment area.

Lending to small business also shows satisfactory results. Small businesses are defined by the CRA regulations as a business with annual gross revenues of \$1 million dollars or less. Approximately 85% of all commercial loans reviewed, are to small businesses.

Source: Commercial Loan Sample

Distribution of Commercial Loans By Gross Revenues January 1996- December 1997				
	Number of Loans	Percentage of Total Number	Total Dollars	Percentage of Total Dollars
Gross revenues less than \$1 million	44	85%	2,085	70%
Gross revenues greater than \$1 million	8	15%	907	30%
Totals	52	100%	2,992	100%

Peoples' has a reasonable distribution of loans in the assessment area. Commercial loans are disbursed throughout the assessment area. One-to-four family mortgages are also located in cities and towns throughout the assessment area. The majority of residential and commercial loans originated are in Paris. This is considered reasonable given there are no branches of Peoples in other parts of the assessment area.

There were no formal complaints pertaining to the Community Reinvestment Act received during the review period.

A review of compliance with the Equal Credit Opportunity Act, Fair Housing Act and Home Mortgage Disclosure Act were reviewed concurrently with this examination. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. Peoples has a good record of complying with anti-discrimination laws and regulations.