



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

October 01, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Ruston  
Charter Number 703912

505 North Vienna Street  
Ruston, LA 71270-4302

Office of the Comptroller of the Currency

Longview Field Office  
1800 NW Loop 281, Suite 306  
Longview, TX 75604-2516

**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**

Bank of Ruston has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank’s loan to deposit ratio is more than reasonable based on its size and complexity.
- A majority of the bank’s loans are extended within the bank’s assessment area.
- The distribution of loans to borrowers of different incomes and businesses of different sizes throughout the assessment area is excellent.
- The geographic distribution of loans reflects a reasonable distribution throughout the bank’s assessment areas.

**SCOPE OF EXAMINATION**

This Performance Evaluation (PE) is an assessment of Bank of Ruston’s ability to meet the credit needs of the communities in which it operates. The bank was evaluated under the small bank performance criteria. Conclusions regarding the bank’s lending performance are based on residential mortgages and business loans originating from January 1, 2010 to December 31, 2011.

**DESCRIPTION OF INSTITUTION**

Bank of Ruston is a \$109 million thrift association located in Ruston, Louisiana. The bank serves Lincoln Parish through two offices and two ATM locations. The bank is owned by Century Next Financial Corporation, a one bank holding company with no other affiliations. The bank is a full service thrift association offering traditional, non-complex residential, commercial and consumer loans. Until 2008, the bank operated with a primary emphasis on residential lending. In 2008, the Board opted to change the bank's strategic focus and began to develop and expand the commercial real estate portfolio. Since the previous CRA examination, commercial loans have grown from less than 5 percent of the loan portfolio to 40 percent. There are no financial or legal obstacles affecting the bank’s ability to meet community credit needs.

The bank was rated satisfactory during the prior Community Reinvestment Act (CRA) Examination dated July 17, 2007. The following chart reflects the distribution of the bank’s loan portfolio:

<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Residential Real Estate Loans	\$45,995	52.73%
Commercial Real Estate Loans	\$27,453	31.48%
Commercial Loans	\$8,635	9.90%
Consumer Loans	\$5,137	5.89%
<b>Total</b>	<b>\$87,220</b>	<b>100.00%</b>

## DESCRIPTION OF ASSESSMENT AREA

The Board has designated Lincoln Parish as the primary assessment area. This assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude any low or moderate-income geographies.

### *Lincoln Parish*

Bank of Ruston has two offices located in Ruston, Louisiana, the largest community in Lincoln Parish. The assessment area has no low income tracts, two moderate income tracts, four middle income tracts, and four upper income tracts. The middle income tracts in Lincoln Parish have been designated as distressed areas by the FFIEC. Based on 2000 census data, the assessment area has a total population of 42,509 and the local economy is considered weak but stable. The bank’s primary competition consists of branches of larger national and state banks, all of which operate within the bank’s assessment area. The distribution of families by income level, regardless of census tract location, consists of the following: 22.43% are low income, 12.22% are moderate income, 15.79% are middle income, and 49.56% are upper income. Major employers include Louisiana Tech University, Lincoln Parish School Board, Grambling State University and North Louisiana Medical Center. Contact with a local business organization revealed the primary community credit needs for the assessment area are residential mortgages and loans for small businesses. The contact also noted the lack of available housing in the area at all income levels with most moderately priced homes being purchased by investors for rental property. The following table reflects the demographics for the assessment area (AA):

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF LINCOLN PARISH</b>	
<b><i>Population</i></b>	
Number of Families	9,738
Number of Households	15,249
<b><i>Geographies</i></b>	
Number of Census Tracts/BNA	10
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	20.00%
% Middle-Income Census Tracts/BNA	40.00%
% Upper-Income Census Tracts/BNA	40.00%
<b><i>Median Family Income (MFI)</i></b>	
2000 MFI for AA	\$32,785
2010 HUD-Adjusted MFI	\$46,300
<b><i>Economic Indicators</i></b>	
Unemployment Rate	7.89%
2011 Median Housing Value	\$72,453
% of Households Below Poverty Level	27.89%

Source: US Census Data

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Bank of Ruston’s performance under the lending test is satisfactory. The bank has demonstrated satisfactory performance in meeting the credit needs of the community. All performance criteria of the lending test are documented below.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio of Bank of Ruston is more than reasonable given the bank's size, financial condition and assessment area credit needs. The loan-to-deposit ratio exceeds other banks headquartered in or near the bank’s assessment area. The bank’s quarterly loan-to-deposit ratio has averaged 90.33 percent since the prior CRA examination. The average quarterly loan-to-deposit ratio of banks within the assessment area for the same time period was 66.80 percent while the peer median ratio averaged 87.64 percent.

### Lending in Assessment Area

A majority of the bank's lending activity is located inside its assessment area. We reviewed 20 home purchase loans and 20 commercial loans originated in the years 2010 and 2011. This sample reflected approximately 85 percent of the number of loans and 76 percent of the dollar amount of loans were extended in the bank’s assessment areas. The breakdown by loan category is illustrated in the following table:

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	18	90.00%	2	10.00%	20	\$2,718	90.81%	\$275	9.19%	\$2,993
Commercial	16	80.00%	4	20.00%	20	\$3,054	65.80%	\$1,587	34.20%	\$4,641
Totals	34	85.00%	6	15.00%	40	\$5,772	75.61%	\$1,862	24.39%	\$7,634

Source: Loan Sample

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

The distribution of loans to borrowers of different incomes and businesses of different sizes throughout the assessment area is excellent.

The distribution of home loans by borrower income level is excellent. Lending to low and moderate income borrowers for residential loans exceeds the aggregate percentage of loans made by all HMDA lenders.

<b>Borrower Distribution of Residential Real Estate Loans</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	3.2	6.67	13.0	20.00	19.4	6.67	46.5	66.67

Source: loan sample aggregate data reported under 2010 HMDA had income NA for 17.9% home purchase

The bank’s distribution of loans to small businesses in Lincoln Parish is excellent. The percentage of loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses with revenues of \$1 million or less.

<b>Borrower Distribution of Loans to Businesses</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unknown	Total
% of AA Businesses	59.75	1.6	38.64	100%
% of Bank Loans in AA by #	87.18%	12.82%	0.00	100%
% of Bank Loans in AA by \$	54.32%	45.68%	0.00	100%

Source: Loan Sample, Dun & Bradstreet data

### Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable distribution throughout the bank’s assessment area.

The geographic distribution of home purchase loans is excellent. While, there are no low income tracts in this assessment area, the distribution of loans in the moderate-income tracts exceeds the aggregate percentage of loans originated by all HMDA lenders for home purchases. The bank has also made a significant number of loans in the middle income tracts located in Lincoln Parish, which has been designated as a distressed area.

<b>Geographic Distribution of Residential Real Estate Loans</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans	% of AA Aggregate	% of Number of Loans
Home Purchase	0.00	0.00	8.7	13.33	40.9	33.33	50.4	53.33

Source: Loan Sample

The geographic distribution of loans to businesses is weak. The percentage of loans in the moderate-income tracts is less than the percentage of businesses in the moderate-income tracts. Contact with a local business organization noted there was very limited availability of commercial buildings and land in the city of Ruston where the moderate tracts are located. This

contact noted most commercial activity is located in the middle and upper income areas close to Louisiana Tech and north of Interstate 20. The moderate income tracts include a small percentage of the number of businesses in the assessment area and primarily include businesses and franchises with ownership and funding available outside the assessment area.

<b>Geographic Distribution of Loans to Businesses</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00	0.00	14.00	0.00	35.7	23.68	50.3	76.32

Source: Dun & Bradstreet data

### **Responses to Complaints**

Bank of Ruston has not received any complaints or public comments regarding CRA performance during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

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