



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

August 09, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Progressive National Bank of Desoto Parish
Charter Number 17735

300 Washington Street
Mansfield, LA 71052-0000

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.

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 based on the bank's performance context and lending opportunities.
- A substantial majority of the bank's loans are extended to borrowers within the assessment area.
- The distribution of loans to borrowers of different incomes and business of different sizes is reasonable.
- The geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area.

SCOPE OF EXAMINATION

Progressive National Bank of Desoto Parish was evaluated under the small bank examination procedures. The procedures include a lending test to evaluate the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. Primary loan products include consumer loans, residential real estate mortgages and commercial loans. To evaluate lending performance we sampled consumer, residential and commercial loans originated from January 1, 2009 through June 30, 2011.

DESCRIPTION OF INSTITUTION

Progressive National Bank of DeSoto Parish is a \$33 million bank with its main office located at 300 Washington Avenue Mansfield, LA 71052, DeSoto Parish. The bank has three full service locations; the main office in Mansfield, LA, a branch in Stonewall, LA and a branch in Shreveport, LA. Automated teller machines (ATMs) are available at all three locations. As of June 30, 2011 the bank's loan portfolio totaled \$15 million dollars representing 45% of total assets. The bank offers traditional loan products that are characteristic of community banks. The following table provides information on the breakdown of the bank's loan portfolio by loan type:

Loan Categories	\$ (000s)	%
Commercial loans	834	5.55%
Commercial Real Estate	5,111	34.05%
1-4 Family Mortgages	6,587	43.88%
Consumer loans	2,480	16.52%
Total	15,012	100.00%

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 CRA examination dated July 9, 2007.

DESCRIPTION OF ASSESSMENT AREA(S)

Progressive National Bank's assessment area (AA) consists of the entire parishes of Caddo and DeSoto. Both parishes are located in Northwest Louisiana and are included in the Shreveport-Bossier metropolitan statistical area (MSA). Primary communities include Shreveport, LA, located in Caddo Parish and Mansfield, Stonewall, Logansport and Grand Cane, all located in DeSoto Parish, LA. The AA contains eight low income census tracts, all located in Caddo Parish, and 25 moderate income census tracts, four of which are located in DeSoto Parish. The AA meets the requirements of the regulation and does not arbitrarily exclude any low or moderate income areas.

The distribution of families by income level, regardless of census tract location, consists of the following: 26.28% are low income, 16.30% are moderate income, 18.84% are middle income, and 38.57% are upper income. The combined population for Caddo and DeSoto parishes totals 277,655 persons. Employers in the assessment area include International Paper, Louisiana Pacific Corporation, and direct and supporting businesses related to the Haynesville Shale.

Despite the increase in opportunities for employment from industries related to the Haynesville Shale, the economic outlook for the AA remains suppressed. Updated unemployment figures from the Louisiana Workforce Commission website for June 2011 show 8.0% unemployment in DeSoto Parish and 7.7% unemployment in Caddo Parish. This is a significant increase from the unemployment rate of 3.56% noted during the previous examination. Additionally, 19.98% of the households in the AA are below the poverty level.

Competition within the AA is strong; primarily from four large regional banks as well as numerous other local financial institutions located throughout the AA. Compared to these other institutions, Progressive National Bank's market share is small; 5% in DeSoto Parish and .05% in Caddo Parish. A community contact however indicated that the local banks in the AA generally do a good job serving the needs of the community by providing sufficient products and services to meet the community's credit needs. The following table provides summary descriptive information of the Caddo and DeSoto Parish AA.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF CADDO/DESOTO PARISHES AA – 2000 US CENSUS DATA	
Population	
Number of Families	72,472
Number of Households	107,746
Geographies	
Number of Census Tracts/BNA	71
% Low-Income Census Tracts/BNA	11.27%
% Moderate-Income Census Tracts/BNA	35.21%
% Middle-Income Census Tracts/BNA	26.67%
% Upper-Income Census Tracts/BNA	26.67%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$40,701
2009 HUD-Adjusted MFI	\$54,300
Economic Indicators	
Unemployment Rate	5.46%
2000 Median Housing Value	\$74,173
% of Households Below Poverty Level	19.98%

Source: 2000 Census Data

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall lending performance is satisfactory. The bank's loan-to-deposit ratio is reasonable and a substantial majority of loans are originated within the bank's assessment area. Additionally, the distribution of loans demonstrates a reasonable disbursement throughout the AA as well as a reasonable penetration among borrowers of different income levels and businesses of different sizes.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the size, financial condition, and credit needs of the AA. The bank's quarterly loan-to-deposit ratio has averaged 51.29% since March 31, 2007. The average loan-to-deposit ratio of similar banks within the assessment area, during the same time period was 69.77%. Please see the following table for further information.

Institution	Assets (000s) as of 3/31/2011	Average LTD Ratio %
Progressive National Bank of Desoto Parish	\$32,936	51.29
Red River Bank	\$952,795	78.88
Citizens Bank & Trust Company of Vivian, Louisiana	\$139,110	69.45
Citizens National Bank, National Association	\$444,787	82.32
Sabine State Bank and Trust Company	\$714,194	74.48
Peoples State Bank, The	\$494,294	58.45
Community Bank of Louisiana	\$298,901	43.65
Business First Bank	\$658,493	72.22
Crescent Bank & Trust	\$565,583	97.18

Lending in Assessment Area

A substantial majority of the bank’s lending activity was originated within the bank’s designated AA. We reviewed 60 loans in total. By dollar volume, 93.14% of loans were made to borrowers inside the AA. Similarly, by loan number, 90.00% of the loans made by the bank were to customers inside the AA. Please see the following chart for further information on lending in the assessment area by product type.

Lending in Caddo and DeSoto Parishes AA										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer	18	90.00	2	10.00	20	94	74.92	31	25.08	125
Home Purchase	17	85.00	3	15.00	20	1,262	91.84	112	8.16	1,374
Commercial	19	95.00	1	5.00	20	1,215	96.37	46	3.63	1,260
Totals	54	90.00	6	10.00	20	2,570	93.14	189	6.86%	2,760

Source: Loan Sample

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

The distribution of loans within the AA represents a reasonable penetration among borrowers of different income levels and businesses of different sizes. The 2000 US Census information reflects that the median cost of housing is \$77 thousand whereas a low income person earns less than \$27 thousand a year based on the HUD updated 2009 median family income information. As discussed above, the AA has also seen a marked increase in unemployment levels since the previous exam. Furthermore, 19.98% of the families in the AA are living below the poverty level. We considered these mitigating factors in our lending analysis to low income borrowers.

Consumer Loans:

The distribution of consumer loans represents a reasonable penetration among borrowers of different income levels. While consumer lending to low income borrowers is less than the percentage of low income borrowers in the AA, the distribution of loans to moderate income borrowers is near to the demographic data. The lower level of lending to low income borrowers is reflective of the factors discussed above. Please see the following chart for further information.

Borrower Distribution of Consumer Loans in Caddo and DeSoto Parishes AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA House-holds	% of Number of Loans	% of AA House-holds	% of Number of Loans	% of AA House-holds	% of Number of Loans	% of AA House-holds	% of Number of Loans
Consumer Loans	26.57	15.00	15.43	15.00	16.64	30.00	41.36	40.00

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

Residential Real Estate Mortgages:

The distribution of residential real estate loans represents a reasonable penetration among borrowers of different income levels. While lending to low income borrowers is less than the percentage of low income borrowers in the AA, the distribution of loans to moderate income level borrowers exceeds that of the demographic data. The lower level of lending to low income borrowers is reflective of the factors discussed above. Please see the following chart for further information.

Borrower Distribution of Residential Real Estate Loans in Caddo and DeSoto Parishes AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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
Home Purchase	26.29	5.00	16.30	20.00	18.84	30.00	38.57	45.00

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

Business Loans:

The distribution of business loans reflects excellent penetration among businesses of different sizes. Eighty-five percent of the bank’s loans to businesses during the loan sampling period were made to small business customers. Please see the following chart for further information.

Borrower Distribution of Loans to Businesses in Caddo and DeSoto Parishes AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	78.96	3.47	17.57	100.00
% of Bank Loans in AA by #	85.00	5.00	10.00	100.00
% of Bank Loans in AA by \$	86.36	4.18	9.46	100.00

Source: Loan sample; Dun and Bradstreet data.

Geographic Distribution of Loans

Overall, the geographic distribution of loans reflects a reasonable distribution throughout the AA. There are eight low income census tracts in the AA and all eight are located in Caddo Parish. This represents only 11.27% of total census tracts in the AA. Additionally, the dispersion of households, families and businesses in the low income census tracts is low at 7.95%, 5.23% and 6.08%, respectively. Also, competition in the Caddo Parish market is considerable. The bank has one branch in Caddo Parish that represents .05% of the total market share. This branch competes with four large regional banks comprising 75% of the market share as well as other larger local institutions. We considered these mitigating factors in our lending analysis to borrowers located in low income census tracts.

Consumer Loans:

Overall, the geographic distribution of consumer loans reflects reasonable dispersion throughout the AA. While no consumer loans were originated in the low income census tracts, the distribution to borrowers in moderate income tracts is excellent. The lower level of lending to the low income tracts is reflective of the factors discussed above. Please see the following charts for further information.

Geographic Distribution of Consumer Loans in Caddo and DeSoto Parishes AA								
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	7.95	0.00	28.56	85.00	29.70	10.00	33.79	5.00

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

Residential Real Estate Primary Purchase:

The geographic distribution of residential real estate loans reflects excellent dispersion throughout the AA for both the low and moderate income census tracts. In both categories the sample results exceed that of the demographic data. Please see the following charts for further information.

Geographic Distribution of Residential Real Estate Loans in Caddo and DeSoto Parishes AA								
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
Home Purchase	5.23	10.00	26.07	35.00	30.06	20.00	38.64	35.00

Source: Loan Sample, U.S. Census data.

Business Loans:

The geographic distribution of business loans reflects reasonable dispersion throughout the AA. While there were no business loans originated in the low income census tracts, the distribution to businesses in moderate income tracts is reasonable, with the sample results near that of the demographic data. The lower level of lending to the low income tracts is reflective of the factors discussed above. Please see the following chart for further information.

Geographic Distribution of Loans to Businesses in Caddo and DeSoto Parishes AA								
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
Businesses	6.08	0.00	28.20	21.05	33.43	47.37	32.29	31.58

Source: Loan sample; Dun and Bradstreet data.

Responses to Complaints

There have been no complaints received regarding the Community Reinvestment Act since the prior examination.

Fair Lending or Other Illegal Credit Practices Review

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