



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 02, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Century Bank, N. A.
Charter Number 5636**

**201 Rice Street
New Boston, TX 75570**

**Comptroller of the Currency
Longview Field Office
1800 West Loop 281, Suite 306
Longview, TX 75604**

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.

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INSTITUTION'S CRA RATING: This institution is rated satisfactory.

Century Bank, N. A. has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan-to-deposit ratio is reasonable when compared to other area banks.
- A substantial majority of the bank's loans are extended within its assessment area.
- Credit activity is reasonably distributed to borrowers of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

Century Bank N.A. is a \$301 million bank located at 201 Rice Road, New Boston, Texas. The bank is wholly owned by Century Bancshares, Inc. which also owns the affiliated state bank, Century Bank Arkansas, located in Texarkana, Arkansas. In addition to the main office, the bank has a branch located in New Boston as well as three branches in Texarkana, Texas. The bank has automated teller machines (ATMs) located at all locations with the exception of the main office but has an additional stand-alone ATM located in New Boston. As of March 31, 2001, loans totaled \$166 million and represented 62% of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	56,555	34.04
Commercial Loans	47,313	28.48
Residential Real Estate Loans	35,887	21.60
Agriculture Real Estate Loans	7,042	04.24
Consumer Loans	19,332	11.64
Total	\$166,129	100.00%

There are no legal impediments or other factors which inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Examination dated March 17, 1997.

DESCRIPTION OF THE TEXARKANA MSA

The Board has designated Bowie County, Texas and Miller County, Arkansas as its assessment area. These counties make up the Texarkana Metropolitan Statistical Area (MSA). The area includes three low-income tracts, six moderate-income tracts, fourteen middle income tracts, and five upper income tracts. The assessment area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low and moderate-income geographies.

The following table provides a description of the bank's assessment area based on census data and Department of Housing and Urban Development (HUD) information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	33,076
Number of Households	44,739
<i>Geographies</i>	
Number of Census Tracts/BNA	28
% Low-Income Census Tracts/BNA	10.71%
% Moderate-Income Census Tracts/BNA	21.43%
% Middle-Income Census Tracts/BNA	50.00%
% Upper-Income Census Tracts/BNA	17.86%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$28,088
1999 HUD-Adjusted MFI	\$38,100
2000 HUD-Adjusted MFI	\$40,300
<i>Economic Indicators</i>	
Unemployment Rate	3.20%
2000 Median Housing Value	\$45,456
% of Households Below Poverty Level	19.08%

The bank's designated assessment area has a total population of 120,132. Only 3.77% of all families live in a low income census tract, 11.88% live in a moderate income census tract, 63.26% live in middle income census tracts, and 21.08% live in upper income census tracts. The distribution of families by income level, regardless of census tract location, consists of the following: 22.81% are low income, 16.53% are moderate income, 20.32% are middle income, and 40.35% are upper income. Major employers in the Texarkana MSA include two area hospitals, two paper companies, Cooper Tire & Rubber, and Red River Army Depot. Competition within the assessment area is strong with numerous banks and bank branches, credit unions and a savings association in the Texarkana MSA. The local economy is considered stable with an unemployment rate of 3.20%.

Contacts with a local business organization and a local realtor revealed the primary community credit needs for the assessment are commercial loans and residential mortgages. The realtor also noted the lack of availability of low-income housing.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit ratio of Century Bank, N. A. is reasonable given the bank's size, financial condition and assessment area credit needs. The bank's quarterly average loan-to-deposit ratio was 69.27% since the prior CRA examination in March 1997. The average loan-to-deposit ratio of banks within the assessment area for the same time period, was 62.42%.

Institution	Assets as of 03/31/01 (000s)	Average LTD Ratio
Commercial National Bank	\$138,178	65.49%
State Bank of DeKalb	\$103,902	52.48%
Century Bank N.A.	\$268,086	69.27%

Lending in Assessment Area

A substantial majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 338 residential mortgages, 43 commercial loans and 26 consumer loans which have originated since January 2000. This sample reflected that approximately 81.08% of the number of loans and 71.18% of the dollar amount of loans in our sample were extended within the bank's assessment area. The breakdown by loan category is illustrated in the following table.

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential	277	81.95	22,165	84.43	61	18.05	4,087	15.57
Consumer	23	88.46	177	78.35	3	11.54	49	21.65
Commercial	30	69.77	18,045	59.63	13	30.23	12,216	40.37
Total Reviewed	330	81.08	40,387	71.18	77	18.92	16,352	28.82

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

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. Century Bank's primary product lines are commercial and commercial real estate, residential, and consumer loans. Our sample of loans inside the assessment area included 277 residential loans totaling \$22 million, and 23 consumer loans totaling \$177 thousand. The distribution of home purchase and consumer loans generally approximates the income characteristics of the assessment area. While home purchase loans to low income families are at a low level compared to the demographics of the assessment area, consumer loans exceed the percentage by number of low-income families. Borrowing for home purchases by low-income individuals is limited due to the low level of affordable housing stock available in the area. During 2000 and 2001, the bank received only 25 applications for home purchases of which 19 were approved and 4 denied with 2 applications withdrawn. To assist low-income individuals with the purchase of a residence, the bank offers Federal Housing Administration (FHA) loans which offer lower down payments and closing costs and also more flexible loan terms. The bank also participates in a block grant program which is designed to assist first time home buyers with down payment and closing costs on home loans. The table on the following page details the results of our analysis.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	22.8		16.5		20.3		40.4	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	6.86	3.06	18.77	12.76	22.38	18.89	51.99	65.28

CONSUMER								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	26.4		14.4		17.2		42.0	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	30.43	14.54	30.43	25.79	17.39	16.11	21.74	43.56

The distribution of business loans reflects a reasonable penetration among businesses of different sizes. Based on U.S. Census information, there are 4,415 businesses in the assessment area with revenues less than \$1 million. This number represents 92.71% of all businesses within the assessment area. Our sample of commercial loans inside the assessment area included 30 loans totaling \$18 million. While loans to businesses with total revenues less than \$1 million are low compared to the percentage of small businesses, the bank is located in an expanding area which includes several new medical facilities, large retailers and significant commercial real estate construction.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	92.71	7.29
% of Bank Loans in AA #	60.00	40.00
% of Bank Loans in AA \$	34.37	65.63

Geographic Distribution of Loans

The distribution of loans reflects a reasonable penetration throughout the assessment area given the bank's overall business strategy, locations, and the availability of owner occupied housing. While residential lending activity in the low-income tracts is less than the percentage of owner occupied homes in these geographies, these tracts are located in the downtown area and are more assessable to banks in those locations. Moreover, the percentage of households below poverty in low and moderate income tracts is 53% and 32%, compared to only 18% of households in middle income tracts and 8% in upper income tracts. These factors negatively impact opportunities to originate 1-4 Family mortgages in the low and moderate-income areas. Although there is a low level of mortgage loans extended in the low income census tracts, consumer lending more closely reflects the demographics of these areas.

RESIDENTIAL REAL ESTATE								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied	2.5		10.8		66.6		20.1	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	.36	.66	17.69	15.62	54.15	44.93	27.80	38.79

CONSUMER								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	3.7		12.3		63.3		20.7	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	4.35	8.43	8.70	4.49	73.91	61.24	13.04	25.84

The geographic distribution of business loans is reasonable based on the bank's locations and the demographics of each area. While the percentage of business loans originated in low and moderate income tracts is low compared to the percentage of businesses within those geography types, both the low and moderate income tracts are located in the downtown area and are more assessable to banks in closer proximity. Businesses in these areas generally have a deposit relationship with a nearby bank and also use them when obtaining commercial financing.

BUSINESS LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	5.27		19.00		49.85		25.87	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0	0	3.33	3.46	60.00	46.23	36.67	50.31

Responses to Complaints

Management has not received any written complaints related to CRA performance since the prior CRA examination.

Fair Lending Review

An analysis of year 2000 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.