



PUBLIC DISCLOSURE

November 6, 2017

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

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, and should not 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.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

- The institution has a more than reasonable loan-to-deposit ratio when compared to peer banks.
- A majority of the institution's primary loan products are extended within the assessment area.
- The distribution of loans represents reasonable penetration among borrowers of different income levels and businesses of different sizes given the performance context in which the bank operates.
- The geographic distribution of loans represents reasonable dispersion.
- There were no CRA related complaints.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a Metropolitan Statistical Area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancing, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any Metropolitan Statistical Area or Metropolitan Division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by the Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Bank of Ruston (BOR) is a \$262 million single state institution wholly owned by Century Next Financial Corporation, a single bank holding company. The bank serves Lincoln Parish, LA, and operates from its main office located at 505 North Vienna Street, Ruston, LA, one branch in Ruston, LA, and one location in Monroe, LA. Drive-through facilities and Automated Teller Machines are maintained at the locations.

The institution is a full service institution and offers a variety of traditional loan and deposit products and financial services. Residential real estate loans, commercial loans, and consumer loans are the institution's primary business focus, with agricultural loans comprising a small portion of the loan portfolio.

In June 2016, the institution added Ouachita Parish as an assessment area (AA) with a branch located at 2450 Tower Drive, Monroe, LA. Due to the recent opening, the AA was not included in our scope as the lending volume is not sufficient to perform a meaningful analysis.

There are no legal, financial or other factors impeding the institution's ability to meet the credit needs in its AA. The institution's CRA performance was previously evaluated as of October 1, 2012, with an overall level of performance of "Satisfactory" under the Small Bank examination procedures.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation (PE) is an assessment of BOR's ability to meet the credit needs of the communities in which it operates. The institution was evaluated under the Small Bank performance criteria. The examination included an evaluation of one AA that included all census tracts in Lincoln Parish. Conclusions regarding the institution's lending performance are based on a review of primary loan products, which included 28 residential real estate loans, 60 consumer loans, and 60 commercial loans originated from January 1, 2015, through December 31, 2016.

Data Integrity

Not applicable. The institution is not a HMDA reporter.

Selection of Areas for Full-Scope Review

We performed a full-scope review on the Lincoln Parish AA.

Ratings

The institution's overall rating is based primarily on those areas that received full-scope reviews. Commercial loans represented 70.77 percent of the loan products by dollar amount and 48.47 percent by number. Residential real estate loans represented 25.61 percent by dollar amount and 21.18 percent by number. While consumer loans represented only a small percentage by dollar at 2.46 percent, representation by number was significant at 29.34 percent.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

BOR's performance under the lending test is satisfactory. The institution's loan-to-deposit (LTD) ratio is more than reasonable when compared to institutions near the AA, and a majority of the lending occurred within the AA. Additionally, the distribution of loans geographically and to borrowers and businesses of different income levels is reasonable.

Loan-to-Deposit Ratio

The LTD ratio for BOR is more than reasonable given the institution's size, financial condition, and AA credit needs. The institution's quarterly average LTD ratio since the previous CRA exam is 102.37 percent, compared to an average LTD ratio of 89.49 percent for similarly situated institutions.

Lending in Assessment Area

A majority of the institution's lending activity is within the AA. We reviewed a sample of residential real estate, commercial, and consumer loans originated in 2015 and 2016. The table below illustrates a breakdown of the institution's lending activity.

Lending in Lincoln Parish										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE	16	80.00	4	20.00	20	2,475	72.79	925	27.21	3,400
Consumer	13	65.00	7	35.00	20	241	75.23	79	24.77	320
Commercial	8	40.00	12	60.00	20	1,717	26.29	4,815	73.71	6,532
Totals	37	61.67	23	38.33	60	4,433	43.24	5,819	56.76	10,252

Source: Loan sample

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

BOR's distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration given the overall demographics of the AA.

The distribution of residential loans to low- and moderate-income borrowers falls within a reasonable range below the demographic comparator for home loans. Opportunities to lend to low-income families in the AA are limited with 25 percent of households below poverty level and 42 percent of the housing stock is rental units. Furthermore, the median housing cost in 2010 was \$107,501. Please see the following table for additional information.

Borrower Distribution of Residential Real Estate Loans in Lincoln Parish								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE Loans	24.08	10.00	13.42	10.00	17.36	15.00	45.14	65.00

Source: Loan sample; U.S. Census data.

The distribution of loans to small businesses is reasonable. The percentage of loans to businesses with reported revenues of \$1 million or less is approximately 73 percent, compared to 87 percent of businesses in the AA with nine percent of businesses not reporting revenues. Please see the following table for additional information.

Borrower Distribution of Loans to Businesses in Lincoln Parish				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	87.18	3.67	9.15	100%
% of Bank Loans in AA by #	72.97	16.22	10.81	100%
% of Bank Loans in AA by \$	73.51	14.84	11.65	100%

Source: Loan sample; Dun and Bradstreet data.

The distribution of consumer loans is reasonable. The percentage of loans to low-income borrowers is significantly lower than the percentage of low-income households in the AA, representing 38 percent of the demographic comparator. However, the percentage of loans to moderate-income borrowers is reasonable, representing 52 percent of the demographic comparator. Please see the following table for additional information.

Borrower Distribution of Consumer Loans in Lincoln Parish								
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	28.91	11.11	12.82	6.67	14.07	22.22	44.20	53.33

Source: Loan sample; U.S. Census data

Geographic Distribution of Loans

BOR's overall geographic distribution of loans reflects reasonable dispersion given the demographics of the AA.

The geographic distribution of residential real estate loans represents reasonable dispersion. The percentage of loans in low-income census tracts falls within a reasonable range below the demographic comparators at 10 percent compared to approximately 13 percent of owner occupied housing in the AA. The percentage of loans in moderate-income census tracts is significantly lower than comparators and represents poor dispersion. Please see the following table for additional information.

Geographic Distribution of Residential Real Estate Loans in Lincoln Parish								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential RE Loans	12.74	10.00	38.80	15.00	16.63	0.00	31.82	75.00

Source: Loan sample; U.S. Census data

The geographic distribution of business loans reflects reasonable dispersion. The percentage of loans in low- and moderate-income census tracts falls within a reasonable range below the percentage of AA businesses. Please see the following table for additional information.

Geographic Distribution of Loans to Businesses in Lincoln Parish								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial Loans	5.47	2.70	22.14	16.22	18.70	18.92	53.69	62.16

Source: Loan sample; Dun & Bradstreet data.

The geographic distribution of consumer loans reflects reasonable dispersion. The percentage of loans in the low-income census tract falls within a reasonable range above the percentage of AA households, while the percentage of loans in moderate-income census tracts falls within a reasonable range below the percentage of AA households. Please see the following table for additional information.

Geographic Distribution of Consumer Loans in Lincoln Parish								
Census Tract 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	8.05	8.89	27.87	13.33	20.71	13.33	43.37	64.44

Source: Loan sample; U.S. Census data.

Responses to Complaints

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

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/15 to 12/31/16) Investment and Service Tests and CD Loans: (Not Applicable)	
Financial Institution	Products Reviewed	
Bank of Ruston (BOR) Ruston, LA	Residential Real Estate Loans, Consumer Loans and Commercial Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Lincoln Parish	Full-Scope	Contains distressed/underserved middle-income census tracts.

Appendix B: Community Profiles for Full-Scope Areas

Lincoln Parish

Demographic Information for Full-Scope Area: (Lincoln Parish)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	10.00	30.00	20.00	40.00	0.00
Population by Geography	46,735	8.30	31.98	19.08	40.64	0.00
Owner-Occupied Housing by Geography	9,508	4.72	20.13	23.60	51.55	0.00
Businesses by Geography	4001	5.47	22.14	18.70	53.69	0.00
Farms by Geography	102	3.92	5.88	28.43	61.76	0.00
Family Distribution by Income Level	9,843	24.08	13.42	17.36	45.14	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	3,691	13.93	39.14	20.97	25.96	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$43,816 = \$46,900 = 4,100 or 25.23%	Median Housing Value Unemployment Rate				= \$107,501 = 6.94%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The AA meets the requirements of the regulation. Lincoln Parish consists of the following cities: Ruston, Grambling, Dubach, Choudrant, Simsboro, Vienna, Hilly, Woodville, and a portion of Downsville. There are ten census tracts located within the AA, including one low-income tract, three moderate-income tracts, two middle-income tracts, and four upper-income tracts. All middle-income tracts have been designated as distressed or underserved tracts.

Lincoln Parish has a total population of 46,735 based on U.S. Census data. The distribution of families by income level, regardless of census tract location, consists of the following: 24.08 percent low-income families, 13.42 percent moderate-income families, 17.36 percent middle-income families, and 45.14 percent upper-income families. The weighted average of median housing is \$107,501, and 25.23 percent of the number of households live below poverty level. The local economy is stable with unemployment of 6.94 percent. Leading employers include Louisiana Tech University, Lincoln Parish School Board, Grambling State University, and North Louisiana Medical Center.

Contact with a local organization revealed there are opportunities for banks to participate in projects to improve the municipal infrastructure through municipal investments or lending. The contact also noted the need for additional housing with the influx of employers, small businesses, and students.