



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**March 10, 2003**

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

**Progressive National Bank Of Desoto Parish  
Charter Number 17735**

**300 Washington Street  
Mansfield, LA 71052**

**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.

Progressive National Bank of Desoto Parish 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 size, financial condition, and assessment area credit needs.
- A majority of the bank's loans are extended within the bank's assessment area.
- Given the demographics of the assessment areas, the distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

# DESCRIPTION OF INSTITUTION

Progressive National Bank of DeSoto Parish (PNB) is a small community bank with headquarters located in Mansfield, Louisiana, which is approximately 30 miles south of Shreveport, Louisiana. The main office is located at 300 Washington Street, Mansfield, Louisiana. PNB expanded their operations in 2002 through the addition of a full service branch in Stonewall, Louisiana and a mortgage production office in Shreveport, Louisiana. Both locations are within 40 miles of the main office. The Stonewall branch was opened in May 2002 and is located at 5258 Stonewall-Frierson Road, Stonewall, Louisiana. The Shreveport office was opened in June 2002 and is located at 3658 Youree Drive, Shreveport, Louisiana. PNB operates one ATM, which is located in a local convenience store near the main office.

As of December 31, 2002, PNB had total assets of \$17 million. Approximately \$9 million or 53% of total assets is centered in the loan portfolio. The bank's primary lending products include residential real estate, consumer, and commercial loans. The following chart details the breakdown of PNB's loan portfolio as of December 31, 2002.

<b>Loan Type</b>	<b>Dollar Amount (000's)</b>	<b>% of Total Loans</b>
RE Residential (1-4 Family)	3,611	39.2%
RE Nonfarm Nonresidential	1,254	13.6%
Commercial and Industrial	1,013	11.0%
Consumer	3,041	33.0%
Other	291	3.2%

<i>Total</i>	<i>9,210</i>	<i>100.0%</i>
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PNB was rated satisfactory during the prior Community Reinvestment Act (CRA) Examination dated October 13, 1998. Based on its financial condition, stable local economy, product offerings, competition, and prior performance, PNB has the ability to meet the various credit needs in its community. There are no legal impediments or other factors that inhibit the bank's ability to meet the credit needs of the community.

## **DESCRIPTION OF ASSESSMENT AREAS**

The Board and management have designated two assessment areas for CRA purposes. These assessment areas meet the requirements of the CRA and do not arbitrarily exclude low- and moderate-income geographies.

The assessment areas include two parishes in which the bank has locations: Desoto Parish and Caddo Parish. Additionally, the bank has included a portion of Sabine Parish in their assessment area. Caddo Parish is located in a Metropolitan Statistical Area (MSA).

### ***DeSoto and Sabine Parish Assessment Area:***

The bank's headquarters and Stonewall Branch are located in DeSoto Parish. The assessment area is comprised of ten block numbering areas (BNAs), seven of which are located in Desoto Parish and three in Sabine Parish. The assessment area includes no low-income tracts, one moderate-income tract, eight middle-income tracts and one upper-income tract. Communities located within Desoto Parish include Mansfield, Grand Cane, Logansport, Stonewall and Frierson. The portion of Sabine Parish within the bank's assessment area includes the communities of Zwolle, Converse, Noble and Benson.

Based on 1990 Census data, the assessment area has a population of 33,470. Of the families living within this Assessment Area (AA), 25.7% are low-income, 17.4% are moderate-income, 16.8% are middle-income, and 40.1% are upper-income. The local economy remains stable. Major employers include International Paper Company, Louisiana-Pacific Corporation and the local school boards. Many of the local residents commute to nearby Shreveport for employment opportunities.

The following table provides a description of the DeSoto and Sabine Parish assessment area based on 1990 Census data and 2002 Department of Housing and Urban Development (HUD) information.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF DESOTO AND SABINE PARISH</b>	
<b><i>Population</i></b>	
Number of Families	9,115
Number of Households	12,143
<b><i>Geographies</i></b>	
Number of Census Tracts/BNA	10
% Low-Income Census Tracts/BNA	0.0%
% Moderate-Income Census Tracts/BNA	10.0%
% Middle-Income Census Tracts/BNA	80.0%
% Upper-Income Census Tracts/BNA	10.0%
<b><i>Median Family Income (MFI)</i></b>	
1990 MFI for AA	\$21,177
2002 HUD-Adjusted MFI	\$31,600
<b><i>Economic Indicators</i></b>	
Unemployment Rate	5.11%
2002 Median Housing Value	\$39,014
% Of Households Below Poverty Level	30.9%

***Caddo Parish Assessment Area:***

The bank's mortgage production office is located in the City of Shreveport in Caddo Parish. The parish is comprised of 63 census tracts to include 11 low-income tracts, 16 moderate-income tracts, 15 middle-income tracts, and 17 upper income tracts. Four tracts have not been assigned a designated income level. Of the families living in Caddo Parish, 25.3% are low-income, 15.3% are moderate-income, 18.5% are middle-income and 40.9% are upper-income. The local economy is stable and is primarily supported by the following industries: services, trade, government and manufacturing. Major employers include Barksdale Air Force Base, General Motors Corporation, local school boards and various health care providers.

The following table provides a description of the Caddo Parish assessment area based on 1990 Census data and 2002 Department of Housing and Urban Development (HUD) information.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF CADDO PARISH</b>	
<b><i>Population</i></b>	
Number of Families	65,443
Number of Households	92,958
<b><i>Geographies</i></b>	
Number of Census Tracts/BNA	63
% Low-Income Census Tracts/BNA	17.5%
% Moderate-Income Census Tracts/BNA	25.4%
% Middle-Income Census Tracts/BNA	23.8%
% Upper-Income Census Tracts/BNA	27.0%
% Non-Applicable Census Tracts/BNA	6.3%
<b><i>Median Family Income (MFI)</i></b>	
1990 MFI for AA	\$27,402
2002 HUD-Adjusted MFI	\$40,100
<b><i>Economic Indicators</i></b>	
Unemployment Rate	5.0%
2002 Median Housing Value	\$55,920
% Of Households Below Poverty Level	21.7%

Contacts with local business organizations in DeSoto and Caddo Parish revealed the primary community credit needs for the assessment areas are small business and residential mortgages. One of the organizations also noted the lack of available low-income housing stock in Caddo Parish.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

Management has demonstrated satisfactory performance in meeting the credit needs of the community.

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio of PNB is reasonable given the bank's size, financial condition, and lending opportunities within its assessment area. The bank's average loan-to-deposit ratio over the past 17 quarters is 68.6%. PNB's loan to deposit ratio is comparable to other banks headquartered in the assessment area. The average loan-to-deposit ratio of banks headquartered within the assessment area, regardless of size, for the same time period is 68.4%. The asset size and loan-to-deposit ratio for PNB and three of its competing banks are listed in the following table.

Institution	Assets as of 12/31/02 (000s)	Average LTD Ratio*
Community Bank of Louisiana, Mansfield, LA	105,000	53.1%
First Louisiana Bank, Shreveport, LA	73,000	80.4%
Citizens Bank and Trust Co. of Vivian, Vivian, LA	66,000	71.7%
<i>Progressive National Bank of Desoto Parish, Mansfield, LA</i>	<i>17,000</i>	<i>68.6%</i>

\*The average LTD ratio is based on quarterly data reported from December 1998 through December 2002.

## Lending in Assessment Area

A majority of the bank's loans are made to borrowers located within its assessment area. We reviewed separate loan samples for each assessment area. From the DeSoto and Sabine Parish assessment area, we sampled 25 loans from each of the bank's primary product lines: residential, consumer, and commercial loans. Our analysis determined that 89% of the number of loans and 87% of the dollar amount of loans were made within the assessment area. The following table details our findings by loan category.

TOTAL LOANS REVIEWED-DESOTO AND SABINE PARISH								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential	20	80.0	731	75.3	5	20.0	239	24.7
Consumer	23	92.0	120	88.6	2	8.0	15	11.4
Commercial	24	96.0	919	99.5	1	4.0	5	0.5
Total Reviewed	67	89.3	1,770	87.2	8	10.7	259	12.8

Lending activity within the Shreveport office is limited to residential real estate mortgages. This office opened in June 2002 and had originated 20 loans through December 2002. All loan originations from 2002 were included in our sample. Our analysis determined that 80% of the number of loans and 67% of the dollar volume of loans were made within the assessment area.

TOTAL LOANS REVIEWED-CADDO PARISH								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential	16	80.0	1090	67.6	4	20.0	522	32.4

## 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. Our sample of loans inside the DeSoto and Sabine Parish assessment area included 20 residential loans totaling \$731 thousand; 23 consumer loans totaling \$120 thousand; and 24 commercial loans totaling \$919 thousand. Our sample of loans inside

the assessment area for Caddo Parish was limited to 16 residential real estate loans totaling \$1,090 thousand.

<b>RESIDENTIAL REAL ESTATE LOANS-DESOTO AND SABINE PARISH</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	25.7		17.4		16.8		40.1	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	5.0	6.7	25.0	13.8	25.0	25.7	45.0	53.9

The distribution of residential real estate and consumer loans generally approximates the income characteristics of the bank’s assessment areas. The bank’s record of lending to moderate-income borrowers exceeds the area’s demographics.

<b>RESIDENTIAL REAL ESTATE LOANS-CADDO PARISH</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	25.3		15.3		18.5		40.9	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	12.5	8.4	37.5	32.1	31.3	36.0	18.8	23.6

<b>CONSUMER LOANS-DESOTO AND SABINE PARISH</b>								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Households	30.2		15.2		14.8		39.9	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	8.7	15.8	43.5	35.0	8.7	6.1	39.1	43.2

The distribution of business loans reflects a reasonable penetration among businesses of different sizes. Based on 1990 Census information, there are 1058 businesses with revenues less than \$1 million in the bank’s DeSoto and Sabine Parish assessment area. This number represents approximately 96% of all businesses within the assessment area.

Our sample of commercial loans inside the DeSoto and Sabine Parish assessment area included 24 loans totaling \$919 thousand. Our analysis determined that 100% of the number and dollar amount of commercial loans sampled were made to businesses with gross annual revenues less than \$1 million. The distribution of commercial loans exceeds the income characteristics of the assessment area.



<b>BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES</b>		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses <sup>3</sup>	96.1	3.9
% of Bank Loans in AA #	100.0	0.0
% of Bank Loans in AA \$	100.0	0.0

### Geographic Distribution of Loans

The geographic distribution of loans in the bank’s assessment area reflects a reasonable penetration given the bank's overall strategy, locations, and the availability of owner-occupied housing.

The DeSoto and Sabine Parish assessment area has no low-income tracts and only one moderate-income tract. The bank’s level of lending in the moderate-income tract of DeSoto and Sabine Parish is reasonable given the demographics of the area. Of the residential real estate loans sampled, 10.0% of loans were made to borrowers located in the moderate-income tract versus 9.9% of assessment area households located in the moderate-income tract. The distribution of consumer and commercial loans is also representative of the area demographics. Of the consumer loans sampled, 4.3% of loans were made to borrowers located in the moderate-income tract versus 11.7% of the number of assessment area households located in the moderate-income tract. Of the business loans sampled, 16.7% of loans were made to businesses located in the moderate-income tract versus 16.3% of assessment area businesses located in the moderate-income tract.

<b>RESIDENTIAL REAL ESTATE LOANS-DESOTO AND SABINE PARISH</b>								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied	0.0		9.9		73.6		16.5	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.0	0.0	10.0	10.0	75.0	78.7	15.0	11.2

<b>CONSUMER LOANS- DESOTO AND SABINE PARISH</b>								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
%of AA Households	0.0		11.7		73.1		15.2	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.0	0.0	4.3	10.5	87.0	77.3	8.7	12.2

<b>COMMERCIAL LOANS-DESOTO AND SABINE PARISH</b>								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	0.0		16.3		69.1		14.6	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.0	0.0	16.7	35.1	75.0	45.5	8.3	19.4

There were no loans made to borrowers located within the low-income tracts of Caddo Parish. Further review revealed that this area is heavily saturated in industrial and commercial properties. Additionally, our community contact stated that many of the homes within the low-income tracts are uninhabitable. Based on a review of loan applications, the bank has not received any applications from borrowers within these tracts. Further, the Caddo Parish MSA is burdened by a high poverty level. Nearly 22% of households within the MSA are living below the poverty level. The distribution of loans to moderate-income tracts approximates that of the assessment area. Of the residential real estate loans sampled, 25.3% of loans were made to borrowers located in the moderate-income tracts versus 25.0% of assessment area households located in the moderate-income tract.

<b>RESIDENTIAL REAL ESTATE LOANS-CADDO PARISH</b>								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
%of AA Owner Occupied	6.6		25.3		34.9		33.2	
	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0	0	25.0	18.5	43.8	37.6	31.3	43.9

## Responses to Complaints

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

## **Fair Lending Review**

An analysis of mortgage and consumer loans originated in 2002, as well as a review of public file comments and consumer complaint information was performed in accordance with the OCC's risk-based fair lending examination standards. This analysis revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with this CRA evaluation. The latest fair lending examination was performed in September 2001.