



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 9, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Progressive National Bank of DeSoto Parish
Charter Number: 17735

300 Washington Street
Mansfield, LA 71052

Office of the 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.

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

Progressive National Bank 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 given the size, financial condition, competition, and assessment area credit needs.
- ◆ A majority of the bank's loans are extended to borrowers inside the assessment area.
- ◆ Credit activity is reasonably distributed to borrowers of different income levels and businesses of different sizes.
- ◆ The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

SCOPE OF EXAMINATION

This Performance Evaluation is an assessment of Progressive National Bank'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, consumer, and commercial loans from March 10, 2003 through July 9, 2007.

DESCRIPTION OF INSTITUTION

Progressive National Bank is a \$19 million bank with its main office located at 300 Washington Street, Mansfield, LA. Full service branches are located at 5258 Highway 3276, Stonewall, LA and 3000 Burt Kouns Industrial Loop, Shreveport, LA. As of March 31, 2007, loans totaled \$10.5 million and represented 57% of total assets. There are no legal impediments or other factors that inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior Community Reinvestment Act (CRA) Examination dated March 10, 2003. The following chart reflects the distribution of the bank's loan portfolio:

Loan Category	\$ (000)	%
Residential Real Estate Loans	\$4,195	39.85%
Business Loans	\$3,289	31.25%
Consumer Loans	\$3,042	28.90%
Total	\$10,526	100.00%

DESCRIPTION OF ASSESSMENT AREA

Progressive National Bank has designated the southern portion of Caddo Parish, totaling twenty-one census tracts, and all of DeSoto Parish, totaling seven census tracts, as their assessment area. Refer to the bank's Public File for details on the specific census tract numbers. These parishes make up a contiguous assessment area and include the communities of Mansfield, Logansport, Stonewall, and the southern portion of Shreveport. The bank's assessment area is part of the Shreveport/Bossier City Metropolitan Statistical Area (MSA). The assessment area includes a range of census tracts from low to 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 from 2000 and Department of Housing and Urban Development (HUD) information from 2006.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	35,182
Number of Households	50,577
<i>Geographies</i>	
Number of Census Tracts/BNA	28
% Low-Income Census Tracts/BNA	7.14%
% Moderate-Income Census Tracts/BNA	25.00%
% Middle-Income Census Tracts/BNA	28.57%
% Upper-Income Census Tracts/BNA	39.29%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$40,445
2006 HUD-Adjusted MFI	\$49,600
<i>Economic Indicators</i>	
Unemployment Rate	3.56%
2000 Median Housing Value	\$77,502
% of Households Below Poverty Level	17.82%

The bank's designated assessment area has a total population of 130,830. The distribution of families by income level, regardless of census tract location consists of the following: 23.32% low income, 15.43% moderate income, 18.55% middle income, and 42.70% upper income. Major employers in the assessment area include International Paper, Louisiana Pacific Corporation, Hendrix Manufacturing Corporation, and DeSoto General Hospital. Other employers in the Shreveport area include General Motors Corporation, Lucent Technologies, and Libbey Glass, Inc. Competition within the assessment area is strong with numerous banks and financial institutions located throughout the assessment area. Additionally, all institutions in the assessment area

are considerably larger than Progressive National Bank. The local economy is stable with an unemployment rate of 3.56%.

Contacts with local business organizations revealed that banks in the assessment area generally do a good job serving the needs of the community. Local financial institutions provide sufficient products and services to meet the community's needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Management has demonstrated satisfactory performance in meeting the credit needs of the community. The following sections provide details of our assessment for each performance criteria.

Loan-to-Deposit Ratio

The loan-to-deposit ratio of Progressive National Bank is reasonable given the size, financial condition, competition, and assessment area credit needs. Progressive National Bank's loan-to-deposit ratio is comparable to other banks headquartered in the bank's assessment area. The bank's average loan-to-deposit ratio since the last examination is 57.86%. The average loan-to-deposit ratio of banks within the assessment area regardless of size, for the same time period, is 68.79%. Progressive National Bank is a considerably smaller institution than other banks in the assessment area.

Institution	Assets (000s) (as of 3/31/07)	Average LTD Ratio
Progressive National Bank	\$18,766	57.86%
Citizens Bank & Trust Co. of Vivian	\$93,111	65.72%
First Louisiana Bank	\$115,311	94.58%
Community Bank of Louisiana	\$141,583	54.81%
The Peoples State Bank	\$384,968	67.20%
Sabine State Bank and Trust Co.	\$580,212	72.58%

Lending in Assessment Area

A majority of the bank's lending activity is located within its assessment area. Our review focused on the bank's main product lines: residential, consumer, and business loans. We reviewed a sample of 30 residential loans, 25 consumer loans, and 29 business loans. This sample reflected approximately 73% of the number of loans and 66% of the dollar amount of loans in our sample were extended in Caddo and DeSoto Parishes. 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
	#	%	#	%		\$(000s)	%	\$(000s)	%	
1-4 Family	21	70.00	9	30.00	30	1,420	73.66	508	26.34	1,928
Consumer	20	80.00	5	20.00	25	187	76.95	56	23.05	243
Business	20	68.97	9	31.03	29	1,162	57.36	864	42.64	2,026
Totals	61	72.62	23	27.38	84	2,769	65.98	1,428	34.02	4,197

Source: Loan sample.

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. The penetration to low income individuals for residential housing is lower than the demographic data. However, borrowing for home purchases by low-income individuals is limited due to the availability of affordable housing stock in the area. The median housing price in the assessment area is \$78 thousand. Additionally, 18% of the population residing in the assessment area is below poverty level. Residential loans to moderate income individuals are consistent with demographic data. The distribution of consumer loans reflects an excellent penetration among borrowers of different income levels. The distribution of consumer loans to low and moderate income borrowers exceed the percentage of low and moderate income households in the assessment area.

Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families ¹	23.32%		15.43%		18.55%		42.70%	
	% of Number	% of Amount						
Total	14.29%	6.74%	14.29%	7.60%	28.57%	25.99%	42.85%	59.67%

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

Borrower Distribution of Consumer Loans								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households ²	23.20%		14.65%		16.00%		46.16%	
	% of Number	% of Amount						
Total	55.00%	55.05%	25.00%	22.34%	10.00%	6.39%	10.00%	16.22%

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

The distribution of business loans reflects a reasonable penetration among businesses of different sizes. Based on Dun and Bradstreet data and U.S. Census data, there are 5,142 businesses in the assessment area with revenues less than \$1 million. The number represents 65.80% of all businesses within the assessment area. However, these numbers may not accurately reflect the true distribution of small businesses within the assessment area due to the number of businesses that did not report revenues.

Borrower Distribution of Loans to Businesses				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65.80	4.52	29.68	100%
% of Bank Loans in AA by #	90.00	10.00	0.00	100%
% of Bank Loans in AA by \$	81.93	18.07	0.00	100%

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The composition of the assessment area includes two low income tracts, seven moderate income tracts, eight middle income tracts, and eleven upper income tracts. While the bank did not have any loans to borrowers located in the low income tracts, their performance in lending to borrowers in the moderate income tracts is excellent. Lending to customers in the low income tracts is limited due to the population and lack of opportunity in those areas. As a percentage, low income tracts make up 7.14% of the total geographical area in the bank's assessment area. The population located in the low income tracts is also low at 7.09% of the total population, and only 4.66% of the area's occupied housing units are located in these low income tracts. Furthermore, the low income tracts are located in the Shreveport/Bossier City MSA, which is the location of the bank's newest branch. This site became a full service branch in January 2007.

Geographic Distribution of Residential Real Estate Loans								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied ⁴	6.43%		19.72%		31.97%		41.88%	
	% of Number	% of Amount						
Totals	0.00%	0.00%	57.14%	37.51%	23.81%	29.78%	19.05%	32.71%

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

Geographic Distribution of Consumer Loans								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households ⁵	6.48%		19.16%		31.39%		42.97%	
	% of Number	% of Amount						
Totals	0.00%	0.00%	55.00%	56.01%	40.00%	42.48%	5.00%	1.51%

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

Geographic Distribution of Business Loans								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses ⁶	5.86%		17.70%		31.05%		45.39%	
	% of Number	% of Amount						
Totals	0.00%	0.00%	30.00%	27.92%	60.00%	63.03%	10.00%	9.05%

Source: Loan sample; Dun and Bradstreet data, U.S. Census Data.

Responses to Complaints

Progressive National Bank 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.