



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 25, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Progressive National Bank of DeSoto Parish
Charter Number 17735**

**300 Washington Street
Mansfield, Louisiana 71052**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3394**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Progressive National Bank of DeSoto Parish** prepared by **Office of the Comptroller of the Currency** the institution's supervisory agency, as of October 25, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Progressive National Bank has a satisfactory record of meeting community credit needs. The satisfactory rating is based upon:

- ▶ The bank's loan-to-deposit ratio of 79.07% materially exceeds the ratio of other area banks.
- ▶ Credit activity is reasonably distributed to borrowers of different income levels.
- ▶ Geographic distribution of loans within the assessment area reflects a reasonable penetration throughout the assessment area.
- ▶ A significant portion of the bank's core loan products are extended within its assessment area.

The following table indicates the performance level of **Progressive National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>PROGRESSIVE NATIONAL BANK</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No Complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION:

Progressive National Bank is a small community bank with assets of \$18 million. Outstanding loans on August 31, 1996 totaled \$16 million. Loan products offered include consumer, commercial, and 1-4 family residential real estate (permanent and interim construction) loans. Composition of the loan portfolio by type is as follows: consumer related 17%; commercial loans 21%; residential real estate 56%; and other 6%. The primary business focus is residential lending. There are no legal impediments which limit the bank's ability to meet the credit needs of the community. The main office is located at 300 Washington Street, Mansfield, Louisiana. There are no full service branch offices; however, the bank does operate two mortgage loan production offices. These offices are located at 2109 South Burnside Avenue, Gonzales, Louisiana, and 3618 Youree Drive, Shreveport, Louisiana.

DESCRIPTION OF DESOTO PARISH:

The Board has designated the bank's assessment area as DeSoto Parish. The designated assessment area includes census tract areas 9501.00, 9502.00, 9503.00, 9504.00, 9505.00, 9506.00, and 9507.00. The assessment area is not part of a Metropolitan Statistical Area (MSA). The assessment area includes the communities of Mansfield, Grand Cane, Logansport, Longstreet, Pelican, Keatchie, Oxford, Stonewall, Frierson, Benson, Gloster, Naborton and Stanley. Within the assessment area, five of the census tracts are middle-income areas, one is an upper-income area, and one is a moderate-income area. The population within this area totals 25,346 according to 1990 Census Bureau data. Approximately 25% of the families are low income, 17% are moderate income, 17% are middle income, and 41% are upper income families. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. According to 1995 Department of Housing and Urban Development (HUD), the median family income for DeSoto Parish is \$25,200. Local employment is centered in the following industries: services, government, manufacturing, retail trade and agriculture. Major employers are International Paper Company, Louisiana Pacific Corporation, and local school districts. The local economy is stable and the unemployment rate is approximately 8%. A recent contact with a local business leader expressed a greater need for FHA and VA real estate financing than was provided by local financial institutions. The contact also felt that local financial institutions should take steps to expedite loan underwriting processes to ensure more prompt closings of real estate loans.

Financial services are provided by four local banks with main offices within the assessment area. The main offices of three of these financial institutions are located in

Mansfield and the other is located in Logansport. In addition, a branch office of a non-local bank is located in Mansfield. There are also several credit unions and finance companies located within the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN -TO-DEPOSIT RATIO:

The loan-to-deposit ratio of Progressive National Bank materially exceeds the ratio of other banks located within the assessment area. The bank's loan-to-deposit ratio averaged 79.07% over the past five quarters. As of June 30, 1996, Progressive National Bank's loan-to-deposit ratio equaled 84.11%. The average loan-to-deposit ratio of the three remaining banks in the assessment area was 47.63% during the same period. Individual loan-to-deposit ratios for these banks ranged from a low of 35.13% to a high of 59.01%.

LENDING IN ASSESSMENT AREA:

A majority of the bank's consumer and business lending is conducted within its assessment area. The analysis revealed, by number, 71% of consumer loans and 55% of business loans are extended within the assessment area. Based on the dollar volume of loans originated, 60% of consumer loans and 51% of business loans are originated within the assessment area.

Less than a majority of the bank's 1-4 family residential lending (permanent and interim construction) is extended within the assessment area. Local demand for these lending products is weak, with available housing and new construction in the assessment area limited. The bank does actively participate in any demand for residential mortgage financing within the assessment area. In order to participate in the increased demand for these products in other parts of the state, the bank has two mortgage loan production offices located outside the assessment area. Approximately 35% by number, and 16% of the dollar volume of residential mortgage loans are extended within the assessment area.

Tables I & II are used to support conclusions on the assessment criteria, Lending in Assessment Area. Data was derived from a sample of new loans originated by the bank in 1996. The sample included 35 consumer, 40 residential mortgage, and 20 business loans. The following tables reflect the result of our analysis:

Table I

(By Number of Loans)	LENDING WITHIN THE ASSESSMENT AREA					
	Loans Within Assessment Area		Loans Outside Assessment Area		TOTAL	
Loan Types	#	%	#	%	#	%
Consumer Loans	25	71%	10	29%	35	100%
Business Loans	11	55%	9	45%	20	100%
Residential Mortgages	14	35%	26	65%	40	100%

Table II

(By Dollar Volume of Loans)	LENDING WITHIN THE ASSESSMENT AREA					
	Loans Within Assessment Area		Loans Outside Assessment Area		TOTAL	
Loan Types	\$ (000)	%	\$ (000)	%	\$ (000)	%
Consumer Loans	137	60%	96	40%	230	100%
Business Loans	367	51%	350	49%	717	100%
Residential Mortgages	400	16%	2,149	84%	2,549	100%

LENDING TO BORROWERS OF DIFFERENT INCOME 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 distribution of loans within each income category approximates the income characteristics of the population within the assessment area. We performed an analysis based on a sample of consumer, real estate, and business loans originated within the bank's assessment area in 1996. The following table details the results of our analysis:

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	25%		17%		17%		41%		100%	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	1	7%	2	14%	4	29%	7	50%	14	100%
Consumer	7	28%	8	32%	4	16%	6	24%	25	100%
Revenue Ranges	Less than \$100,000		\$100,000-\$500,000		\$500,000--\$1,000,000		Over \$1,000,000			
Commercial	3	27%	4	37%	2	18%	2	18%	11	100%

GEOGRAPHIC DISTRIBUTION OF LOANS:

The geographic distribution of loan originations reflects a reasonable distribution throughout the census tracts within the assessment area. Based on addresses of borrowers, we were able to determine in which census tracts our sample of consumer, real estate, and business loans were originated. The following table reflects the distribution by number of loan originations in the assessment area:

GEOGRAPHIC DISTRIBUTION OF LOANS										
	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Total	
Area Demographic Characteristics	0%		14%		72%		14%		100%	
Count	0		1		5		1		7	
Loan Types:	#	%	#	%	#	%	#	%	#	%
Mortgage	0	0%	1	7%	12	86%	1	7%	14	100%
Consumer	0	0%	7	28%	18	72%	0	0%	25	100%
Commercial	0	0%	3	27%	8	73%	0	0%	11	100%

RESPONSE TO COMPLAINTS:

There have been no written complaints related to CRA performance since the previous CRA examination. Furthermore, we did not identify any substantive violations involving anti-discrimination laws or regulations.