Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, George W Cummings, III
Name of the Holding Company Director and Official

Director, Chairman and CEO
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

George W Cummings, III
Signature of Holding Company Director and Official

8-9-18
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID ______
C.I. ______

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2017
Month / Day / Year

549300KLRC0YDZ59GJ20
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Progressive Bancorp, Inc.
Legal Title of Holding Company

1411 North 19th Street
(Mailing Address of the Holding Company) Street / P.O. Box

Monroe	LA	71201
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Michele Thaxton	CFO
Name	Title

318-812-5226
Area Code / Phone Number / Extension

318-812-5250
Area Code / FAX Number

mthaxton@progressivebank.com
E-mail Address

N/A
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City | State | Zip Code

Physical Location (if different from mailing address)

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Progressive Bancorp, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2017

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Progressive Bancorp, Inc. and Subsidiaries

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Progressive Bancorp, Inc. and its Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Progressive Bancorp, Inc. and Subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Dallas, Texas
March 28, 2018

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2017 and 2016
(Dollars In Thousands, Share Data)

		2017		2016
Assets				
Cash and due from banks	$	7,883	$	10,631
Interest-bearing deposits		10,854		5,687
Total cash and cash equivalents		18,737		16,318
Time deposits in other financial institutions		100		4,827
Securities available for sale		35,980		31,645
Securities held to maturity		6,622		8,719
Loans held for sale		447		468
Loans, net		428,882		419,943
Premises and equipment, net		15,928		16,391
Bank owned life insurance		9,950		9,743
Other real estate owned		202		238
Federal Home Loan Bank stock		1,943		625
Other assets		6,790		8,187
Total assets	$	525,581	$	517,104
Liabilities and Stockholders' Equity				
Deposits:				
Noninterest-bearing	$	180,710	$	193,704
Interest-bearing		253,112		248,625
Total deposits		433,822		442,329
Federal Home Loan Bank advances		24,358		9,221
Notes payable		5,510		6,400
ESOP debt commitment		234		357
Junior subordinated debentures		12,372		12,372
Other liabilities		4,057		4,470
Total liabilities		480,353		475,149
Commitments and contingencies				
Stockholders' equity:				
Common stock; $5 par value; 20,000,000 shares authorized; 520,672 and 521,772 shares issued at December 31, 2017 and 2016, respectively		2,603		2,609
Paid-in capital		13,503		13,424
Retained earnings		33,959		30,491
Accumulated other comprehensive loss		(221)		(146)
Unearned ESOP shares		(234)		(357)
Treasury stock, at cost, 72,748 and 70,961 shares at December 31, 2017 and 2016, respectively		(4,382)		(4,066)
Total stockholders' equity		45,228		41,955
Total liabilities and stockholders' equity	$	525,581	$	517,104

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2017 and 2016
(In Thousands)

	2017	2016
Interest income:		
Loans, including fees	$ 21,299	$ 20,278
Securities:		
Taxable	463	430
Nontaxable	162	174
Interest-bearing deposits	180	148
Other	15	14
	22,119	21,044
Interest expense:		
Deposits	974	644
Federal Home Loan Bank advances, FNBB Note Payable and other	771	540
Junior subordinated debentures	509	446
	2,254	1,630
Net interest income	19,865	19,414
Provision for loan losses	144	20
Net interest income after provision for loan losses	19,721	19,394
Noninterest income:		
Service charges and fees	2,677	2,626
Trust and brokerage department	884	911
Earnings on life insurance policies	208	210
Insurance commissions	13	36
Gain (Loss) on sale of other real estate owned	16	(4)
Other	96	76
	3,894	3,855
Noninterest expense:		
Salaries and employee benefits	10,314	10,631
Occupancy	1,755	1,873
Furniture and equipment	640	654
Technology	1,206	1,286
Professional fees	1,168	1,285
Advertising and business development	717	826
ATM/debit card expense	443	528
Deposits insurance assessment	142	189
Loss on sale of assets	5	2
Other	1,045	1,088
	17,435	18,362
Income before income taxes	6,180	4,887
Income tax expense	2,742	1,547
Net income	$ 3,438	$ 3,340

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2017 and 2016
(In Thousands)

	2017	2016
Net income	$ 3,438	$ 3,340
Other comprehensive loss, before tax:		
Change in net unrealized loss on securities available for sale	(59)	(221)
Other comprehensive loss, before tax	(59)	(221)
Income tax benefit	20	75
Other comprehensive loss, net of tax	(39)	(146)
Comprehensive income	$ 3,399	$ 3,194

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2017 and 2016
(Dollars in Thousands, Except Share Data)

	Preferred Stock	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Treasury Stock	Total
Balance, January 1, 2016	$ 12,000	$ 2,593	$ 13,281	$ 27,159	$ -	$ (481)	$ (3,617)	$ 50,935
Net income	-	-	-	3,340	-	-	-	3,340
Other comprehensive income, net of tax	-	-	-	-	(146)	-	-	(146)
ESOP shares released	-	-	-	-	-	124	-	124
Restricted stock awards issued, net of forfeitures (3,200 shares)	-	16	(16)	-	-	-	-	-
Purchase of 6,175 treasury shares	-	-	-	-	-	-	(449)	(449)
Series A preferred stock dividends	-	-	-	(8)	-	-	-	(8)
Redempton of Series A preferred stock	(12,000)	-	-	-	-	-	-	(12,000)
Stock compensation expense	-	-	159	-	-	-	-	159
Balance, December 31, 2016	-	2,609	13,424	30,491	(146)	(357)	(4,066)	41,955
Net income	-	-	-	3,438	-	-	-	3,438
Other comprehensive income, net of tax	-	-	-	-	(39)	-	-	(39)
ESOP shares released	-	-	-	-	-	123	-	123
Restricted stock award forfeitures, net of issues (1,100 shares)	-	(6)	(50)	-	-	-	56	-
Stock Options exercised, 3,500 shares	-	-	-	-	-	-	115	115
Purchase of 5,287 treasury shares	-	-	-	-	-	-	(487)	(487)
Stock compensation expense	-	-	129	-	-	-	-	129
Reclassification of tax effects resulting from 2017 Tax Legislation and other items	-	-	-	30	(36)	-	-	(6)
Balance, December 31, 2017	$ -	$ 2,603	$ 13,503	$ 33,959	$ (221)	$ (234)	$ (4,382)	$ 45,228

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016
(In Thousands)

		2017		2016
Cash flows from operating activities:				
Net income	$	3,438	$	3,340
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		849		876
Deferred income tax (benefit) expense		682		(16)
Stock compensation expense		129		159
Amortization of securities, net		70		79
Provision for loan loss		144		20
Net decrease (increase) in loans held for sale		21		(31)
Loss on disposal of premises and equipment		5		2
Earnings on life insurance policies		(208)		(211)
Write-down of other real estate owned		35		134
(Gain) loss on sale of other real estate owned		(16)		4
Net change in other assets		702		(887)
Net change in other liabilities		(413)		(516)
Net cash provided by operating activities		5,438		2,951
Cash flows from investing activities:				
Purchases of securities available for sale		(14,968)		(7,075)
Purchases of securities held to maturity		-		(3,429)
Proceeds from maturities, calls and paydowns of securities available for sale		10,648		2,759
Proceeds from maturities, calls and paydowns of securities held to maturity		2,074		2,168
Purchases of premises and equipment		(398)		(663)
Proceeds from the sale of premises and equipment		7		-
Net (purchases) redemptions of Federal Home Loan Bank stock		(1,293)		266
Net (increase) decrease in loans		(9,083)		13,328
Net maturities (purchases) of time deposits with other financial institutions		4,727		(4,727)
Proceeds from sale of other real estate owned		18		138
Net cash (used in) provided by investing activities		(8,388)		2,765
Cash flows from financing activities:				
Net decrease in deposits		(8,506)		(1,978)
Net increase (decrease) in FHLB advances		15,137		(3,772)
Net (decrease) increase in note payable		(890)		6,400
Purchase of treasury stock		(487)		(449)
Proceeds from exercise of common stock options		115		
Redemption of preferred stock		-		(12,000)
Preferred stock dividend payments		-		(8)
Net cash provided by (used in) financing activities		5,369		(11,807)
Net increase (decrease) in cash and cash equivalents		2,419		(6,091)
Cash and cash equivalents:				
Beginning of year		16,318		22,409
End of year	$	18,737	$	16,318

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of Progressive Bancorp, Inc. (Bancorp) and Subsidiaries (collectively referred to as Company) conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Bancorp and its wholly-owned subsidiary, Progressive Bank (Bank) and the Bank's wholly owned subsidiary, Progressive Financial Advisors, LLC (PFA). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of operations: The Company is engaged in traditional community banking activities, which include commercial and retail lending, deposit gathering, trust services and investment and liquidity management activities. The Company's primary deposit products are demand deposits, money market accounts and certificates of deposit, and its primary lending products are commercial business and real estate, real estate mortgage and consumer loans with customers located primarily in and around Winnsboro, Monroe, West Monroe, Bossier City and Shreveport, Louisiana, and the surrounding areas.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period. Accordingly, actual results could differ significantly from those estimates.

A material estimate that is particularly susceptible to significant change in the near-term relates to the determination of the allowance for loan losses. A significant portion of the Company's loans are collateralized by real estate and related assets located in local markets. Accordingly, the ultimate collectability of the Company's loan portfolio is susceptible to changes in local market conditions.

Cash and cash equivalents: For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks. The Company normally considers all highly liquid investments with an initial maturity of less than ninety days to be cash equivalents. Cash flows from loans and deposits are reported net.

The Company is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing requirements. The Company's required reserve was $0 at both December 31, 2017 and 2016. The Company's average balance held at the Federal Reserve Bank for the years ended December 31, 2017 and 2016 was approximately $14,300,000 and $22,559,000, respectively.

Time deposits in other financial institutions: Time deposits in other financial institutions mature within three years and are carried at cost.

Investment securities: Securities classified as available for sale are those that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors.

Securities available for sale are reported at fair value with unrealized gains or losses reported as a separate component of other comprehensive income. The amortization of premiums and accretion of discounts, computed by the interest method over their contractual lives, are recognized in interest income.

Note 1. Summary of Significant Accounting Policies (Continued)

Debt securities for which the Company has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity.

Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in earnings.

In estimating other than temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent of the Company to retain its investment and whether it is more likely than not the Company will be required to sell its investment before its anticipated recovery in fair value. When the Company does not intend to sell the security, and it is more likely than not that it will not have to sell the security before recovery of its cost basis, it will recognize credit component of an other than temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

Federal Home Loan Bank stock: As a member of the Federal Home Loan Bank of Dallas (FHLB), the Company is required to maintain an investment in capital stock of the FHLB. FHLB stock does not have a readily determinable fair value as ownership is restricted and it lacks a ready market. As a result, this stock is carried at cost and evaluated periodically by management for impairment. No impairment has been identified during 2017 or 2016.

Loans held for sale: Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balance adjusted for an allowance for loan losses. Interest is accrued daily on the outstanding balances.

Fees and costs associated with originating loans are recognized in income generally in the period in which the fees were received and the costs were incurred. Under accounting principles generally accepted in the United States of America, such fees and costs should be deferred and recognized over the life of the loan as an adjustment of yield. For the years ended December 31, 2017 and 2016, management believes that not deferring such fees and costs, and amortizing them over the life of the related loans does not materially affect the financial position or results of operations of the Company.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Past due status is based on the contractual terms of the loan. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Note 1. Summary of Significant Accounting Policies (Continued)

Transfers of financial assets: Transfers of financial assets are accounted for as sales only when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company, (2) the transferee obtains the right to pledge or exchange the assets it received, and no condition both constrains the transferee from taking advantage of its right to pledge or exchange the assets it received, or provides more than a modest benefit to the transferor, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets. In addition, for transfers of a portion of financial assets (for example, participations of loan receivables), the transfer must meet the definition of a 'participating interest' in order to account for the transfer as a sale. Following are the characteristics of a 'participating interest':

- Pro-rata ownership in an entire financial asset.
- From the date of the transfer, all cash flows received from the entire financial asset are divided proportionately among the participating interest holders in an amount equal to their share of ownership.
- The rights of each participating interest holder have the same priority, and no participating interest holder's interest is subordinated to the interest of another participating interest holder. That is, no participating interest holder is entitled to receive cash before any other participating interest holder under its contractual rights as a participating interest holder.

No party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to pledge or exchange the entire financial asset.

Allowance for loan losses: The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses on existing loans, based on an evaluation of the collectability of loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses, and may require the Company to make adjustments to the allowance based on their judgment about information available to them at the time of their examinations.

A loan is considered impaired when it is probable, based upon current information and events, the Company will not be able to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impaired loans are accounted for at the net present value of expected future cash flows, discounted at the loan's effective interest rate, the observable market price of the loan or at the fair value of the collateral if the loan is collateral dependent. Modifications that result in troubled debt restructurings are also considered impaired.

Premises and equipment: Land is carried at cost. Buildings and improvements, furniture, fixtures, and equipment and vehicles are carried at cost, less accumulated depreciation and amortization which are computed principally by the straight-line method over the estimated useful lives of the assets.

Note 1. Summary of Significant Accounting Policies (Continued)

Other real estate owned: Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value less estimated selling costs at the date of foreclosure, establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is subject to reevaluation based upon new estimates of fair value. Revenue and expenses from operations and changes in the valuation allowance are included in other noninterest expense.

Comprehensive income: Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income. Gains and losses on available for sale securities are reclassified to net income as the gains or losses are realized upon sale of the securities. Other-than-temporary impairment charges are reclassified to net income at the time of the charge.

Share-based payment: Share-based payments to employees, including grants of employee stock options and restricted stock, are valued at fair value on the grant date and expensed over the applicable vesting period.

Income taxes: The Company files a consolidated income tax return with its subsidiaries. Income tax expense or benefit is allocated on a separate return basis.

Deferred taxes are provided using the liability method. Deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. Deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company files tax returns in all appropriate jurisdictions, which include a federal tax return and a Louisiana state tax return. When and if applicable, potential interest and penalty costs are accrued as incurred, with expenses recognized in interest expense and noninterest expense, respectively, in the statements of income.

For the years ended December 31, 2017 and 2016, management has determined there are no uncertain tax positions.

Fair value measurements: Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that assets and liabilities are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

Reclassification: Certain amounts previously reported have been reclassified to conform to current presentation. These reclassifications had no effect on previously reported stockholder's equity or net income.

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent events: In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through **March 28, 2017**, the date the consolidated financial statements were available to be issued.

Note 2. Recent Accounting Pronouncements

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606), ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date:* ASU 2014-09 amends existing guidance related to revenue from contracts with customers. The amendments state that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 affects entities that enter into contracts with customers to transfer goods or services or enter into contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards. The Company's revenue consists of net interest income on financial assets and financial liabilities, which is explicitly excluded from the scope of ASU 2014-09, and non-interest income. As required by ASU 2014-09, we will adopt the new standard effective January 1, 2019. However, we do not expect that the adoption of this guidance will result in any significant changes to our methodology of recognizing revenue or have a material impact on our internal controls over financial reporting.

ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* The amendments in this Update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01, among other things, i) requires equity investments, with certain exceptions, to be measured at fair value with changes in fair value recognized in net income, (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, (iii) eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet, (iv) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (v) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments, (vi) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements and (viii) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale. This update will be effective for the Company on January 1, 2018 and is not expected to have a significant impact to the Company's financial statements.

ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company does not expect this update to have a material impact on the audited financial statements and related disclosures.

ASU 2016-13, Financial Instruments-Credit Losses (Update to ASC 326). ASU 2016-13 amends existing standards for accounting for credit losses for financial assets. The update requires that the expected credit losses on the financial instruments held as of the end of the period being reported by measured based on historical experience, current conditions, and reasonable and supportable forecasts. The update also expands the required disclosures related to significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's financial assets. The update also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The update will be effective for the Company on January 1, 2021. The Company is evaluating the potential impact of the update on the Company's consolidated financial statements.

ASU 2017-04, Intangibles – Goodwill and Other (Update to ASC 350). ASU 2017-04 amends existing guidance in evaluating goodwill for impairment. The update requires that an entity perform its annual or interim goodwill test by comparing the fair value of a reporting unit with its carrying amount, with any impairment charges being recognized as the difference between the fair value and carrying value. The update is intended to standardize the impairment test for all business entities and also reduce the complexity and cost of evaluating goodwill for impairment. The update is effective for any annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The adoption of the update is not expected to have a significant impact to the Company's consolidated financial statements.

ASU 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities. The amendments in this update shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount and the discount continues to be amortized to maturity. This update will be effective for the Company on January 1, 2020 and is not expected to have a significant impact to the Company's consolidated financial statements and disclosures.

ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this update allow reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act which was signed into law on December 22, 2017. The amendments also require certain disclosures about stranded tax effects. This update will be effective beginning January 1, 2019, with early adoption permitted, and the guidance should be applied either in the period of adoption or retrospectively to each period impacted by the change in the U. S. federal corporate income tax rate from when the Tax Cuts and Job Acts is recognized. The Company has early adopted the new guidance as of December 31, 2017. This resulted in a cumulative effect adjustment to the consolidated balance sheet to reclass approximately $36 thousand of tax expense from accumulated other comprehensive loss to retained earnings.

Note 3. Statements of Cash Flows

The Company has chosen to report its cash flows by the indirect method. Supplemental information on cash flows and noncash investing and financing transactions for the years ended December 31, 2017 and 2016 is as follows (in thousands):

	2017	2016
Cash transactions:		
Federal income taxes paid	$ 2,100	$ 1,450
Interest expense paid	$ 2,058	$ 1,552

Note 4. Securities

Securities have been classified in the consolidated balance sheets according to management's intent. The amortized cost of securities and their approximate fair values at December 31, 2017 and 2016 are summarized as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale				
2017:				
U.S. treasury	$ 7,475	$ -	$ (24)	$ 7,451
U.S. government agency obligations	21,061	-	(220)	20,841
Agency residential mortgage-backed securities[1]	6,246	28	(32)	6,242
Agency collateralized mortgage obligations[2]	1,478	-	(32)	1,446
	$ 36,260	$ 28	$ (308)	$ 35,980
2016:				
U.S. treasury	$ 490	$ 4	$ -	$ 494
U.S. government agency obligations	24,227	31	(146)	24,112
Agency residential mortgage-backed securities[1]	5,152	34	(114)	5,072
Agency collateralized mortgage obligations[2]	1,999	-	(32)	1,967
	$ 31,868	$ 69	$ (292)	$ 31,645
Held to Maturity				
2017:				
State and local municipals	$ 6,521	$ 55	$ (94)	$ 6,482
Agency residential mortgage-backed securities[1]	101	2	-	103
	$ 6,622	$ 57	$ (94)	$ 6,585
2016:				
State and local municipals	$ 8,583	$ 75	$ (220)	$ 8,438
Agency residential mortgage-backed securities[1]	136	4	-	140
	$ 8,719	$ 79	$ (220)	$ 8,578

[1]Residential mortgage-backed securities issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

[2]Collateralized mortgage obligations issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

Note 4. Securities (Continued)

Unrealized losses and fair value, aggregated by length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2017 and 2016, are summarized as follows (in thousands):

	Value Impaired					
	Less Than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for Sale						
2017:						
U. S. treasury	$ 6,450	$ (24)	$ -	$ -	$ 6,450	$ (24)
U.S. government agency obligations	11,933	(83)	8,907	(137)	20,840	(220)
Agency residential mortgage-backed securities[1]	3,711	(32)	-	-	3,711	(32)
Agency collateralized mortgage obligations[2]	-	-	1,426	(32)	1,426	(32)
	$ 22,094	$ (139)	$ 10,333	$ (169)	$ 32,427	$ (308)
2016:						
U.S. government agency obligations	$ 11,930	$ (146)	$ -	$ -	$ 11,930	$ (146)
Agency residential mortgage-backed securities[1]	4,217	(114)	-	-	4,217	(114)
Agency collateralized mortgage obligations[2]	1,917	(32)	-	-	1,917	(32)
	$ 18,064	$ (292)	$ -	$ -	$ 18,064	$ (292)
Held to Maturity						
2017:						
State and local municipals	$ 1,690	$ (10)	$ 2,544	$ (84)	$ 4,234	$ (94)
2016:						
State and local municipals	$ 5,010	$ (220)	$ -	$ -	$ 5,010	$ (220)

[1]Residential mortgage-backed securities issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

[2]Collateralized mortgage obligations issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

For all of the above investment securities, the unrealized losses are generally due to changes in interest rates and, as such, are considered to be temporary by the Company.

There were no sales of securities during the years ended December 31, 2017 or 2016.

Investment securities with a carrying value of $21,786,000 and $15,601,000 at December 31, 2017 and 2016, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

Note 4. Securities (Continued)

The amortized cost and estimated fair value of investment securities at December 31, 2017, by contractual maturity, are shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Residential mortgage-backed securities and collateralized mortgage obligations are shown separately since they are not due at a single maturity date.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 11,999	$ 11,965	$ 501	$ 501
Due from one year through five years	16,537	16,326	2,881	2,879
Due from five to ten years	-	-	2,273	2,209
Due after ten years	20	21	866	894
	28,556	28,312	6,521	6,483
Residential mortgage-backed securities and collateralized mortgage obligations	7,704	7,668	101	102
	$ 36,260	$ 35,980	$ 6,622	$ 6,585

Note 5. Loans and Allowance for Loan Losses

To determine an appropriate allowance for loan losses, management separates loans into separate categories based on similar risk characteristics. These categories and their risk characteristics are described below:

- ***Commercial, financial and agricultural loans:*** This category consists of all business loans and leases secured by assets other than real estate. It also includes loans for agriculture crop production and recreational agriculture loans secured by the subject property and/or membership interest. A substantial majority of these loans are secured by equipment, accounts receivable and inventory. The primary risk involved with this category is that the loans and leases are typically secured by depreciable assets that may not provide an adequate source of repayment if the loan goes into default. However, management believes the Bank's conservative underwriting standards and credit culture help keep loan losses low.

- ***Commercial real estate:*** This category consists of loans secured by both owner-occupied and non-owner occupied commercial real estate properties and represents the largest category of the Bank's total loan portfolio. A majority of the loans in this category are secured by non-owner occupied commercial properties such as hotels/motels, nursing homes, office buildings and retail strip centers. Loans secured by agricultural land are also included in this category. The remainder of this segment is secured by commercial real estate where the borrower occupies the real estate and uses it to conduct their business. The non-owner occupied portion of this category presents the most credit risk given the reliance on third-party rental income to service the regular payment but overall credit risk is considered low. A substantial majority of these loans have secondary sources of repayment through financially strong guarantors that are well known to the Bank. Loan losses in this category have been minimal.

Note 5. Loans and Allowance for Loan Losses (Continued)

- ***Residential real estate:*** This category consists of loans secured by some form of both owner-occupied and non-owner occupied residential real estate. The category includes loans for 1-4 family home construction, home improvement, home equity lines of credit and closed-end financing for 1-4 family properties. Mortgage loans held for sale on the secondary market are excluded from this category. Losses in this category, compared to the industry, have been relatively minimal. The Bank does not originate sub-prime mortgage loans. The higher risk area of this category is the non-owner occupied portion of these loans which are often reliant on rental income as the primary source of repayment.

- ***Construction and land development:*** This category consists of loans secured by vacant land, which includes developed commercial land, undeveloped commercial land, single family residential lots, and lot development loans. These loans can carry a higher degree of risk because vacant land can be harder to sell if it is foreclosed upon. These types of loans require larger cash investments to reduce the risk. Historically, the losses have been low due to the Bank's conservative underwriting standards.

- ***Multifamily residential properties:*** This category consists of loans secured by residential dwellings with more than four units. The loans are typically smaller apartment complexes or townhome projects, and are to borrowers that have an established history with the Bank. The primary risk in this category is that repayment is based on the occupancy level of the dwellings and the financial capacity of the tenants.

- ***Consumer loans and other:*** This category of loans consists of all other forms of consumer debt, including automobiles, recreational vehicles, debt consolidation, household or personal use, education, taxes, mobile homes, personal lines of credit and overdrafts. Overdrafts are deposit accounts that become unsecured loans when overdrawn by the deposit customer. Overdrafts are monitored by account officers on a daily basis and are often cleared within a very short period of time. It is bank policy to charge off any overdrafts that remain outstanding for more than 45 days.

Note 5. Loans and Allowance for Loan Losses (Continued)

Loans by portfolio segment and class consisted of the following at December 31, 2017 and 2016 (in thousands):

	2017	2016
Commercial, financial and agricultural:		
Commercial and industrial	$ 99,937	$ 106,724
Agricultural	3,698	4,365
Commercial real estate:		
Owner occupied nonfarm, nonresidential	34,162	36,923
Other nonfarm, nonresidential properties	123,717	115,022
Farmland	7,351	4,102
Residential real estate:		
1-4 family residential first liens	88,151	81,011
1-4 family residential second liens	1,558	1,638
Home equity lines of credit	14,708	13,750
Construction and land development	39,774	41,605
Multifamily	12,444	12,791
Consumer loans and other loans	8,287	6,998
	433,787	424,929
Allowance for loan losses	(4,905)	(4,986)
	$ 428,882	$ 419,943

Note 5. Loans and Allowance for Loan Losses (Continued)

The following table presents loans identified as impaired by class of loans as of December 31, 2017 and 2016 (in thousands):

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
2017:						
Commercial, financial and agricultural:						
Commercial and industrial	$ 82	$ 39	$ 43	$ 82	$ 13	$ 94
Agricultural	7	7	-	7	-	22
Commercial real estate:						
Owner occupied nonfarm, nonresidential	58	58	-	58	-	70
Farmland	-	-	-	-	-	-
Residential real estate:	-					
1-4 family residential first liens	1,013	583	430	1,013	67	1,098
1-4 family residential second liens	59	59	-	59	-	65
Home equity lines of credit	-	-	-	-	-	-
Construction and land development	326	326	-	326	-	335
Consumer loans and other loans	-	-	-	-	-	-
	$ 1,545	$ 1,072	$ 473	$ 1,545	$ 80	$ 1,684
2016:						
Commercial, financial and agricultural:						
Commercial and industrial	$ -	$ -	$ -	$ -	$ -	$ -
Agricultural	181	181	-	181	-	255
Commercial real estate:						
Owner occupied nonfarm, nonresidential	-	-	-	-	-	-
Farmland	-	-	-	-	-	4
Residential real estate:						
1-4 family residential first liens	190	177	13	190	13	291
1-4 family residential second liens	30	30	-	30	-	36
Home equity lines of credit	-	-	-	-	-	-
Construction and land development	290	290	-	290	-	339
Consumer loans and other loans	-	-	-	-	-	-
	$ 691	$ 678	$ 13	$ 691	$ 13	$ 925

Interest income recognized on impaired loans was insignificant in 2017 and 2016. A loan is considered a troubled debt restructuring (TDR) if the Company, for economic or legal reasons related to a debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. Concessions granted under a TDR typically involve a temporary or permanent reduction in the interest rate at less than a current market rate of interest or an extension of a loan's stated maturity date. Loans classified as TDR's are designated as impaired. Impaired loans totaling approximately $1,127,933 and $214,753 were accounted for as troubled debt restructurings as of December 31, 2017 and 2016, respectively. There were no TDR's that defaulted during the years 2017 and 2016.

Note 5. Loans and Allowance for Loan Losses (Continued)

The following table presents the past due aging of the recorded investment in loans and loans on nonaccrual as of December 31, 2017 and 2016 (in thousands):

	Current Loans	Loans 30-89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Loans 90 or More Days and Accruing	Nonaccrual Loans	Total Loans
2017:							
Commercial, financial and agricultural:							
Commercial and industrial	$ 99,759	$ 53	$ 22	$ 75	$ 22	$ 81	$ 99,937
Agricultural	3,698	-	-	-	-	-	3,698
Commercial real estate:							
Owner occupied nonfarm, nonresidential	34,046	58	-	58	-	58	34,162
Other nonfarm, nonresidential properties	123,717	-	-	-	-	-	123,717
Farmland	7,351	-	-	-	-	-	7,351
Residential real estate:							
1-4 family residential first liens	87,811	8	-	8	-	332	88,151
1-4 family residential second liens	1,558	-	-	-	-	-	1,558
Home equity lines of credit	14,708	-	-	-	-	-	14,708
Construction and land development	39,774	-	-	-	-	-	39,774
Multifamily	12,444	-	-	-	-	-	12,444
Consumer loans and other loans	8,287	-	-	-	-	-	8,287
	$433,153	$ 119	$ 22	$ 141	$ 22	$ 471	$433,787
2016:							
Commercial, financial and agricultural:							
Commercial and industrial	$ 106,692	$ 32	$ -	$ 32	$ -	$ -	$ 106,724
Agricultural	4,365	-	-	-	-	-	4,365
Commercial real estate:							
Owner occupied nonfarm, nonresidential	36,923	-	-	-	-	-	36,923
Other nonfarm, nonresidential properties	115,022	-	-	-	-	-	115,022
Farmland	4,102	-	-	-	-	-	4,102
Residential real estate:							
1-4 family residential first liens	80,840	24	147	171	-	190	81,011
1-4 family residential second liens	1,638	-	-	-	-	-	1,638
Home equity lines of credit	13,750	-	-	-	-	-	13,750
Construction and land development	41,605	-	-	-	-	-	41,605
Multifamily	12,791	-	-	-	-	-	12,791
Consumer loans and other loans	6,988	10	-	10	-	-	6,998
	$424,716	$ 66	$ 147	$ 213	$ -	$ 190	$424,929

Credit quality Indicators: The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. Loans classified, internally or by regulatory authorities, as substandard, special mention or pass watch and past due loans are reviewed regularly by the Company to determine if appropriately classified or to determine if the loan is impaired. The Company's loan portfolio is reviewed for credit quality on an annual basis, with samples being selected based on loan size, credit grades, etc., to ensure that the Company's management is properly applying credit risk management processes.

Note 5. Loans and Allowance for Loan Losses (Continued)

Loans excluded from the scope of the annual review process are generally classified as pass credits until: (a) they become past due; (b) management becomes aware of deterioration in the credit worthiness of the borrower; or (c) the customer contacts the Company for a modification. In these circumstances, the customer relationship is specifically evaluated for potential classification as to special mention, substandard or doubtful, or could even be considered for charge-off. The Company uses the following definitions for risk ratings:

- ***Pass***: Loans included in this category are performing as agreed with reliable, current financial information on the borrower. Pass loans are fully secured per policy guidelines or unsecured to a high net worth individual with strong liquidity. Generally, loans in this category do not have material policy exceptions, have slight to moderate leverage and are lacking in notable weakness.

- ***Pass watch***: Loans included in this category may be showing some signs of financial deterioration or apparent negative trends. Overdrafts or past due payments that are not mitigated or explainable may result in a rating change from "pass" to "pass watch." Loans that become 30 days delinquent may be placed in this category. Other examples of loans that may be graded as "pass watch" include: apparent weakness in management, loans restructured to accommodate customer cash flow, loans with a collateral shortfall which were not underwritten as unsecured, and agricultural loans with a one year carry-over.

- ***Special mention***: Loans included in this category are currently protected but are potentially weak. These loans constitute an undue and unwarranted credit risk but do not presently expose the Bank to a sufficient degree of risk to warrant adverse classification. Close management attention is required. New loans should not be made which will immediately be identified in this category. As a general rule, for the purpose of calculating a loan loss reserve, loans in this category will have the historical loss reserve percentage applied and will remain in a pool with loans that are considered acceptable or better when determining the general valuation reserves. Loans classified as special mention have potential weaknesses that may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date. Characteristics of loans in this category may include: loans with marginal debt service coverage without mitigating factors, loans with technical, unmitigated default, loans that become 60 days delinquent, loans to a company where there is concern the company may fail, loans with unmitigated collateral short-fall.

- ***Substandard***: Substandard loans are inadequately protected by the current net worth and financial capacity of the borrower or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets classified as substandard. Loans in this category are evaluated individually as outlined in the Bank's loan policy when determining the general valuation reserve. Examples of substandard loans may include loans with debt service coverage below 1:1 without mitigating factors, loans in default, work out loans, non-accrual loans, most loans that are 90 days delinquent and agricultural loans with more than one-year carry-over unless fully secured and documented with an independent source of repayment.

- ***Doubtful***: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full highly questionable or improbable, based on currently existing facts, conditions, and values.

Note 5. Loans and Allowance for Loan Losses (Continued)

The following table presents the recorded investment in loans receivable (in thousands) by credit quality indicator as of December 31, 2017 and 2016:

	Pass (Rating 1-5)	Pass/Watch	Special Mention	Substandard	Doubtful	Total
2017:						
Commercial, financial and agricultural:						
Commercial and industrial	$ 98,281	$ 1,575	$ -	$ 81	$ -	$ 99,937
Agricultural	3,231	467	-	-	-	3,698
Commercial real estate:						
Owner occupied nonfarm, nonresidential	32,714	1,156	-	292	-	34,162
Other nonfarm, nonresidential properties	122,318	1,399	-	-	-	123,717
Farmland	7,351	-	-	-	-	7,351
Residential real estate:						
1-4 family residential first liens	83,127	3,236	-	1,788	-	88,151
1-4 family residential second liens	1,304	87	-	167	-	1,558
Home equity lines of credit	14,454	148	-	106	-	14,708
Construction and land development	38,752	284	-	738	-	39,774
Multifamily	12,444	-	-	-	-	12,444
Consumer loans and other loans	8,155	41	-	91	-	8,287
	$422,131	$ 8,393	$ -	$ 3,263	$ -	$433,787
2016:						
Commercial, financial and agricultural:						
Commercial and industrial	$105,984	$ 700	$ 40	$ -	$ -	$106,724
Agricultural	4,184	-	-	181	-	4,365
Commercial real estate:						
Owner occupied nonfarm, nonresidential	35,240	1,339	-	284	-	36,923
Other nonfarm, nonresidential properties	114,375	647	-	-	-	115,022
Farmland	4,102	-	-	-	-	4,102
Residential real estate:						
1-4 family residential first liens	78,303	1,743	-	965	-	81,011
1-4 family residential second liens	1,579	-	-	59	-	1,638
Home equity lines of credit	13,750	-	-	-	-	13,750
Construction and land development	40,604	301	-	700	-	41,605
Multifamily	12,791	-	-	-	-	12,791
Consumer loans and other loans	6,780	7	-	198	-	6,998
	$417,692	$ 4,737	$ 40	$ 2,387	$ -	$424,929

Note 5. Loans and Allowance for Loan Losses (Continued)

The Company's activity in the allowance for loan losses for the years ended December 31, 2017 and 2016 by portfolio segment and disaggregated on the basis of the Company's impairment methodology is as follows (in thousands):

	Commercial Financial & Agricultural	Commercial Real Estate	Residential Real Estate	Construction & Land Development	Multifamily	Consumer Loans & Other Loans	Total
2017:							
Balance at the beginning of the year	$ 278	$ 1,782	$ 2,263	$ 426	$ 68	$ 169	$ 4,986
Provision charged to earnings	7	52	66	12	2	5	144
Loans charged to the allowance	(59)	(40)	(126)	(5)	-	(80)	(310)
Recoveries on loans previously charged-off	-	2	45	-	-	38	85
Balance at the end of the year	$ 226	$ 1,796	$ 2,248	$ 433	$ 70	$ 132	$ 4,905
Period-ended amount allocated to:							
Individually evaluated for impairment	$ 13	$ -	$ 67	$ -	$ -	$ -	$ 80
Collectively evaluated for impairment	213	1,796	2,181	433	70	132	4,825
Ending balance	$ 226	$ 1,796	$ 2,248	$ 433	$ 70	$ 132	$ 4,905
Loans:							
Individually evaluated for impairment	$ 89	$ 58	$ 1,396	$ 326	$ -	$ -	$ 1,869
Collectively evaluated for impairment	103,546	165,172	103,021	39,448	12,444	8,287	431,918
Ending balance	$ 103,635	$ 165,230	$ 104,417	$ 39,774	$ 12,444	$ 8,287	$ 433,787
2016:							
Balance at the beginning of the year	$ 313	$ 1,822	$ 2,206	$ 491	$ 68	$ 194	$ 5,094
Provision charged to earnings	20	-	-	-	-	-	20
Loans charged to the allowance	(57)	(43)	(43)	(65)	-	(62)	(270)
Recoveries on loans previously charged-off	1	3	100	-	-	37	142
Balance at the end of the year	$ 277	$ 1,782	$ 2,263	$ 426	$ 68	$ 169	$ 4,986
Period-ended amount allocated to:							
Individually evaluated for impairment	$ -	$ -	$ 13	$ -	$ -	$ -	$ 13
Collectively evaluated for impairment	277	1,782	2,250	426	68	169	4,973
Ending balance	$ 278	$ 1,782	$ 2,263	$ 426	$ 68	$ 169	$ 4,986
Loans:							
Individually evaluated for impairment	$ 10	$ -	$ 220	$ 290	$ -	$ -	$ 520
Collectively evaluated for impairment	111,079	156,047	96,179	41,315	12,791	6,998	424,409
Ending balance	$ 111,089	$ 156,047	$ 96,399	$ 41,605	$ 12,791	$ 6,998	$ 424,929

Note 6. Premises and Equipment

Premises and equipment at December 31, 2017 and 2016 consisted of the following (in thousands):

	2017	2016
Land	$ 4,749	$ 4,749
Buildings and improvements	14,487	14,487
Furniture, fixtures and equipment	7,878	7,936
Vehicles	222	269
Construction in progress	190	39
	27,526	27,480
Less accumulated depreciation	(11,598)	(11,089)
	$ 15,928	$ 16,391

Note 7. Deposits

Deposits at December 31, 2017 and 2016 consisted of the following (in thousands):

	2017		2016	
	Amount	Percent	Amount	Percent
Noninterest-bearing demand accounts	$ 180,710	41.7%	$ 193,705	43.8%
Interest-bearing checking accounts	38,226	8.8%	36,356	8.2%
Savings and limited access money market accounts	135,603	31.3%	144,327	32.6%
Certificates of deposit less than $250,000	35,730	8.2%	30,005	6.8%
Certificates of deposit $250,000 and greater	39,917	9.2%	34,528	7.8%
Individual retirement accounts less than $250,000	2,958	0.7%	2,747	0.7%
Individual retirement accounts $250,000 and greater	678	0.2%	661	0.1%
	$ 433,822	100.0%	$ 442,329	100.0%

At December 31, 2017, the scheduled maturities of certificates of deposit and individual retirement accounts were as follows (in thousands):

2018	$ 63,677
2019	12,299
2020	2,156
2021	833
2022	318
Thereafter	-
	$ 79,283

At December 31, 2017 and 2016, brokered time deposits totaled approximately $11,019,000 and $12,523,000, respectively.

Note 8. Federal Home Loan Bank Advances

The Bank receives advances from the FHLB of Dallas under note payable arrangements with original maturities ranging from two to fifteen years. Payments on these notes are made monthly. The weighted average interest rate of all notes was 1.92% and 2.90% at December 31, 2017 and 2016, respectively. Scheduled maturities of the notes at December 31, 2017 are as follows (in thousands):

2018	$ 15,259
2019	7,996
2020	617
2021	323
2022	163
	$ 24,358

Along with the pledge of the Company's investment in FHLB of Dallas stock, a blanket floating lien on certain loans of the Company is pledged as additional collateral on the advances. The amount available for additional advances under the Company's borrowing arrangement with the Federal Home Loan Bank was approximately $187,513,000 at December 31, 2017.

Note 9. Other Borrowings

The Company has a federal funds line of credit with one unaffiliated financial institution in the amount of $20,000,000. This line of credit matures on June 30, 2018 and is provided on an unsecured basis; however, the lending institution may require the line to be fully secured after a stated number of days. The Company also has a line of credit with another unaffiliated financial institution which is collateralized by consumer loans totaling approximately $5,032,000 at December 31, 2017. The borrowing capacity under this line is approximately 90% of the outstanding loan balances, or approximately $4,421,000 at December 31, 2017. This line of credit has no stated maturity date; however, it may be canceled at the sole discretion of the lending institution. There were no outstanding borrowings under these lines at December 31, 2017 or 2016.

Note 10. Notes Payable

On January 19, 2016, the Company borrowed $7,000,000 from the First National Bankers Bank secured by 100% of the outstanding common stock of Progressive Bank. The note is payable in monthly installments of principal and interest, bears interest at the Wall Street Journal Prime Rate (4.50% at December 31, 2017), and matures in January 2026. The Company may and has made additional principal payments. The proceeds of the note were used to assist with the redemption of Preferred Stock issued to the U.S. Treasury's Small Business Lending Fund. The Company must satisfy certain financial covenants, none of which are expected to adversely impact the operations of the Company. Financial covenants cover, among other things, the maintenance of minimum levels for regulatory capital ratios, a maximum ratio of nonperforming loans to total loans and a maximum ratio of nonperforming assets to primary capital.

Note 10. Notes Payable (Continued)

The Company was in compliance with all covenants as of December 31, 2017. The outstanding balance of the note was $5,510,000 as of December 31, 2017. Scheduled maturities of the note are as follows (in thousands):

2018	$	840
2019		840
2020		840
2021		840
2022		840
Thereafter		1,310
	$	5,510

Note 11. Junior Subordinated Debentures

Junior subordinated debentures are due to Progressive Statutory Trust I (Trust I) and Progressive Statutory Trust II (Trust II), 100% owned non-consolidated subsidiaries of Bancorp. The debentures were issued in conjunction with the Trusts' issuance of Company Obligated Mandatorily Redeemable Trust Preferred Securities. With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures are subordinated in right of payment to the prior payment in full of all senior indebtedness of the Company. The interest is deferrable on a cumulative basis for up to 20 consecutive quarters. The debentures bear the same interest rate and terms as the trust preferred securities discussed below.

On July 31, 2001, Bancorp, through a private placement, issued $8,000,000 (8,000 shares with a liquidation amount of $1,000 per security) of Variable Rate Cumulative Trust Preferred Securities (TruPS) through a newly formed, wholly-owned subsidiary, Progressive Statutory Trust I (Trust I). Bancorp made a required equity contribution of $248,000 to form Trust I. Trust I invested the total proceeds from the equity contribution and the securities sale in Variable Rate Junior Subordinated Debentures (the Debentures) issued by Bancorp. The net proceeds from the sale of the Debentures were used to contribute capital to the Bank and for general corporate purposes. The terms of the TruPS are such that they qualify as Tier I capital under the Federal Reserve Board's regulatory capital guidelines applicable to bank holding companies on a consolidated basis.

With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures are subordinated in right of payment to the prior payment in full of all senior and subordinated indebtedness of Bancorp. Interest on the Debentures is payable quarterly commencing October 31, 2001 at a rate equal to the three-month LIBOR rate plus 3.58% (5.35% and 4.47% at December 31, 2017 and 2016, respectively). The interest is deferrable on a cumulative basis for up to 20 consecutive quarters. No principal payments are due until maturity on July 31, 2031.

On July 31, 2006, the Debentures became redeemable, in whole or in part, at the option of Bancorp. None of the Debentures have been redeemed. In the event the Debentures are redeemed, a like amount of TruPS will be redeemed at the redemption price of $10, plus accrued interest to the date of redemption. Trust I's obligations under the TruPS are fully and unconditionally guaranteed by Bancorp. Any redemption is subject to Bancorp obtaining the prior approval of the Federal Reserve. The debentures balance related to Trust I is $8,248,000 at December 31, 2017 and 2016. Under ASC Topic 810, Trust I does not meet the criteria for consolidation.

Note 11. Junior Subordinated Debentures (continued)

On September 20, 2007, Bancorp, through a private placement, issued $4,000,000 (4,000 shares with a liquidation amount of $1,000 per security) of Fixed/Floating Rate Cumulative Trust Preferred Securities (TruPS II) through a newly formed, wholly-owned subsidiary, Progressive Statutory Trust II (Trust II). Bancorp made a required equity contribution of $124,000 to form Trust II. Trust II invested the total proceeds from the equity contribution and the securities sale in Fixed/Floating Rate Junior Subordinated Debentures (the Debentures II) issued by Bancorp. The net proceeds from the sale of the Debentures II were used to contribute capital to the Bank and for general corporate purposes. The terms of the TruPS II are such that they qualify as Tier I capital under the Federal Reserve Board's regulatory capital guidelines applicable to bank holding companies on a consolidated basis.

With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures is subordinated in right of payment to the prior payment in full of all senior and subordinated indebtedness of Bancorp. Interest on the Debentures is payable quarterly commencing December 15, 2007 at a rate equal to 6.338% through December 15, 2012 and then at a rate equal to the three-month LIBOR rate plus 1.45% (3.04% at December 31, 2017) through maturity. The interest is deferrable on a cumulative basis for up to 20 consecutive quarters. No principal payments are due until maturity on December 15, 2037.

Bancorp may redeem the Debentures II, in whole or in part, on or after December 15, 2012 at an amount equal to the principal amount of the debt securities being redeemed plus accrued and unpaid interest on such securities to the redemption date. Trust II's obligations under the TruPS II are fully and unconditionally guaranteed by Bancorp. Any redemption is subject to Bancorp obtaining the prior approval of the Federal Reserve. The debentures balance related to Trust II is $4,124,000 at December 31, 2017 and 2016. Under ASC Topic 810, Trust II does not meet the criteria for consolidation.

Note 12. Federal Income Taxes

Federal income tax expense for the years ended December 31, 2017 and 2016 consisted of the following (in thousands):

	2017	2016
Current income tax expense	$ 2,042	$ 1,565
Deferred income tax benefit	(197)	(18)
Deferred income tax expense related to remeasurement of deferred taxes	897	-
	$ 2,742	$ 1,547

Note 12. Federal Income Taxes (Continued)

Income taxes differed from the amounts computed by applying the U.S. federal income tax rate of 34% to earnings before income taxes as a result of the following (in thousands):

	2017	2016
Computed "expected" income tax expense	$ 2,102	$ 1,661
Tax-exempt municipal income, net of disallowed interest expense	(54)	(59)
Earnings on life insurance policies	(71)	(71)
Tax rate change (computed at 21%)	897	-
Other	(132)	16
	$ 2,742	$ 1,547

As a result of the enactment of the Tax Cut and Jobs Act in December 2017, the Company revalued it deferred tax assets and liabilities arising from temporary differences and unrealized gains and losses on available for sale securities using the new corporate tax rate of 21% that takes effect on January 1, 2018. The effect of this revaluation was a one-time charge to income tax expense of $897,000 for the year ended December 31, 2017.

On February 14, 2018, ASU No. 2018-02 was issued, allowing for a one-time reclassification of certain deferred tax items that had been stranded in accumulated other comprehensive income or loss as a result of tax adjustments made in connection with the enactment of the TCJA. The ASU allowed early adoption of its provisions for those companies which had not yet issued their 2017 financial statements. Accordingly, the Company early adopted its provisions and recorded a reclassification of $36,384 which decreased retained earnings and decreased accumulated other comprehensive loss as of December 31, 2017. Deferred income taxes reflect the net tax effects of temporary differences between the recorded amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and are included with other assets on the balance sheet. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2017 and 2016 are as follows (in thousands):

	2017	2016
Deferred tax assets:		
Allowance for loan losses	$ 974	$ 1,535
Stock options	85	188
Deferred compensation	698	992
Unrealized gain on securities available for sale	59	75
Other	60	66
Total deferred tax assets	1,876	2,856
Deferred tax liabilities:		
Premises and equipment	396	687
FHLB stock dividends	10	8
Other	20	29
Total deferred tax liabilities	426	724
Net deferred tax asset	$ 1,450	$ 2,132

Note 13. Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. At December 31, 2017 and 2016, the approximate amounts of these financial instruments were as follows (in thousands):

	2017	2016
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 117,058	$ 121,222
Standby letters of credit	2,955	1,257
	$ 120,013	$ 122,479

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment and income-producing commercial properties.

Standby letters of credit are written conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The Company's policies generally require that letter of credit arrangements contain security and debt covenants similar to those contained in loan arrangements. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount shown in the table above. If the commitment is funded, the Company would be entitled to seek recovery from the customer. As of December 31, 2017 and 2016, no amounts have been recorded as liabilities for the Company's potential obligations under these guarantees.

Note 14. Fair Value Measurements

Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

The guidance requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs: Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. During 2017 there have been no changes in valuation methodologies compared to 2016 and no transfers between levels.

Note 14. Fair Value Measurements (continued)

The following table represents assets and liabilities reported on the consolidated balance sheets at their fair value on a recurring basis as of December 31, 2017 and 2016 by level within the fair value measurement hierarchy:

		Fair Value Measurements at Reporting Date Using (Dollars in Thousands)		
	Assets/ Liabilities Measured at Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2017:				
Measured on a recurring basis:				
Assets:				
Investment securities available for sale:				
U.S. treasury	$ 7,451	$ 7,451	$ -	$ -
U.S. government agency obligations	20,841	-	20,841	-
Residential mortgage-backed securities	6,242	-	6,242	-
Collateralized mortgage obligations	1,446	-	1,446	-
2016:				
Measured on a recurring basis:				
Assets:				
Investment securities available for sale:				
U.S. treasury	$ 494	$ 494	$ -	$ -
U.S. government agency obligations	24,112	-	24,112	-
Residential mortgage-backed securities	5,072	-	5,072	-
Collateralized mortgage obligations	1,967	-	1,967	-

Level 1 securities include actively-traded government bonds, such as certain United States Treasury and other United States government securities. All other securities available for sale are classified within Level 2 of the valuation hierarchy. The Company obtains fair value measurements for investment securities from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment spreads, credit information and the bond's terms and conditions, among other things.

The Company has no nonfinancial assets or nonfinancial liabilities measured at fair value on a recurring basis.

Note 14. Fair Value Measurements (Continued)

The following table presents the assets carried on the consolidated balance sheet, by caption and by level in the fair value hierarchy at December 31, 2017 and 2016, for which a nonrecurring change in fair value has been recorded:

		Fair Value Measurements at Reporting Date Using (Dollars in Thousands)		
	Assets/ Liabilities Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2017:				
Measured on a nonrecurring basis:				
Assets:				
Impaired loans	$ 1465	$ -	$ -	$ 1465
Other real estate	202	-	-	202
2016:				
Measured on a nonrecurring basis:				
Assets:				
Impaired loans	$ 678	$ -	$ -	$ 678
Other real estate	238	-	-	238

Impaired loans.are classified within Level 3 of the valuation hierarchy. The fair value of impaired loans is derived in accordance with ASC Topic 310, Receivables. The fair value of impaired loans is based on the fair value of the collateral discounted based on internal criteria. Impaired loans are primarily comprised of collateral-dependent commercial and real estate loans.

Other real estate owned is measured at fair value on a nonrecurring basis (upon initial recognition or subsequent impairment).

Other real estate owned is classified within Level 3 of the valuation hierarchy. When transferred from the loan portfolio, other real estate is adjusted to and subsequently carried at fair value less estimated selling costs. The fair value is determined using an external appraisal process, discounted based on internal criteria.

Note 14. Fair Value Measurements (Continued)

The estimated fair value of the Company's financial instruments is as follows at December 31, 2017 and 2016 (in thousands):

	2017		2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	$ 18,737	$ 18,737	$ 16,318	$ 16,318
Time deposits in other financial institutions	100	100	4,827	4,827
Securities available for sale	35,980	35,980	31,645	31,645
Securities held to maturity	6,622	6,585	8,719	8,578
Federal Home Loan Bank stock	1,943	1,943	625	625
Accrued interest receivable	2,030	2,030	2,097	2,097
Loans, net	428,882	427,833	419,943	418,038
Loans held for sale	447	447	468	468
Financial liabilities:				
Deposits liabilities	433,822	433,874	442,330	442,410
FHLB advances	24,358	24,248	9,221	9,313
Notes Payable	5,510	5,510	6,400	6,400
ESOP debt commitment	234	234	357	357
Junior subordinated debentures	12,372	12,372	12,372	12,372
Accrued interest payable	477	477	203	203

Note 15. Benefit Plans

401(k) plan: The Company has a defined contribution profit sharing plan for all employees that meet certain age and service requirements. Under the plan, employees may elect to defer up to 90% of their salary subject to the Internal Revenue Service limits. The Company may, at its discretion, contribute to the plan an amount determined annually by the Board of Directors. The Company's expense for the plan was $257,731 and $341,100 for the years ended December 31, 2017 and 2016, respectively.

Salary continuation plan: The Company has entered into salary continuation agreements with certain key employees to be paid over a period of ten to fifteen years after the employees' retirement. The Company has purchased single-premium life insurance policies on each of the individuals covered to fund the future obligation. The cash surrender value of these policies totaled approximately $9,950,000 and $9,743,000 at December 31, 2017 and 2016, respectively. Salary continuation payable totaled approximately $3,251,000 and $2,848,000 at December 31, 2017 and 2016, respectively and is included in other liabilities in the accompanying balance sheet. Three participants reached retirement age and received payments under the plan in 2017. The expenses incurred of $529,000 and $238,000 are included in salaries and employee benefits in the accompanying income statement for the years ended December 31, 2017 and 2016, respectively.

Note 15. Benefit Plans (Continued)

Employee stock ownership plan (ESOP): Effective in 1998, the Company established the ESOP. Under this Plan, there is an Employee Stock Ownership trust which holds the investments of the Plan. The Company was designated as the Plan Sponsor and the Bank was designated as an Employer of the Plan. The Plan covers substantially all employees who qualify as to age and length of service. Contributions to the Plan are generally invested by the Plan in the common stock of the Company. Contributions to the Plan by the Bank are at the discretion of the Board of Directors of the Company and the Bank; however, contributions must be sufficient to pay any current obligations of the Plan.

During 2009, the Plan borrowed $1,000,000 from an unaffiliated bank to purchase 19,841 shares of Company stock. The 2009 note is payable in monthly installments consisting of principal payments of $8,333 plus accrued interest, bears interest at the Wall Street Journal Prime Rate (4.50% at December 31, 2017), and matures in September 2019.

During 2010, the Plan borrowed $235,000 from an unaffiliated bank to acquire 5,000 shares of Company stock. The 2010 note is payable in monthly installments consisting of principal payments of $1,958 plus accrued interest, bears interest at the Wall Street Journal Prime Rate (4.50% at December 31, 2017), and matures in June 2020.

At December 31, 2017 and 2016, the Plan had approximately $234,000 and $357,000, respectively, outstanding related to the notes, which are guaranteed by the Company and collateralized by the Company's common stock.

In accordance with ASC Topic 718-40, Employee Stock Ownership Plans, the Company has recorded the loans as obligations of the Company, with the amounts outstanding in the balance sheets classified as ESOP debt commitment, and the issued shares held by the lender as collateral classified in a contra-equity account, unearned ESOP shares. During 2017 and 2016, 2,484 and 2,484, respectively, were released as principal payments were made. The remaining 4,721 shares are considered suspense shares held by the Plan. The fair value of the unearned ESOP shares at December 31, 2017 was $524,020 or $111.00 per share, which was based on a third party valuation as of December 31, 2016. This was the most current valuation performed. The Company's contributions to the ESOP consist of debt service payments to the trust and any additional voluntary payments made. During 2017 and 2016, the Company made contributions of approximately $138,000 and $138,000, respectively, to the ESOP for debt service payments. The contributions for each year will be divided among the eligible participants employed on December 31 in the proportion that each such participant's compensation, as defined in the Plan, for that year which bears to the compensation for all such participants in the Plan.

Following are principal maturities for the notes payable as of December 31, 2017 (in thousands):

2018	$	124
2019		99
2020		11
	$	234

Note 16. Stock Compensation

Stock options: Stock options are periodically granted by the Company to key employees with an exercise price equal to the stock's estimated fair market value at the date of grant. The stock options have varying terms and vest and become fully exercisable during various years from the date of grant.

The following is a summary of the status of the Plan during 2017 and 2016:

	2017					2016		
	Number of Shares		Weighted Average Exercise Price		Aggregate Intrinsic Value	Number of Shares		Weighted Average Exercise Price
Outstanding, beginning of year	64,836	$	50.03			65,036	$	50.37
Granted during the year	-		-			-		-
Exercised during the year	(3,500)		32.53			-		-
Forfeited during the year	(200)		53.00			(200)		53.00
Expired during the year	(1,800)		51.33			-		-
Outstanding, end of year	59,336	$	51.37	$	3,063,783	64,836	$	50.03
Exercisable, at end of year	59,336	$	51.39			64,436	$	50.34

The options outstanding at December 31, 2017 have exercise prices ranging from $35 to $55. At December 31, 2017, the weighted average remaining contractual life of 46,436 options outstanding and exercisable is .8 years. The remaining 12,900 options outstanding and exercisable can be exercised up to 91 days after employment is terminated.

The intrinsic value of options exercised during 2017 was approximately $148,660. No options were exercised during 2016.

Total compensation expense for options recognized during 2017 and 2016 was $370 and $4,000, respectively. At December 31, 2017, there will be no future compensation expense related to options granted.

Note 16. Stock Compensation (Continued)

Restricted stock: The Company has granted restricted stock awards to certain employees of the Company. The stock awards have varying terms and vest over four or five years from the date of grant. The shares become free of restrictions on the vesting date if the grantee remains a full time employee of the Company. The shares become free of restrictions prior to the vesting date upon early involuntary termination, other than termination for cause, death, or disability, or at the discretion of the Chief Executive Officer of the Company. The following table summarizes the activity in nonvested shares for the year ended December 31, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested restricted stock, December 31, 2016	7,390	$ 74.56
Granted during the year	1,100	95.27
Vested during the year	(1,945)	70.03
Forfeited during the year	(1,040)	60.00
Nonvested restricted stock, December 31, 2017	5,505	$ 59.73

Total compensation expense related to restricted stock awards was $129,000 and $155,000 during 2017 and 2016, respectively. At December 31, 2017, future compensation expense related to restricted stock awards is approximately $387,000 and will be recognized over a remaining period of five years.

Note 17. Commitments and Contingencies

The Company is involved in certain legal actions arising from normal business activities. Management believes that the outcome of such proceedings will not materially affect the financial position, results of operations or cash flows of the Company.

Note 18. Related Party Transactions

In the ordinary course of business, the Bank has and expects to continue to have transactions including borrowings with its employees, directors and their affiliates. In the opinion of management, such transactions are on the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with unaffiliated persons. The aggregate amount of such loans was approximately $8,657,000 and $8,785,000 at December 31, 2017 and 2016, respectively. Additionally, at December 31, 2017 and 2016, the Bank had unfunded commitments for such loans of approximately $4,006,000 and $4,473,000, respectively. The approximate amount of payments, including interest, received on these loans was $8,559,000 and the approximate amount of new loans funded was $7,090,000 in 2017.

Note 19. Significant Group Concentrations

Most of the Company's business activity is with customers located within Louisiana. Such customers are normally also depositors of the Company. The concentrations of credit by type of loan are set forth in Note 5. Generally, the Company's loans are collateralized and are expected to be repaid from cash flow or proceeds from the sales of selected assets of the borrowers.

The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit are granted primarily to commercial borrowers.

Note 20. Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

In July 2013, the FDIC and other regulatory bodies issued final rules consisting of minimum requirements that increase both the quantity and quality of capital held by banking organizations. The final rules are a result of the implementation of the BASEL III capital reforms and various Dodd-Frank Act related capital provisions and impact all U.S. banking organizations with more than $500 million in assets. Consistent with the Basel international framework, the new rule includes a new minimum ratio of Common Equity Tier 1 (CET1) to risk-weighted assets of 4.5 percent and a Common Equity Tier 1 capital conservation buffer of 2.5 percent of risk-weighted assets. The rule also raised the minimum ratio of Tier 1 capital to risk-weighted assets from 4 percent to 6 percent and includes a minimum Leverage ratio of 4 percent for all banking organizations. Regarding the quality of capital, the new rule emphasizes Common Equity Tier 1 capital and implements strict eligibility criteria for regulatory capital instruments. The new rule also improves the methodology for calculating risk-weighted assets to enhance risk sensitivity. The new rule is subject to a four year phase in period for mandatory compliance and the Company is required to begin to phase in the new rules beginning on January 1, 2015. Management believes that after the phase in of the new capital standards, the Company and the Bank will remain classified as "well-capitalized."

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total, CET1 and Tier I capital (as defined in the regulations) to risk weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2017, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2017, the Bank's capital ratios exceeded those levels necessary to be categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," the Bank must maintain minimum total risk-based, CET1, Tier I risk-based and Tier I leverage ratios as set forth in the table below. There are no conditions or events since December 31, 2017 that management believes have changed the Bank's category.

Note 20. Regulatory Matters (Continued)

A comparison of the Bank's actual capital amounts and ratios to required capital amounts and ratios is presented in the following table (in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2017:						
Total capital to risk weighted assets	$ 64,887	13.53%	$ 44,597	9.30%	$ 47,954	10.00%
Tier I capital to risk weighted assets	59,982	12.51%	35,006	7.30%	38,363	8.00%
CET1 capital to risk weighted assets	59,982	12.51%	27,813	5.80%	31,170	6.50%
Tier I capital to average assets	59,982	11.12%	21,579	4.00%	26,974	5.00%
2016:						
Total capital to risk weighted assets	$ 63,129	13.41%	$ 37,669	8.60%	$ 47,086	10.00%
Tier I capital to risk weighted assets	58,143	12.35%	28,252	6.60%	37,669	8.00%
CET1 capital to risk weighted assets	58,143	12.35%	21,189	5.10%	30,606	6.50%
Tier I capital to average assets	58,143	11.01%	21,124	4.00%	26,405	5.00%

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Independent Auditor's Report on the Supplementary Information

The Board of Directors
Progressive Bancorp, Inc. and Subsidiaries

We have audited the consolidated financial statements of Progressive Bancorp, Inc. and Subsidiaries as of and for the years ended December 31, 2017 and 2016 and have issued our report thereon which contains an unqualified opinion on those financial statements. See page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Dallas, Texas
March 28, 2018

Progressive Bancorp, Inc. and Subsidiaries

Schedule 1 - Consolidating Balance Sheet
December 31, 2017
(In Thousands)

	Progressive Bank and Subsidiary	Progressive Bancorp, Inc.	Eliminations		Consolidated Total
Assets					
Cash and due from banks	$ 7,883	$ 2,414	$ (2,414)	a	$ 7,883
Interest-bearing deposits	10,854	-	-		10,854
Time deposits in other financial institutions	100	-	-		100
Securities available for sale	35,980	-	-		35,980
Securities held to maturity	6,622	-	-		6,622
Investment in subsidiaries	-	59,761	(59,761)	b	-
Loans held for sale	447	-	-		447
Loans, net	429,413	-	(531)	c	428,882
Premises and equipment, net	14,975	953	-		15,928
Bank owned life insurance	9,950	-	-		9,950
Other real estate owned	202	-	-		202
Federal Home Loan Bank stock	1,943	-	-		1,943
Other assets	5,921	869	-		6,790
Total assets	$ 524,290	$ 63,997	$ (62,706)		$ 525,581
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing	$ 183,124	$ -	$ (2,414)	a	$ 180,710
Interest-bearing	253,112	-	-		253,112
Total deposits	436,236	-	(2,414)		433,822
Federal Home Loan Bank advances	24,358	-	-		24,358
Notes payable	-	6,041	(531)	c	5,510
ESOP debt commitment	-	234	-		234
Junior subordinated debentures	-	12,372	-		12,372
Other liabilities	3,935	122	-		4,057
Total liabilities	464,529	18,769	(2,945)		480,353
Stockholders' equity:					
Preferred stock	-	-	-		-
Common stock	790	2,603	(790)	b	2,603
Paid-in capital	25,407	13,503	(25,407)	b	13,503
Retained earnings	33,785	33,959	(33,785)	b	33,959
Accumulated other comprehensive income	(221)	(221)	221	b	(221)
Unearned ESOP shares	-	(234)	-		(234)
Treasury stock	-	(4,382)	-		(4,382)
Total stockholders' equity	59,761	45,228	(59,761)		45,228
Total liabilities and stockholders' equity	$ 524,290	$ 63,997	$ (62,706)		$ 525,581

See independent auditor's report on the supplementary information.

Progressive Bancorp, Inc. and Subsidiaries

Schedule 2 - Consolidating Statement of Income
Year Ended December 31, 2017
(In Thousands)

	Progressive Bank and Subsidiary	Progressive Bancorp, Inc.	Eliminations		Consolidated Total
Interest income:					
Loans, including fees	$ 21,328	$ -	$ (29)	e	$ 21,299
Securities:					
Taxable	463	-	-		463
Nontaxable	162	-	-		162
Interest-bearing deposits	180	-	-		180
Other	-	15	-		15
	22,133	15	(29)		22,119
Interest expense:					
Deposits	974	-	-		974
FHLB advances, FNBB Note Payable and other	526	274	(29)	e	771
Junior subordinated debentures	-	509	-		509
	1,500	783	(29)		2,254
Net interest income	20,633	(768)	-		19,865
Provision for loan losses	144	-	-		144
Net interest income after provision for loan losses	20,489	(768)	-		19,721
Noninterest income:					
Equity in earnings of subsidiary	-	4,923	(4,923)	d	-
Service charges and fees	2,677	-	-		2,677
Trust and brokerage department	884	-	-		884
Earnings on life insurance policies	208	-	-		208
Insurance commissions	13	-	-		13
Gain on sale of other real estate owned	16	-	-		16
Other	96	99	(99)	e	96
	3,894	5,022	(5,022)		3,894
Noninterest expenses:					
Salaries and employee benefits	10,314	-	-		10,314
Occupancy	1,770	84	(99)	e	1,755
Furniture and equipment	640	-	-		640
Technology	1,206	-	-		1,206
Professional fees	996	172	-		1,168
Advertising and business development	717	-	-		717
ATM/debit card expense	443	-	-		443
Deposits insurance assessment	142	-	-		142
Loss on sale of assets	5	-	-		5
Other	1,038	7	-		1,045
	17,271	263	(99)		17,435
Income before income taxes	7,112	3,991	(4,923)		6,180
Income tax expense	2,189	553	-		2,742
Net income	$ 4,923	$ 3,438	$ (4,923)		$ 3,438

See independent auditor's report on the supplementary information.

Description of Eliminating Entries
Year Ended December 31, 2017

a. To eliminate intercompany cash and deposits.

b. To eliminate investment accounts against the stockholders' equity of the consolidated subsidiaries.

c. To eliminate intercompany payables and receivables.

d. To eliminate equity in earnings of subsidiaries.

e. To eliminate intercompany income and expense.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2017

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Progressive Bancorp, Inc. and Subsidiaries

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Progressive Bancorp, Inc. and its Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Progressive Bancorp, Inc. and Subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Dallas, Texas
March 28, 2018

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2017 and 2016
(Dollars in Thousands, Share Data)

	2017	2016
Assets		
Cash and due from banks	$ 7,883	$ 10,631
Interest-bearing deposits	10,854	5,687
Total cash and cash equivalents	18,737	16,318
Time deposits in other financial institutions	100	4,827
Securities available for sale	35,980	31,645
Securities held to maturity	6,622	8,719
Loans held for sale	447	468
Loans, net	428,882	419,943
Premises and equipment, net	15,928	16,391
Bank owned life insurance	9,950	9,743
Other real estate owned	202	238
Federal Home Loan Bank stock	1,943	625
Other assets	6,790	8,187
Total assets	$ 525,581	$ 517,104
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing	$ 180,710	$ 193,704
Interest-bearing	253,112	248,625
Total deposits	433,822	442,329
Federal Home Loan Bank advances	24,358	9,221
Notes payable	5,510	6,400
ESOP debt commitment	234	357
Junior subordinated debentures	12,372	12,372
Other liabilities	4,057	4,470
Total liabilities	480,353	475,149
Commitments and contingencies		
Stockholders' equity:		
Common stock; $5 par value; 20,000,000 shares authorized; 520,672 and 521,772 shares issued at December 31, 2017 and 2016, respectively	2,603	2,609
Paid-in capital	13,503	13,424
Retained earnings	33,959	30,491
Accumulated other comprehensive loss	(221)	(146)
Unearned ESOP shares	(234)	(357)
Treasury stock, at cost, 72,748 and 70,961 shares at December 31, 2017 and 2016, respectively	(4,382)	(4,066)
Total stockholders' equity	45,228	41,955
Total liabilities and stockholders' equity	$ 525,581	$ 517,104

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2017 and 2016
(In Thousands)

	2017	2016
Interest income:		
Loans, including fees	$ 21,299	$ 20,278
Securities:		
Taxable	463	430
Nontaxable	162	174
Interest-bearing deposits	180	148
Other	15	14
	22,119	21,044
Interest expense:		
Deposits	974	644
Federal Home Loan Bank advances, FNBB Note Payable and other	771	540
Junior subordinated debentures	509	446
	2,254	1,630
Net interest income	19,865	19,414
Provision for loan losses	144	20
Net interest income after provision for loan losses	19,721	19,394
Noninterest income:		
Service charges and fees	2,677	2,626
Trust and brokerage department	884	911
Earnings on life insurance policies	208	210
Insurance commissions	13	36
Gain (Loss) on sale of other real estate owned	16	(4)
Other	96	76
	3,894	3,855
Noninterest expense:		
Salaries and employee benefits	10,314	10,631
Occupancy	1,755	1,873
Furniture and equipment	640	654
Technology	1,206	1,286
Professional fees	1,168	1,285
Advertising and business development	717	826
ATM/debit card expense	443	528
Deposits insurance assessment	142	189
Loss on sale of assets	5	2
Other	1,045	1,088
	17,435	18,362
Income before income taxes	6,180	4,887
Income tax expense	2,742	1,547
Net income	$ 3,438	$ 3,340

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2017 and 2016
(In Thousands)

		2017		2016
Net income	$	3,438	$	3,340
Other comprehensive loss, before tax:				
Change in net unrealized loss on securities available for sale		(59)		(221)
Other comprehensive loss, before tax		(59)		(221)
Income tax benefit		20		75
Other comprehensive loss, net of tax		(39)		(146)
Comprehensive income	$	3,399	$	3,194

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2017 and 2016
(Dollars in Thousands, Except Share Data)

	Preferred Stock	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Treasury Stock	Total
Balance, January 1, 2016	$ 12,000	$ 2,593	$ 13,281	$ 27,159	$ -	$ (481)	$ (3,617)	$ 50,935
Net income	-	-	-	3,340	-	-	-	3,340
Other comprehensive income, net of tax	-	-	-	-	(146)	-	-	(146)
ESOP shares released	-	-	-	-	-	124	-	124
Restricted stock awards issued, net of forfeitures (3,200 shares)	-	16	(16)	-	-	-	-	-
Purchase of 6,175 treasury shares	-	-	-	-	-	-	(449)	(449)
Series A preferred stock dividends	-	-	-	(8)	-	-	-	(8)
Redemption of Series A preferred stock	(12,000)	-	-	-	-	-	-	(12,000)
Stock compensation expense	-	-	159	-	-	-	-	159
Balance, December 31, 2016	-	2,609	13,424	30,491	(146)	(357)	(4,066)	41,955
Net income	-	-	-	3,438	-	-	-	3,438
Other comprehensive income, net of tax	-	-	-	-	(39)	-	-	(39)
ESOP shares released	-	-	-	-	-	123	-	123
Restricted stock award forfeitures, net of issues (1,100 shares)	-	(6)	(50)	-	-	-	56	-
Stock Options exercised, 3,500 shares	-	-	-	-	-	-	115	115
Purchase of 5,287 treasury shares	-	-	-	-	-	-	(487)	(487)
Stock compensation expense	-	-	129	-	-	-	-	129
Reclassification of tax effects resulting from 2017 Tax Legislation and other items	-	-	-	30	(36)	-	-	(6)
Balance, December 31, 2017	$ -	$ 2,603	$ 13,503	$ 33,959	$ (221)	$ (234)	$ (4,382)	$ 45,228

See notes to consolidated financial statements.

Progressive Bancorp, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016
(In Thousands)

		2017		2016
Cash flows from operating activities:				
Net income	$	3,438	$	3,340
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		849		876
Deferred income tax (benefit) expense		682		(18)
Stock compensation expense		129		159
Amortization of securities, net		70		79
Provision for loan loss		144		20
Net decrease (increase) in loans held for sale		21		(31)
Loss on disposal of premises and equipment		6		2
Earnings on life insurance policies		(208)		(211)
Write-down of other real estate owned		35		134
(Gain) loss on sale of other real estate owned		(16)		4
Net change in other assets		702		(887)
Net change in other liabilities		(413)		(516)
Net cash provided by operating activities		5,438		2,951
Cash flows from investing activities:				
Purchases of securities available for sale		(14,988)		(7,075)
Purchases of securities held to maturity		-		(3,429)
Proceeds from maturities, calls and paydowns of securities available for sale		10,548		2,759
Proceeds from maturities, calls and paydowns of securities held to maturity		2,074		2,168
Purchases of premises and equipment		(398)		(663)
Proceeds from the sale of premises and equipment		7		-
Net (purchases) redemptions of Federal Home Loan Bank stock		(1,293)		266
Net (increase) decrease in loans		(9,083)		13,328
Net maturities (purchases) of time deposits with other financial institutions		4,727		(4,727)
Proceeds from sale of other real estate owned		18		138
Net cash (used in) provided by investing activities		(8,388)		2,765
Cash flows from financing activities:				
Net decrease in deposits		(8,506)		(1,978)
Net increase (decrease) in FHLB advances		15,137		(3,772)
Net (decrease) increase in note payable		(890)		6,400
Purchase of treasury stock		(487)		(449)
Proceeds from exercise of common stock options		115		
Redemption of preferred stock		-		(12,000)
Preferred stock dividend payments		-		(8)
Net cash provided by (used in) financing activities		5,369		(11,807)
Net increase (decrease) in cash and cash equivalents		2,419		(6,091)
Cash and cash equivalents:				
Beginning of year		16,318		22,409
End of year	$	18,737	$	16,318

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of Progressive Bancorp, Inc. (Bancorp) and Subsidiaries (collectively referred to as Company) conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Bancorp and its wholly-owned subsidiary, Progressive Bank (Bank) and the Bank's wholly owned subsidiary, Progressive Financial Advisors, LLC (PFA). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of operations: The Company is engaged in traditional community banking activities, which include commercial and retail lending, deposit gathering, trust services and investment and liquidity management activities. The Company's primary deposit products are demand deposits, money market accounts and certificates of deposit, and its primary lending products are commercial business and real estate, real estate mortgage and consumer loans with customers located primarily in and around Winnsboro, Monroe, West Monroe, Bossier City and Shreveport, Louisiana, and the surrounding areas.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period. Accordingly, actual results could differ significantly from those estimates.

A material estimate that is particularly susceptible to significant change in the near-term relates to the determination of the allowance for loan losses. A significant portion of the Company's loans are collateralized by real estate and related assets located in local markets. Accordingly, the ultimate collectability of the Company's loan portfolio is susceptible to changes in local market conditions.

Cash and cash equivalents: For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks. The Company normally considers all highly liquid investments with an initial maturity of less than ninety days to be cash equivalents. Cash flows from loans and deposits are reported net.

The Company is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank to meet regulatory reserve and clearing requirements. The Company's required reserve was $0 at both December 31, 2017 and 2016. The Company's average balance held at the Federal Reserve Bank for the years ended December 31, 2017 and 2016 was approximately $14,300,000 and $22,559,000, respectively.

Time deposits in other financial institutions: Time deposits in other financial institutions mature within three years and are carried at cost.

Investment securities: Securities classified as available for sale are those that the Company intends to hold for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors.

Securities available for sale are reported at fair value with unrealized gains or losses reported as a separate component of other comprehensive income. The amortization of premiums and accretion of discounts, computed by the interest method over their contractual lives, are recognized in interest income.

Note 1. Summary of Significant Accounting Policies (Continued)

Debt securities for which the Company has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity.

Realized gains or losses, determined on the basis of the cost of specific securities sold, are included in earnings.

In estimating other than temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent of the Company to retain its investment and whether it is more likely than not the Company will be required to sell its investment before its anticipated recovery in fair value. When the Company does not intend to sell the security, and it is more likely than not that it will not have to sell the security before recovery of its cost basis, it will recognize credit component of an other than temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

Federal Home Loan Bank stock: As a member of the Federal Home Loan Bank of Dallas (FHLB), the Company is required to maintain an investment in capital stock of the FHLB. FHLB stock does not have a readily determinable fair value as ownership is restricted and it lacks a ready market. As a result, this stock is carried at cost and evaluated periodically by management for impairment. No impairment has been identified during 2017 or 2016.

Loans held for sale: Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balance adjusted for an allowance for loan losses. Interest is accrued daily on the outstanding balances.

Fees and costs associated with originating loans are recognized in income generally in the period in which the fees were received and the costs were incurred. Under accounting principles generally accepted in the United States of America, such fees and costs should be deferred and recognized over the life of the loan as an adjustment of yield. For the years ended December 31, 2017 and 2016, management believes that not deferring such fees and costs, and amortizing them over the life of the related loans does not materially affect the financial position or results of operations of the Company.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Past due status is based on the contractual terms of the loan. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Note 1. Summary of Significant Accounting Policies (Continued)

Transfers of financial assets: Transfers of financial assets are accounted for as sales only when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: (1) the assets have been isolated from the Company, (2) the transferee obtains the right to pledge or exchange the assets it received, and no condition both constrains the transferee from taking advantage of its right to pledge or exchange the assets it received, or provides more than a modest benefit to the transferor, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets. In addition, for transfers of a portion of financial assets (for example, participations of loan receivables), the transfer must meet the definition of a 'participating interest' in order to account for the transfer as a sale. Following are the characteristics of a 'participating interest':

- Pro-rata ownership in an entire financial asset.
- From the date of the transfer, all cash flows received from the entire financial asset are divided proportionately among the participating interest holders in an amount equal to their share of ownership.
- The rights of each participating interest holder have the same priority, and no participating interest holder's interest is subordinated to the interest of another participating interest holder. That is, no participating interest holder is entitled to receive cash before any other participating interest holder under its contractual rights as a participating interest holder.

No party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to pledge or exchange the entire financial asset.

Allowance for loan losses: The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses on existing loans, based on an evaluation of the collectability of loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses, and may require the Company to make adjustments to the allowance based on their judgment about information available to them at the time of their examinations.

A loan is considered impaired when it is probable, based upon current information and events, the Company will not be able to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impaired loans are accounted for at the net present value of expected future cash flows, discounted at the loan's effective interest rate, the observable market price of the loan or at the fair value of the collateral if the loan is collateral dependent. Modifications that result in troubled debt restructurings are also considered impaired.

Premises and equipment: Land is carried at cost. Buildings and improvements, furniture, fixtures, and equipment and vehicles are carried at cost, less accumulated depreciation and amortization which are computed principally by the straight-line method over the estimated useful lives of the assets.

Note 1. Summary of Significant Accounting Policies (Continued)

Other real estate owned: Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value less estimated selling costs at the date of foreclosure, establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is subject to reevaluation based upon new estimates of fair value. Revenue and expenses from operations and changes in the valuation allowance are included in other noninterest expense.

Comprehensive income: Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income. Gains and losses on available for sale securities are reclassified to net income as the gains or losses are realized upon sale of the securities. Other-than-temporary impairment charges are reclassified to net income at the time of the charge.

Share-based payment: Share-based payments to employees, including grants of employee stock options and restricted stock, are valued at fair value on the grant date and expensed over the applicable vesting period.

Income taxes: The Company files a consolidated income tax return with its subsidiaries. Income tax expense or benefit is allocated on a separate return basis.

Deferred taxes are provided using the liability method. Deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. Deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company files tax returns in all appropriate jurisdictions, which include a federal tax return and a Louisiana state tax return. When and if applicable, potential interest and penalty costs are accrued as incurred, with expenses recognized in interest expense and noninterest expense, respectively, in the statements of income.

For the years ended December 31, 2017 and 2016, management has determined there are no uncertain tax positions.

Fair value measurements: Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that assets and liabilities are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

Reclassification: Certain amounts previously reported have been reclassified to conform to current presentation. These reclassifications had no effect on previously reported stockholder's equity or net income.

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent events: In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through **March 28, 2017**, the date the consolidated financial statements were available to be issued.

Note 2. Recent Accounting Pronouncements

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606), ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date:* ASU 2014-09 amends existing guidance related to revenue from contracts with customers. The amendments state that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 affects entities that enter into contracts with customers to transfer goods or services or enter into contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards. The Company's revenue consists of net interest income on financial assets and financial liabilities, which is explicitly excluded from the scope of ASU 2014-09, and non-interest income. As required by ASU 2014-09, we will adopt the new standard effective January 1, 2019. However, we do not expect that the adoption of this guidance will result in any significant changes to our methodology of recognizing revenue or have a material impact on our internal controls over financial reporting.

ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* The amendments in this Update address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01, among other things, i) requires equity investments, with certain exceptions, to be measured at fair value with changes in fair value recognized in net income, (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, (iii) eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet, (iv) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (v) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments, (vi) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements and (viii) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale. This update will be effective for the Company on January 1, 2018 and is not expected to have a significant impact to the Company's financial statements.

ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company does not expect this update to have a material impact on the audited financial statements and related disclosures.

ASU 2016-13, Financial Instruments-Credit Losses (Update to ASC 326). ASU 2016-13 amends existing standards for accounting for credit losses for financial assets. The update requires that the expected credit losses on the financial instruments held as of the end of the period being reported by measured based on historical experience, current conditions, and reasonable and supportable forecasts. The update also expands the required disclosures related to significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of an organization's financial assets. The update also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The update will be effective for the Company on January 1, 2021. The Company is evaluating the potential impact of the update on the Company's consolidated financial statements.

ASU 2017-04, Intangibles – Goodwill and Other (Update to ASC 350). ASU 2017-04 amends existing guidance in evaluating goodwill for impairment. The update requires that an entity perform its annual or interim goodwill test by comparing the fair value of a reporting unit with its carrying amount, with any impairment charges being recognized as the difference between the fair value and carrying value. The update is intended to standardize the impairment test for all business entities and also reduce the complexity and cost of evaluating goodwill for impairment. The update is effective for any annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The adoption of the update is not expected to have a significant impact to the Company's consolidated financial statements.

ASU 2017-08, Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities. The amendments in this update shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount and the discount continues to be amortized to maturity. This update will be effective for the Company on January 1, 2020 and is not expected to have a significant impact to the Company's consolidated financial statements and disclosures.

ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this update allow reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act which was signed into law on December 22, 2017. The amendments also require certain disclosures about stranded tax effects. This update will be effective beginning January 1, 2019, with early adoption permitted, and the guidance should be applied either in the period of adoption or retrospectively to each period impacted by the change in the U. S. federal corporate income tax rate from when the Tax Cuts and Job Acts is recognized. The Company has early adopted the new guidance as of December 31, 2017. This resulted in a cumulative effect adjustment to the consolidated balance sheet to reclass approximately $36 thousand of tax expense from accumulated other comprehensive loss to retained earnings.

Note 3. Statements of Cash Flows

The Company has chosen to report its cash flows by the indirect method. Supplemental information on cash flows and noncash investing and financing transactions for the years ended December 31, 2017 and 2016 is as follows (in thousands):

	2017	2016
Cash transactions:		
Federal income taxes paid	$ 2,100	$ 1,450
Interest expense paid	$ 2,058	$ 1,552

Progressive Bancorp, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Securities

Securities have been classified in the consolidated balance sheets according to management's intent. The amortized cost of securities and their approximate fair values at December 31, 2017 and 2016 are summarized as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale				
2017:				
U.S. treasury	$ 7,475	$ -	$ (24)	$ 7,451
U.S. government agency obligations	21,061	-	(220)	20,841
Agency residential mortgage-backed securities[1]	6,246	28	(32)	6,242
Agency collateralized mortgage obligations[2]	1,478	-	(32)	1,446
	$ 36,260	$ 28	$ (308)	$ 35,980
2016:				
U.S. treasury	$ 490	$ 4	$ -	$ 494
U.S. government agency obligations	24,227	31	(146)	24,112
Agency residential mortgage-backed securities[1]	5,152	34	(114)	5,072
Agency collateralized mortgage obligations[2]	1,999	-	(32)	1,967
	$ 31,868	$ 69	$ (292)	$ 31,645
Held to Maturity				
2017:				
State and local municipals	$ 6,521	$ 55	$ (94)	$ 6,482
Agency residential mortgage-backed securities[1]	101	2	-	103
	$ 6,622	$ 57	$ (94)	$ 6,585
2016:				
State and local municipals	$ 8,583	$ 75	$ (220)	$ 8,438
Agency residential mortgage-backed securities[1]	136	4	-	140
	$ 8,719	$ 79	$ (220)	$ 8,578

[1]Residential mortgage-backed securities issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

[2]Collateralized mortgage obligations issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

Note 4. Securities (Continued)

Unrealized losses and fair value, aggregated by length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2017 and 2016, are summarized as follows (in thousands):

	Value Impaired					
	Less Than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for Sale						
2017:						
U. S. treasury	$ 6,450	$ (24)	$ -	$ -	$ 6,450	$ (24)
U.S. government agency obligations	11,933	(83)	8,907	(137)	20,840	(220)
Agency residential mortgage-backed securities[1]	3,711	(32)	-	-	3,711	(32)
Agency collateralized mortgage obligations[2]	-	-	1,426	(32)	1,426	(32)
	$ 22,094	$ (139)	$ 10,333	$ (169)	$ 32,427	$ (308)
2016:						
U.S. government agency obligations	$ 11,930	$ (146)	$ -	$ -	$ 11,930	$ (146)
Agency residential mortgage-backed securities[1]	4,217	(114)	-	-	4,217	(114)
Agency collateralized mortgage obligations[2]	1,917	(32)	-	-	1,917	(32)
	$ 18,064	$ (292)	$ -	$ -	$ 18,064	$ (292)
Held to Maturity						
2017:						
State and local municipals	$ 1,690	$ (10)	$ 2,544	$ (84)	$ 4,234	$ (94)
2016:						
State and local municipals	$ 5,010	$ (220)	$ -	$ -	$ 5,010	$ (220)

[1]Residential mortgage-backed securities issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

[2]Collateralized mortgage obligations issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored enterprises.

For all of the above investment securities, the unrealized losses are generally due to changes in interest rates and, as such, are considered to be temporary by the Company.

There were no sales of securities during the years ended December 31, 2017 or 2016.

Investment securities with a carrying value of $21,786,000 and $15,601,000 at December 31, 2017 and 2016, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

Note 4. Securities (Continued)

The amortized cost and estimated fair value of investment securities at December 31, 2017, by contractual maturity, are shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Residential mortgage-backed securities and collateralized mortgage obligations are shown separately since they are not due at a single maturity date.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 11,999	$ 11,965	$ 501	$ 501
Due from one year through five years	16,537	16,326	2,881	2,879
Due from five to ten years	-	-	2,273	2,209
Due after ten years	20	21	866	894
	28,556	28,312	6,521	6,483
Residential mortgage-backed securities and collateralized mortgage obligations	7,704	7,668	101	102
	$ 36,260	$ 35,980	$ 6,622	$ 6,585

Note 5. Loans and Allowance for Loan Losses

To determine an appropriate allowance for loan losses, management separates loans into separate categories based on similar risk characteristics. These categories and their risk characteristics are described below:

- ***Commercial, financial and agricultural loans:*** This category consists of all business loans and leases secured by assets other than real estate. It also includes loans for agriculture crop production and recreational agriculture loans secured by the subject property and/or membership interest. A substantial majority of these loans are secured by equipment, accounts receivable and inventory. The primary risk involved with this category is that the loans and leases are typically secured by depreciable assets that may not provide an adequate source of repayment if the loan goes into default. However, management believes the Bank's conservative underwriting standards and credit culture help keep loan losses low.

- ***Commercial real estate***: This category consists of loans secured by both owner-occupied and non-owner occupied commercial real estate properties and represents the largest category of the Bank's total loan portfolio. A majority of the loans in this category are secured by non-owner occupied commercial properties such as hotels/motels, nursing homes, office buildings and retail strip centers. Loans secured by agricultural land are also included in this category. The remainder of this segment is secured by commercial real estate where the borrower occupies the real estate and uses it to conduct their business. The non-owner occupied portion of this category presents the most credit risk given the reliance on third-party rental income to service the regular payment but overall credit risk is considered low. A substantial majority of these loans have secondary sources of repayment through financially strong guarantors that are well known to the Bank. Loan losses in this category have been minimal.

Note 5. Loans and Allowance for Loan Losses (Continued)

- ***Residential real estate:*** This category consists of loans secured by some form of both owner-occupied and non-owner occupied residential real estate. The category includes loans for 1-4 family home construction, home improvement, home equity lines of credit and closed-end financing for 1-4 family properties. Mortgage loans held for sale on the secondary market are excluded from this category. Losses in this category, compared to the industry, have been relatively minimal. The Bank does not originate sub-prime mortgage loans. The higher risk area of this category is the non-owner occupied portion of these loans which are often reliant on rental income as the primary source of repayment.

- ***Construction and land development:*** This category consists of loans secured by vacant land, which includes developed commercial land, undeveloped commercial land, single family residential lots, and lot development loans. These loans can carry a higher degree of risk because vacant land can be harder to sell if it is foreclosed upon. These types of loans require larger cash investments to reduce the risk. Historically, the losses have been low due to the Bank's conservative underwriting standards.

- ***Multifamily residential properties:*** This category consists of loans secured by residential dwellings with more than four units. The loans are typically smaller apartment complexes or townhome projects, and are to borrowers that have an established history with the Bank. The primary risk in this category is that repayment is based on the occupancy level of the dwellings and the financial capacity of the tenants.

- ***Consumer loans and other:*** This category of loans consists of all other forms of consumer debt, including automobiles, recreational vehicles, debt consolidation, household or personal use, education, taxes, mobile homes, personal lines of credit and overdrafts. Overdrafts are deposit accounts that become unsecured loans when overdrawn by the deposit customer. Overdrafts are monitored by account officers on a daily basis and are often cleared within a very short period of time. It is bank policy to charge off any overdrafts that remain outstanding for more than 45 days.

Note 5. Loans and Allowance for Loan Losses (Continued)

Loans by portfolio segment and class consisted of the following at December 31, 2017 and 2016 (in thousands):

	2017	2016
Commercial, financial and agricultural:		
Commercial and industrial	$ 99,937	$ 106,724
Agricultural	3,698	4,365
Commercial real estate:		
Owner occupied nonfarm, nonresidential	34,162	36,923
Other nonfarm, nonresidential properties	123,717	115,022
Farmland	7,351	4,102
Residential real estate:		
1-4 family residential first liens	88,151	81,011
1-4 family residential second liens	1,558	1,638
Home equity lines of credit	14,708	13,750
Construction and land development	39,774	41,605
Multifamily	12,444	12,791
Consumer loans and other loans	8,287	6,998
	433,787	424,929
Allowance for loan losses	(4,905)	(4,986)
	$ 428,882	$ 419,943

Note 5. Loans and Allowance for Loan Losses (Continued)

The following table presents loans identified as impaired by class of loans as of December 31, 2017 and 2016 (in thousands):

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
2017:						
Commercial, financial and agricultural:						
Commercial and industrial	$ 82	$ 39	$ 43	$ 82	$ 13	$ 94
Agricultural	7	7	-	7	-	22
Commercial real estate:						
Owner occupied nonfarm, nonresidential	58	58	-	58	-	70
Farmland	-	-	-	-	-	-
Residential real estate:						
1-4 family residential first liens	1,013	583	430	1,013	67	1,098
1-4 family residential second liens	59	59	-	59	-	65
Home equity lines of credit	-	-	-	-	-	-
Construction and land development	326	326	-	326	-	335
Consumer loans and other loans	-	-	-	-	-	-
	$ 1,545	$ 1,072	$ 473	$ 1,545	$ 80	$ 1,684
2016:						
Commercial, financial and agricultural:						
Commercial and industrial	$ -	$ -	$ -	$ -	$ -	$ -
Agricultural	181	181	-	181	-	255
Commercial real estate:						
Owner occupied nonfarm, nonresidential	-	-	-	-	-	-
Farmland	-	-	-	-	-	4
Residential real estate:						
1-4 family residential first liens	190	177	13	190	13	291
1-4 family residential second liens	30	30	-	30	-	36
Home equity lines of credit	-	-	-	-	-	-
Construction and land development	290	290	-	290	-	339
Consumer loans and other loans	-	-	-	-	-	-
	$ 691	$ 678	$ 13	$ 691	$ 13	$ 925

Interest income recognized on impaired loans was insignificant in 2017 and 2016. A loan is considered a troubled debt restructuring (TDR) if the Company, for economic or legal reasons related to a debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. Concessions granted under a TDR typically involve a temporary or permanent reduction in the interest rate at less than a current market rate of interest or an extension of a loan's stated maturity date. Loans classified as TDR's are designated as impaired. Impaired loans totaling approximately $1,127,933 and $214,753 were accounted for as troubled debt restructurings as of December 31, 2017 and 2016, respectively. There were no TDR's that defaulted during the years 2017 and 2016.

Note 5. Loans and Allowance for Loan Losses (Continued)

The following table presents the past due aging of the recorded investment in loans and loans on nonaccrual as of December 31, 2017 and 2016 (in thousands):

	Current Loans	Loans 30-89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Loans 90 or More Days and Accruing	Nonaccrual Loans	Total Loans
2017:							
Commercial, financial and agricultural:							
Commercial and industrial	$ 99,759	$ 53	$ 22	$ 75	$ 22	$ 81	$ 99,937
Agricultural	3,698	-	-	-	-	-	3,698
Commercial real estate:							
Owner occupied nonfarm, nonresidential	34,046	58	-	58	-	58	34,162
Other nonfarm, nonresidential properties	123,717	-	-	-	-	-	123,717
Farmland	7,351	-	-	-	-	-	7,351
Residential real estate:							
1-4 family residential first liens	87,811	8	-	8	-	332	88,151
1-4 family residential second liens	1,558	-	-	-	-	-	1,558
Home equity lines of credit	14,708	-	-	-	-	-	14,708
Construction and land development	39,774	-	-	-	-	-	39,774
Multifamily	12,444	-	-	-	-	-	12,444
Consumer loans and other loans	8,287	-	-	-	-	-	8,287
	$433,153	$ 119	$ 22	$ 141	$ 22	$ 471	$433,787
2016:							
Commercial, financial and agricultural:							
Commercial and industrial	$106,692	$ 32	$ -	$ 32	$ -	$ -	$106,724
Agricultural	4,365	-	-	-	-	-	4,365
Commercial real estate:							
Owner occupied nonfarm, nonresidential	36,923	-	-	-	-	-	36,923
Other nonfarm, nonresidential properties	115,022	-	-	-	-	-	115,022
Farmland	4,102	-	-	-	-	-	4,102
Residential real estate:							
1-4 family residential first liens	80,840	24	147	171	-	190	81,011
1-4 family residential second liens	1,638	-	-	-	-	-	1,638
Home equity lines of credit	13,750	-	-	-	-	-	13,750
Construction and land development	41,605	-	-	-	-	-	41,605
Multifamily	12,791	-	-	-	-	-	12,791
Consumer loans and other loans	6,988	10	-	10	-	-	6,998
	$424,716	$ 66	$ 147	$ 213	$ -	$ 190	$424,929

Credit quality indicators: The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. Loans classified, internally or by regulatory authorities, as substandard, special mention or pass watch and past due loans are reviewed regularly by the Company to determine if appropriately classified or to determine if the loan is impaired. The Company's loan portfolio is reviewed for credit quality on an annual basis, with samples being selected based on loan size, credit grades, etc., to ensure that the Company's management is properly applying credit risk management processes.

Note 5. Loans and Allowance for Loan Losses (Continued)

Loans excluded from the scope of the annual review process are generally classified as pass credits until: (a) they become past due; (b) management becomes aware of deterioration in the credit worthiness of the borrower; or (c) the customer contacts the Company for a modification. In these circumstances, the customer relationship is specifically evaluated for potential classification as to special mention, substandard or doubtful, or could even be considered for charge-off. The Company uses the following definitions for risk ratings:

- ***Pass***: Loans included in this category are performing as agreed with reliable, current financial information on the borrower. Pass loans are fully secured per policy guidelines or unsecured to a high net worth individual with strong liquidity. Generally, loans in this category do not have material policy exceptions, have slight to moderate leverage and are lacking in notable weakness.

- ***Pass watch***: Loans included in this category may be showing some signs of financial deterioration or apparent negative trends. Overdrafts or past due payments that are not mitigated or explainable may result in a rating change from "pass" to "pass watch." Loans that become 30 days delinquent may be placed in this category. Other examples of loans that may be graded as "pass watch" include: apparent weakness in management, loans restructured to accommodate customer cash flow, loans with a collateral shortfall which were not underwritten as unsecured, and agricultural loans with a one year carry-over.

- ***Special mention***: Loans included in this category are currently protected but are potentially weak. These loans constitute an undue and unwarranted credit risk but do not presently expose the Bank to a sufficient degree of risk to warrant adverse classification. Close management attention is required. New loans should not be made which will immediately be identified in this category. As a general rule, for the purpose of calculating a loan loss reserve, loans in this category will have the historical loss reserve percentage applied and will remain in a pool with loans that are considered acceptable or better when determining the general valuation reserves. Loans classified as special mention have potential weaknesses that may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date. Characteristics of loans in this category may include: loans with marginal debt service coverage without mitigating factors, loans with technical, unmitigated default, loans that become 60 days delinquent, loans to a company where there is concern the company may fail, loans with unmitigated collateral short-fall.

- ***Substandard***: Substandard loans are inadequately protected by the current net worth and financial capacity of the borrower or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets classified as substandard. Loans in this category are evaluated individually as outlined in the Bank's loan policy when determining the general valuation reserve. Examples of substandard loans may include loans with debt service coverage below 1:1 without mitigating factors, loans in default, work out loans, non-accrual loans, most loans that are 90 days delinquent and agricultural loans with more than one-year carry-over unless fully secured and documented with an independent source of repayment.

- ***Doubtful***: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full highly questionable or improbable, based on currently existing facts, conditions, and values.

Note 5. Loans and Allowance for Loan Losses (Continued)

The following table presents the recorded investment in loans receivable (in thousands) by credit quality indicator as of December 31, 2017 and 2016:

	Pass (Rating 1-5)	Pass/Watch	Special Mention	Substandard	Doubtful	Total
2017:						
Commercial, financial and agricultural:						
Commercial and industrial	$ 98,281	$ 1,575	$ -	$ 81	$ -	$ 99,937
Agricultural	3,231	467	-	-	-	3,698
Commercial real estate:						
Owner occupied nonfarm, nonresidential	32,714	1,156	-	292	-	34,162
Other nonfarm, nonresidential properties	122,318	1,399	-	-	-	123,717
Farmland	7,351	-	-	-	-	7,351
Residential real estate:						
1-4 family residential first liens	83,127	3,236	-	1,788	-	88,151
1-4 family residential second liens	1,304	87	-	167	-	1,558
Home equity lines of credit	14,454	148	-	106	-	14,708
Construction and land development	38,752	284	-	738	-	39,774
Multifamily	12,444	-	-	-	-	12,444
Consumer loans and other loans	8,155	41	-	91	-	8,287
	$422,131	$ 8,393	$ -	$ 3,263	$ -	$433,787
2016:						
Commercial, financial and agricultural:						
Commercial and industrial	$105,984	$ 700	$ 40	$ -	$ -	$106,724
Agricultural	4,184	-	-	181	-	4,365
Commercial real estate:						
Owner occupied nonfarm, nonresidential	35,240	1,339	-	284	-	36,923
Other nonfarm, nonresidential properties	114,375	647	-	-	-	115,022
Farmland	4,102	-	-	-	-	4,102
Residential real estate:						
1-4 family residential first liens	78,303	1,743	-	965	-	81,011
1-4 family residential second liens	1,579	-	-	59	-	1,638
Home equity lines of credit	13,750	-	-	-	-	13,750
Construction and land development	40,604	301	-	700	-	41,605
Multifamily	12,791	-	-	-	-	12,791
Consumer loans and other loans	6,780	7	-	198	-	6,998
	$417,692	$ 4,737	$ 40	$ 2,387	$ -	$424,929

Note 5. Loans and Allowance for Loan Losses (Continued)

The Company's activity in the allowance for loan losses for the years ended December 31, 2017 and 2016 by portfolio segment and disaggregated on the basis of the Company's impairment methodology is as follows (in thousands):

	Commercial Financial & Agricultural	Commercial Real Estate	Residential Real Estate	Construction & Land Development	Multifamily	Consumer Loans & Other Loans	Total
2017:							
Balance at the beginning of the year	$ 278	$ 1,782	$ 2,263	$ 426	$ 68	$ 169	$ 4,986
Provision charged to earnings	7	52	68	12	2	5	144
Loans charged to the allowance	(59)	(40)	(128)	(5)	-	(80)	(310)
Recoveries on loans previously charged-off		2	45	-	-	38	85
Balance at the end of the year	$ 226	$ 1,796	$ 2,248	$ 433	$ 70	$ 132	$ 4,905
Period-ended amount allocated to:							
Individually evaluated for impairment	$ 13	$ -	$ 67	$ -	$ -	$ -	$ 80
Collectively evaluated for impairment	213	1,796	2,181	433	70	132	4,825
Ending balance	$ 226	$ 1,796	$ 2,248	$ 433	$ 70	$ 132	$ 4,905
Loans:							
Individually evaluated for impairment	$ 89	$ 58	$ 1,396	$ 326	$ -	$ -	$ 1,869
Collectively evaluated for impairment	103,546	165,172	103,021	39,448	12,444	8,287	431,918
Ending balance	$ 103,635	$ 165,230	$ 104,417	$ 39,774	$ 12,444	$ 8,287	$ 433,787
2016:							
Balance at the beginning of the year	$ 313	$ 1,822	$ 2,206	$ 491	$ 68	$ 194	$ 5,094
Provision charged to earnings	20	-	-	-	-	-	20
Loans charged to the allowance	(57)	(43)	(43)	(65)	-	(62)	(270)
Recoveries on loans previously charged-off	1	3	100	-	-	37	142
Balance at the end of the year	$ 277	$ 1,782	$ 2,263	$ 426	$ 68	$ 169	$ 4,986
Period-ended amount allocated to:							
Individually evaluated for impairment	$ -	$ -	$ 13	$ -	$ -	$ -	$ 13
Collectively evaluated for impairment	277	1,782	2,250	426	68	169	4,973
Ending balance	$ 278	$ 1,782	$ 2,263	$ 426	$ 68	$ 169	$ 4,986
Loans:							
Individually evaluated for impairment	$ 10	$ -	$ 220	$ 290	$ -	$ -	$ 520
Collectively evaluated for impairment	111,079	156,047	96,179	41,315	12,791	6,998	424,409
Ending balance	$ 111,089	$ 156,047	$ 96,399	$ 41,605	$ 12,791	$ 6,998	$ 424,929

Note 6. Premises and Equipment

Premises and equipment at December 31, 2017 and 2016 consisted of the following (in thousands):

	2017	2016
Land	$ 4,749	$ 4,749
Buildings and improvements	14,487	14,487
Furniture, fixtures and equipment	7,878	7,936
Vehicles	222	269
Construction in progress	190	39
	27,526	27,480
Less accumulated depreciation	(11,598)	(11,089)
	$ 15,928	$ 16,391

Note 7. Deposits

Deposits at December 31, 2017 and 2016 consisted of the following (in thousands):

	2017		2016	
	Amount	Percent	Amount	Percent
Noninterest-bearing demand accounts	$ 180,710	41.7%	$ 193,705	43.8%
Interest-bearing checking accounts	38,226	8.8%	36,356	8.2%
Savings and limited access money market accounts	135,603	31.3%	144,327	32.6%
Certificates of deposit less than $250,000	35,730	8.2%	30,005	6.8%
Certificates of deposit $250,000 and greater	39,917	9.2%	34,528	7.8%
Individual retirement accounts less than $250,000	2,958	0.7%	2,747	0.7%
Individual retirement accounts $250,000 and greater	678	0.2%	661	0.1%
	$ 433,822	100.0%	$ 442,329	100.0%

At December 31, 2017, the scheduled maturities of certificates of deposit and individual retirement accounts were as follows (in thousands):

2018	$ 63,677
2019	12,299
2020	2,156
2021	833
2022	318
Thereafter	-
	$ 79,283

At December 31, 2017 and 2016, brokered time deposits totaled approximately $11,019,000 and $12,523,000, respectively.

Note 8. Federal Home Loan Bank Advances

The Bank receives advances from the FHLB of Dallas under note payable arrangements with original maturities ranging from two to fifteen years. Payments on these notes are made monthly. The weighted average interest rate of all notes was 1.92% and 2.90% at December 31, 2017 and 2016, respectively. Scheduled maturities of the notes at December 31, 2017 are as follows (in thousands):

2018	$	15,259
2019		7,996
2020		617
2021		323
2022		163
	$	24,358

Along with the pledge of the Company's investment in FHLB of Dallas stock, a blanket floating lien on certain loans of the Company is pledged as additional collateral on the advances. The amount available for additional advances under the Company's borrowing arrangement with the Federal Home Loan Bank was approximately $187,513,000 at December 31, 2017.

Note 9. Other Borrowings

The Company has a federal funds line of credit with one unaffiliated financial institution in the amount of $20,000,000. This line of credit matures on June 30, 2018 and is provided on an unsecured basis; however, the lending institution may require the line to be fully secured after a stated number of days. The Company also has a line of credit with another unaffiliated financial institution which is collateralized by consumer loans totaling approximately $5,032,000 at December 31, 2017. The borrowing capacity under this line is approximately 90% of the outstanding loan balances, or approximately $4,421,000 at December 31, 2017. This line of credit has no stated maturity date; however, it may be canceled at the sole discretion of the lending institution. There were no outstanding borrowings under these lines at December 31, 2017 or 2016.

Note 10. Notes Payable

On January 19, 2016, the Company borrowed $7,000,000 from the First National Bankers Bank secured by 100% of the outstanding common stock of Progressive Bank. The note is payable in monthly installments of principal and interest, bears interest at the Wall Street Journal Prime Rate (4.50% at December 31, 2017), and matures in January 2026. The Company may and has made additional principal payments. The proceeds of the note were used to assist with the redemption of Preferred Stock issued to the U.S. Treasury's Small Business Lending Fund. The Company must satisfy certain financial covenants, none of which are expected to adversely impact the operations of the Company. Financial covenants cover, among other things, the maintenance of minimum levels for regulatory capital ratios, a maximum ratio of nonperforming loans to total loans and a maximum ratio of nonperforming assets to primary capital.

Note 10. Notes Payable (Continued)

The Company was in compliance with all covenants as of December 31, 2017. The outstanding balance of the note was $5,510,000 as of December 31, 2017. Scheduled maturities of the note are as follows (in thousands):

2018	$	840
2019		840
2020		840
2021		840
2022		840
Thereafter		1,310
	$	5,510

Note 11. Junior Subordinated Debentures

Junior subordinated debentures are due to Progressive Statutory Trust I (Trust I) and Progressive Statutory Trust II (Trust II), 100% owned non-consolidated subsidiaries of Bancorp. The debentures were issued in conjunction with the Trusts' issuance of Company Obligated Mandatorily Redeemable Trust Preferred Securities. With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures are subordinated in right of payment to the prior payment in full of all senior indebtedness of the Company. The interest is deferrable on a cumulative basis for up to 20 consecutive quarters. The debentures bear the same interest rate and terms as the trust preferred securities discussed below.

On July 31, 2001, Bancorp, through a private placement, issued $8,000,000 (8,000 shares with a liquidation amount of $1,000 per security) of Variable Rate Cumulative Trust Preferred Securities (TruPS) through a newly formed, wholly-owned subsidiary, Progressive Statutory Trust I (Trust I). Bancorp made a required equity contribution of $248,000 to form Trust I. Trust I invested the total proceeds from the equity contribution and the securities sale in Variable Rate Junior Subordinated Debentures (the Debentures) issued by Bancorp. The net proceeds from the sale of the Debentures were used to contribute capital to the Bank and for general corporate purposes. The terms of the TruPS are such that they qualify as Tier I capital under the Federal Reserve Board's regulatory capital guidelines applicable to bank holding companies on a consolidated basis.

With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures are subordinated in right of payment to the prior payment in full of all senior and subordinated indebtedness of Bancorp. Interest on the Debentures is payable quarterly commencing October 31, 2001 at a rate equal to the three-month LIBOR rate plus 3.58% (5.35% and 4.47% at December 31, 2017 and 2016, respectively). The interest is deferrable on a cumulative basis for up to 20 consecutive quarters. No principal payments are due until maturity on July 31, 2031.

On July 31, 2006, the Debentures became redeemable, in whole or in part, at the option of Bancorp. None of the Debentures have been redeemed. In the event the Debentures are redeemed, a like amount of TruPS will be redeemed at the redemption price of $10, plus accrued interest to the date of redemption. Trust I's obligations under the TruPS are fully and unconditionally guaranteed by Bancorp. Any redemption is subject to Bancorp obtaining the prior approval of the Federal Reserve. The debentures balance related to Trust I is $8,248,000 at December 31, 2017 and 2016. Under ASC Topic 810, Trust I does not meet the criteria for consolidation.

Note 11. Junior Subordinated Debentures (continued)

On September 20, 2007, Bancorp, through a private placement, issued $4,000,000 (4,000 shares with a liquidation amount of $1,000 per security) of Fixed/Floating Rate Cumulative Trust Preferred Securities (TruPS II) through a newly formed, wholly-owned subsidiary, Progressive Statutory Trust II (Trust II). Bancorp made a required equity contribution of $124,000 to form Trust II. Trust II invested the total proceeds from the equity contribution and the securities sale in Fixed/Floating Rate Junior Subordinated Debentures (the Debentures II) issued by Bancorp. The net proceeds from the sale of the Debentures II were used to contribute capital to the Bank and for general corporate purposes. The terms of the TruPS II are such that they qualify as Tier I capital under the Federal Reserve Board's regulatory capital guidelines applicable to bank holding companies on a consolidated basis.

With certain exceptions, the amount of the principal and any accrued and unpaid interest on the Debentures is subordinated in right of payment to the prior payment in full of all senior and subordinated indebtedness of Bancorp. Interest on the Debentures is payable quarterly commencing December 15, 2007 at a rate equal to 6.338% through December 15, 2012 and then at a rate equal to the three-month LIBOR rate plus 1.45% (3.04% at December 31, 2017) through maturity. The interest is deferrable on a cumulative basis for up to 20 consecutive quarters. No principal payments are due until maturity on December 15, 2037.

Bancorp may redeem the Debentures II, in whole or in part, on or after December 15, 2012 at an amount equal to the principal amount of the debt securities being redeemed plus accrued and unpaid interest on such securities to the redemption date. Trust II's obligations under the TruPS II are fully and unconditionally guaranteed by Bancorp. Any redemption is subject to Bancorp obtaining the prior approval of the Federal Reserve. The debentures balance related to Trust II is $4,124,000 at December 31, 2017 and 2016. Under ASC Topic 810, Trust II does not meet the criteria for consolidation.

Note 12. Federal Income Taxes

Federal income tax expense for the years ended December 31, 2017 and 2016 consisted of the following (in thousands):

	2017	2016
Current income tax expense	$ 2,042	$ 1,565
Deferred income tax benefit	(197)	(18)
Deferred income tax expense related to remeasurement of deferred taxes	897	-
	$ 2,742	$ 1,547

Note 12. Federal Income Taxes (Continued)

Income taxes differed from the amounts computed by applying the U.S. federal income tax rate of 34% to earnings before income taxes as a result of the following (in thousands):

	2017	2016
Computed "expected" income tax expense	$ 2,102	$ 1,661
Tax-exempt municipal income, net of disallowed interest expense	(54)	(59)
Earnings on life insurance policies	(71)	(71)
Tax rate change (computed at 21%)	897	-
Other	(132)	16
	$ 2,742	$ 1,547

As a result of the enactment of the Tax Cut and Jobs Act in December 2017, the Company revalued it deferred tax assets and liabilities arising from temporary differences and unrealized gains and losses on available for sale securities using the new corporate tax rate of 21% that takes effect on January 1, 2018. The effect of this revaluation was a one-time charge to income tax expense of $897,000 for the year ended December 31, 2017.

On February 14, 2018, ASU No. 2018-02 was issued, allowing for a one-time reclassification of certain deferred tax items that had been stranded in accumulated other comprehensive income or loss as a result of tax adjustments made in connection with the enactment of the TCJA. The ASU allowed early adoption of its provisions for those companies which had not yet issued their 2017 financial statements. Accordingly, the Company early adopted its provisions and recorded a reclassification of $36,384 which decreased retained earnings and decreased accumulated other comprehensive loss as of December 31, 2017. Deferred income taxes reflect the net tax effects of temporary differences between the recorded amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and are included with other assets on the balance sheet. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2017 and 2016 are as follows (in thousands):

	2017	2016
Deferred tax assets:		
Allowance for loan losses	$ 974	$ 1,535
Stock options	85	188
Deferred compensation	698	992
Unrealized gain on securities available for sale	59	75
Other	60	66
Total deferred tax assets	1,876	2,856
Deferred tax liabilities:		
Premises and equipment	396	687
FHLB stock dividends	10	8
Other	20	29
Total deferred tax liabilities	426	724
Net deferred tax asset	$ 1,450	$ 2,132

Note 13. Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. At December 31, 2017 and 2016, the approximate amounts of these financial instruments were as follows (in thousands):

	2017	2016
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 117,058	$ 121,222
Standby letters of credit	2,955	1,257
	$ 120,013	$ 122,479

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment and income-producing commercial properties.

Standby letters of credit are written conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The Company's policies generally require that letter of credit arrangements contain security and debt covenants similar to those contained in loan arrangements. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount shown in the table above. If the commitment is funded, the Company would be entitled to seek recovery from the customer. As of December 31, 2017 and 2016, no amounts have been recorded as liabilities for the Company's potential obligations under these guarantees.

Note 14. Fair Value Measurements

Accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

The guidance requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs: Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. During 2017 there have been no changes in valuation methodologies compared to 2016 and no transfers between levels.

Note 14. Fair Value Measurements (continued)

The following table represents assets and liabilities reported on the consolidated balance sheets at their fair value on a recurring basis as of December 31, 2017 and 2016 by level within the fair value measurement hierarchy:

		Fair Value Measurements at Reporting Date Using (Dollars in Thousands)		
	Assets/ Liabilities Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2017:				
Measured on a recurring basis:				
Assets:				
Investment securities available for sale:				
U.S. treasury	$ 7,451	$ 7,451	$ -	$ -
U.S. government agency obligations	20,841	-	20,841	-
Residential mortgage-backed securities	6,242	-	6,242	-
Collateralized mortgage obligations	1,446	-	1,446	-
2016:				
Measured on a recurring basis:				
Assets:				
Investment securities available for sale:				
U.S. treasury	$ 494	$ 494	$ -	$ -
U.S. government agency obligations	24,112	-	24,112	-
Residential mortgage-backed securities	5,072	-	5,072	-
Collateralized mortgage obligations	1,967	-	1,967	-

Level 1 securities include actively-traded government bonds, such as certain United States Treasury and other United States government securities. All other securities available for sale are classified within Level 2 of the valuation hierarchy. The Company obtains fair value measurements for investment securities from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment spreads, credit information and the bond's terms and conditions, among other things.

The Company has no nonfinancial assets or nonfinancial liabilities measured at fair value on a recurring basis.

Note 14. Fair Value Measurements (Continued)

The following table presents the assets carried on the consolidated balance sheet, by caption and by level in the fair value hierarchy at December 31, 2017 and 2016, for which a nonrecurring change in fair value has been recorded:

	Assets/ Liabilities Measured at Fair Value	Fair Value Measurements at Reporting Date Using (Dollars in Thousands) Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2017:				
Measured on a nonrecurring basis:				
Assets:				
Impaired loans	$ 1465	$ -	$ -	$ 1465
Other real estate	202	-	-	202
2016:				
Measured on a nonrecurring basis:				
Assets:				
Impaired loans	$ 678	$ -	$ -	$ 678
Other real estate	238	-	-	238

Impaired loans are classified within Level 3 of the valuation hierarchy. The fair value of impaired loans is derived in accordance with ASC Topic 310, Receivables. The fair value of impaired loans is based on the fair value of the collateral discounted based on internal criteria. Impaired loans are primarily comprised of collateral-dependent commercial and real estate loans.

Other real estate owned is measured at fair value on a nonrecurring basis (upon initial recognition or subsequent impairment).

Other real estate owned is classified within Level 3 of the valuation hierarchy. When transferred from the loan portfolio, other real estate is adjusted to and subsequently carried at fair value less estimated selling costs. The fair value is determined using an external appraisal process, discounted based on internal criteria.

Note 14. Fair Value Measurements (Continued)

The estimated fair value of the Company's financial instruments is as follows at December 31, 2017 and 2016 (in thousands):

	2017		2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and cash equivalents	$ 18,737	$ 18,737	$ 16,318	$ 16,318
Time deposits in other financial institutions	100	100	4,827	4,827
Securities available for sale	35,980	35,980	31,645	31,645
Securities held to maturity	6,622	6,585	8,719	8,578
Federal Home Loan Bank stock	1,943	1,943	625	625
Accrued interest receivable	2,030	2,030	2,097	2,097
Loans, net	428,882	427,833	419,943	418,038
Loans held for sale	447	447	468	468
Financial liabilities:				
Deposits liabilities	433,822	433,874	442,330	442,410
FHLB advances	24,358	24,248	9,221	9,313
Notes Payable	5,510	5,510	6,400	6,400
ESOP debt commitment	234	234	357	357
Junior subordinated debentures	12,372	12,372	12,372	12,372
Accrued interest payable	477	477	203	203

Note 15. Benefit Plans

401(k) plan: The Company has a defined contribution profit sharing plan for all employees that meet certain age and service requirements. Under the plan, employees may elect to defer up to 90% of their salary subject to the Internal Revenue Service limits. The Company may, at its discretion, contribute to the plan an amount determined annually by the Board of Directors. The Company's expense for the plan was $257,731 and $341,100 for the years ended December 31, 2017 and 2016, respectively.

Salary continuation plan: The Company has entered into salary continuation agreements with certain key employees to be paid over a period of ten to fifteen years after the employees' retirement. The Company has purchased single-premium life insurance policies on each of the individuals covered to fund the future obligation. The cash surrender value of these policies totaled approximately $9,950,000 and $9,743,000 at December 31, 2017 and 2016, respectively. Salary continuation payable totaled approximately $3,251,000 and $2,848,000 at December 31, 2017 and 2016, respectively and is included in other liabilities in the accompanying balance sheet. Three participants reached retirement age and received payments under the plan in 2017. The expenses incurred of $529,000 and $238,000 are included in salaries and employee benefits in the accompanying income statement for the years ended December 31, 2017 and 2016, respectively.

Note 15. Benefit Plans (Continued)

Employee stock ownership plan (ESOP): Effective in 1998, the Company established the ESOP. Under this Plan, there is an Employee Stock Ownership trust which holds the investments of the Plan. The Company was designated as the Plan Sponsor and the Bank was designated as an Employer of the Plan. The Plan covers substantially all employees who qualify as to age and length of service. Contributions to the Plan are generally invested by the Plan in the common stock of the Company. Contributions to the Plan by the Bank are at the discretion of the Board of Directors of the Company and the Bank; however, contributions must be sufficient to pay any current obligations of the Plan.

During 2009, the Plan borrowed $1,000,000 from an unaffiliated bank to purchase 19,841 shares of Company stock. The 2009 note is payable in monthly installments consisting of principal payments of $8,333 plus accrued interest, bears interest at the Wall Street Journal Prime Rate (4.50% at December 31, 2017), and matures in September 2019.

During 2010, the Plan borrowed $235,000 from an unaffiliated bank to acquire 5,000 shares of Company stock. The 2010 note is payable in monthly installments consisting of principal payments of $1,958 plus accrued interest, bears interest at the Wall Street Journal Prime Rate (4.50% at December 31, 2017), and matures in June 2020.

At December 31, 2017 and 2016, the Plan had approximately $234,000 and $357,000, respectively, outstanding related to the notes, which are guaranteed by the Company and collateralized by the Company's common stock.

In accordance with ASC Topic 718-40, Employee Stock Ownership Plans, the Company has recorded the loans as obligations of the Company, with the amounts outstanding in the balance sheets classified as ESOP debt commitment, and the issued shares held by the lender as collateral classified in a contra-equity account, unearned ESOP shares. During 2017 and 2016, 2,484 and 2,484, respectively, were released as principal payments were made. The remaining 4,721 shares are considered suspense shares held by the Plan. The fair value of the unearned ESOP shares at December 31, 2017 was $524,020 or $111.00 per share, which was based on a third party valuation as of December 31, 2016. This was the most current valuation performed. The Company's contributions to the ESOP consist of debt service payments to the trust and any additional voluntary payments made. During 2017 and 2016, the Company made contributions of approximately $138,000 and $138,000, respectively, to the ESOP for debt service payments. The contributions for each year will be divided among the eligible participants employed on December 31 in the proportion that each such participant's compensation, as defined in the Plan, for that year which bears to the compensation for all such participants in the Plan.

Following are principal maturities for the notes payable as of December 31, 2017 (in thousands):

2018	$	124
2019		99
2020		11
	$	234

Note 16. Stock Compensation

Stock options: Stock options are periodically granted by the Company to key employees with an exercise price equal to the stock's estimated fair market value at the date of grant. The stock options have varying terms and vest and become fully exercisable during various years from the date of grant.

The following is a summary of the status of the Plan during 2017 and 2016:

	2017			2016	
	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	64,836	$ 50.03		65,036	$ 50.37
Granted during the year	-	-		-	-
Exercised during the year	(3,500)	32.53		-	-
Forfeited during the year	(200)	53.00		(200)	53.00
Expired during the year	(1,800)	51.33		-	-
Outstanding, end of year	59,336	$ 51.37	$ 3,063,783	64,836	$ 50.03
Exercisable, at end of year	59,336	$ 51.39		64,436	$ 50.34

The options outstanding at December 31, 2017 have exercise prices ranging from $35 to $55. At December 31, 2017, the weighted average remaining contractual life of 46,436 options outstanding and exercisable is .8 years. The remaining 12,900 options outstanding and exercisable can be exercised up to 91 days after employment is terminated.

The intrinsic value of options exercised during 2017 was approximately $148,660. No options were exercised during 2016.

Total compensation expense for options recognized during 2017 and 2016 was $370 and $4,000, respectively. At December 31, 2017, there will be no future compensation expense related to options granted.

Note 16. Stock Compensation (Continued)

Restricted stock: The Company has granted restricted stock awards to certain employees of the Company. The stock awards have varying terms and vest over four or five years from the date of grant. The shares become free of restrictions on the vesting date if the grantee remains a full time employee of the Company. The shares become free of restrictions prior to the vesting date upon early involuntary termination, other than termination for cause, death, or disability, or at the discretion of the Chief Executive Officer of the Company. The following table summarizes the activity in nonvested shares for the year ended December 31, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested restricted stock, December 31, 2016	7,390	$ 74.56
Granted during the year	1,100	95.27
Vested during the year	(1,945)	70.03
Forfeited during the year	(1,040)	60.00
Nonvested restricted stock, December 31, 2017	5,505	$ 59.73

Total compensation expense related to restricted stock awards was $129,000 and $155,000 during 2017 and 2016, respectively. At December 31, 2017, future compensation expense related to restricted stock awards is approximately $387,000 and will be recognized over a remaining period of five years.

Note 17. Commitments and Contingencies

The Company is involved in certain legal actions arising from normal business activities. Management believes that the outcome of such proceedings will not materially affect the financial position, results of operations or cash flows of the Company.

Note 18. Related Party Transactions

In the ordinary course of business, the Bank has and expects to continue to have transactions including borrowings with its employees, directors and their affiliates. In the opinion of management, such transactions are on the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with unaffiliated persons. The aggregate amount of such loans was approximately $8,657,000 and $8,785,000 at December 31, 2017 and 2016, respectively. Additionally, at December 31, 2017 and 2016, the Bank had unfunded commitments for such loans of approximately $4,006,000 and $4,473,000, respectively. The approximate amount of payments, including interest, received on these loans was $8,559,000 and the approximate amount of new loans funded was $7,090,000 in 2017.

Note 19. Significant Group Concentrations

Most of the Company's business activity is with customers located within Louisiana. Such customers are normally also depositors of the Company. The concentrations of credit by type of loan are set forth in Note 5. Generally, the Company's loans are collateralized and are expected to be repaid from cash flow or proceeds from the sales of selected assets of the borrowers.

The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit are granted primarily to commercial borrowers.

Note 20. Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

In July 2013, the FDIC and other regulatory bodies issued final rules consisting of minimum requirements that increase both the quantity and quality of capital held by banking organizations. The final rules are a result of the implementation of the BASEL III capital reforms and various Dodd-Frank Act related capital provisions and impact all U.S. banking organizations with more than $500 million in assets. Consistent with the Basel international framework, the new rule includes a new minimum ratio of Common Equity Tier 1 (CET1) to risk-weighted assets of 4.5 percent and a Common Equity Tier 1 capital conservation buffer of 2.5 percent of risk-weighted assets. The rule also raised the minimum ratio of Tier 1 capital to risk-weighted assets from 4 percent to 6 percent and includes a minimum Leverage ratio of 4 percent for all banking organizations. Regarding the quality of capital, the new rule emphasizes Common Equity Tier 1 capital and implements strict eligibility criteria for regulatory capital instruments. The new rule also improves the methodology for calculating risk-weighted assets to enhance risk sensitivity. The new rule is subject to a four year phase in period for mandatory compliance and the Company is required to begin to phase in the new rules beginning on January 1, 2015. Management believes that after the phase in of the new capital standards, the Company and the Bank will remain classified as "well-capitalized."

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total, CET1 and Tier I capital (as defined in the regulations) to risk weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2017, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2017, the Bank's capital ratios exceeded those levels necessary to be categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," the Bank must maintain minimum total risk-based, CET1, Tier I risk-based and Tier I leverage ratios as set forth in the table below. There are no conditions or events since December 31, 2017 that management believes have changed the Bank's category.

Note 20. Regulatory Matters (Continued)

A comparison of the Bank's actual capital amounts and ratios to required capital amounts and ratios is presented in the following table (in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
2017:						
Total capital to risk weighted assets	$ 64,887	13.53%	$ 44,597	9.30%	$ 47,954	10.00%
Tier I capital to risk weighted assets	59,982	12.51%	35,006	7.30%	38,363	8.00%
CET1 capital to risk weighted assets	59,982	12.51%	27,813	5.80%	31,170	6.50%
Tier I capital to average assets	59,982	11.12%	21,579	4.00%	26,974	5.00%
2016:						
Total capital to risk weighted assets	$ 63,129	13.41%	$ 37,669	8.60%	$ 47,086	10.00%
Tier I capital to risk weighted assets	58,143	12.35%	28,252	6.60%	37,669	8.00%
CET1 capital to risk weighted assets	58,143	12.35%	21,189	5.10%	30,606	6.50%
Tier I capital to average assets	58,143	11.01%	21,124	4.00%	26,405	5.00%

RSM

RSM US LLP

Independent Auditor's Report on the Supplementary Information

The Board of Directors
Progressive Bancorp, Inc. and Subsidiaries

We have audited the consolidated financial statements of Progressive Bancorp, Inc. and Subsidiaries as of and for the years ended December 31, 2017 and 2016 and have issued our report thereon which contains an unqualified opinion on those financial statements. See page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Dallas, Texas
March 28, 2018

Progressive Bancorp, Inc. and Subsidiaries

Schedule 1 - Consolidating Balance Sheet
December 31, 2017
(In Thousands)

	Progressive Bank and Subsidiary	Progressive Bancorp, Inc.	Eliminations		Consolidated Total
Assets					
Cash and due from banks	$ 7,883	$ 2,414	$ (2,414)	a	$ 7,883
Interest-bearing deposits	10,854	-	-		10,854
Time deposits in other financial institutions	100	-	-		100
Securities available for sale	35,980	-	-		35,980
Securities held to maturity	6,622	-	-		6,622
Investment in subsidiaries	-	59,761	(59,761)	b	-
Loans held for sale	447	-	-		447
Loans, net	429,413	-	(531)	c	428,882
Premises and equipment, net	14,975	953	-		15,928
Bank owned life insurance	9,950	-	-		9,950
Other real estate owned	202	-	-		202
Federal Home Loan Bank stock	1,943	-	-		1,943
Other assets	5,921	869	-		6,790
Total assets	$ 524,290	$ 63,997	$ (62,706)		$ 525,581
Liabilities and Stockholders' Equity					
Deposits:					
Noninterest-bearing	$ 183,124	$ -	$ (2,414)	a	$ 180,710
Interest-bearing	253,112	-	-		253,112
Total deposits	436,236	-	(2,414)		433,822
Federal Home Loan Bank advances	24,358	-	-		24,358
Notes payable	-	6,041	(531)	c	5,510
ESOP debt commitment	-	234	-		234
Junior subordinated debentures	-	12,372	-		12,372
Other liabilities	3,935	122	-		4,057
Total liabilities	464,529	18,769	(2,945)		480,353
Stockholders' equity:					
Preferred stock	-	-	-		-
Common stock	790	2,603	(790)	b	2,603
Paid-in capital	25,407	13,503	(25,407)	b	13,503
Retained earnings	33,785	33,959	(33,785)	b	33,959
Accumulated other comprehensive income	(221)	(221)	221	b	(221)
Unearned ESOP shares	-	(234)	-		(234)
Treasury stock	-	(4,382)	-		(4,382)
Total stockholders' equity	59,761	45,228	(59,761)		45,228
Total liabilities and stockholders' equity	$ 524,290	$ 63,997	$ (62,706)		$ 525,581

See independent auditor's report on the supplementary information.

Progressive Bancorp, Inc. and Subsidiaries

Schedule 2 - Consolidating Statement of Income
Year Ended December 31, 2017
(In Thousands)

	Progressive Bank and Subsidiary	Progressive Bancorp, Inc.	Eliminations		Consolidated Total
Interest income:					
Loans, including fees	$ 21,328	$ -	$ (29)	e	$ 21,299
Securities:					
Taxable	463	-	-		463
Nontaxable	162	-	-		162
Interest-bearing deposits	180	-	-		180
Other	-	15	-		15
	22,133	15	(29)		22,119
Interest expense:					
Deposits	974	-	-		974
FHLB advances, FNBB Note Payable and other	526	274	(29)	e	771
Junior subordinated debentures	-	509	-		509
	1,500	783	(29)		2,254
Net interest income	20,633	(768)	-		19,865
Provision for loan losses	144	-	-		144
Net interest income after provision for loan losses	20,489	(768)	-		19,721
Noninterest income:					
Equity in earnings of subsidiary	-	4,923	(4,923)	d	-
Service charges and fees	2,677	-	-		2,677
Trust and brokerage department	884	-	-		884
Earnings on life insurance policies	208	-	-		208
Insurance commissions	13	-	-		13
Gain on sale of other real estate owned	16	-	-		16
Other	96	99	(99)	e	96
	3,894	5,022	(5,022)		3,894
Noninterest expenses:					
Salaries and employee benefits	10,314	-	-		10,314
Occupancy	1,770	84	(99)	e	1,755
Furniture and equipment	640	-	-		640
Technology	1,206	-	-		1,206
Professional fees	996	172	-		1,168
Advertising and business development	717	-	-		717
ATM/debit card expense	443	-	-		443
Deposits insurance assessment	142	-	-		142
Loss on sale of assets	5	-	-		5
Other	1,038	7	-		1,045
	17,271	263	(99)		17,435
Income before income taxes	7,112	3,991	(4,923)		6,180
Income tax expense	2,189	553	-		2,742
Net income	$ 4,923	$ 3,438	$ (4,923)		$ 3,438

See independent auditor's report on the supplementary information.

Description of Eliminating Entries
Year Ended December 31, 2017

a. To eliminate intercompany cash and deposits.

b. To eliminate investment accounts against the stockholders' equity of the consolidated subsidiaries.

c. To eliminate intercompany payables and receivables.

d. To eliminate equity in earnings of subsidiaries.

e. To eliminate intercompany income and expense.

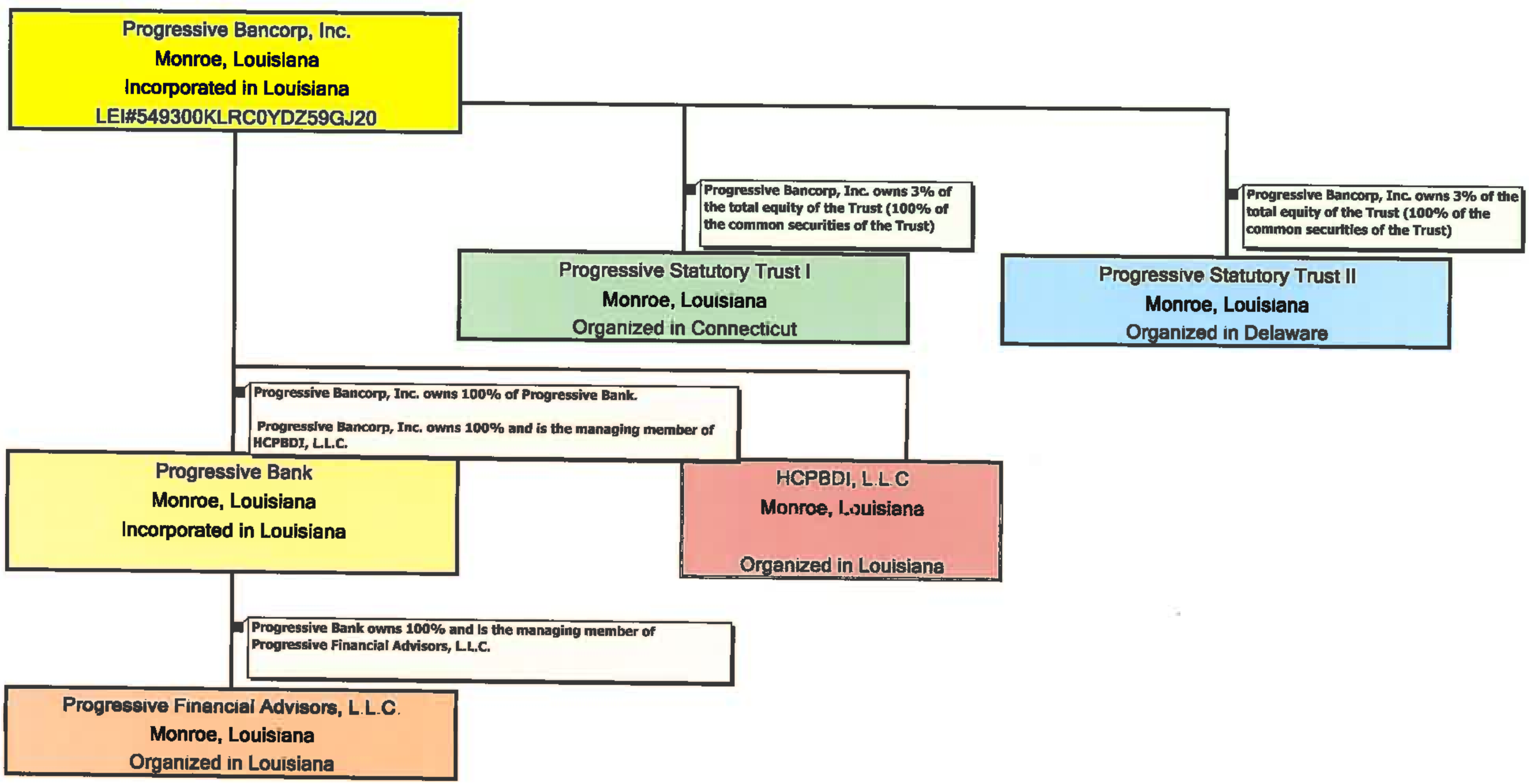
Form FR Y-6

Progressive Bancorp, Inc.
Monroe, Louisiana
Fiscal Year Ending December 31, 2017

Report Item

1: The bank holding company prepares an annual report for its shareholders.
Two copies of the audited annual report issued by RSM US, L.L.P. are included.

2: Organization Chart



Form FR Y-6
Progressive Bancorp, Inc.
Fiscal Year Ending December 31, 2017

Report Item 3: **Shareholders**
(1)(a)(b)(c) and (2)(a)(b)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2017			Current Shareholders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2017		
(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	(2)(a) Name & Address (City, State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
*Cummings Family Control Group Monroe, Louisiana *See attached Schedule	USA	83,085 - 17.32% Common Stock	N/A	N/A	N/A
J. Stewart Gentry Monroe, Louisiana	USA	27,945 - 6.24% Common Stock			
Morris F. Mintz Monroe, Louisiana	USA	26,825 - 5.99% Common Stock			
Progressive Bancorp, Inc. ESOP Monroe, Louisiana	USA	36,330 - 8.11% Common Stock Power to vote shares: Michele W. Thaxton, CFO & Cashier of Progressive Bank			

Cummings Family Control Group For Progressive Bancorp, Inc. - As of December 31, 2017 for FR Y-6 Report				
Full Name of Each Acquirer or Transferee	Number of Shares Per Class of Securities Now Owned, Controlled, or Held	Number of Shares Per Class of Securities to be Purchased by or Transferred to the Acquirer or Transferee	Number of Shares Per Class of Securities after Completion of Acquisition	% ownership
George W. Cummings, Jr.*	4,990			1.11%
George & Nanette Cummings and Self Directed IRAs	21,995			11.20%
Twist Family LP**	550			0.12%
Dewey F. Weaver Jr	20,677			4.62%
Lydia Weaver	571			0.13%
William G Weaver	700			0.16%
Dewey F. Weaver III	940			0.21%
Colby Frances Weaver Walker	926			0.21%
SUBTOTAL:	51,349			
Vested Options for George W. Cummings, III	31,736			
Unvested Options for George W. Cummings III	-			
TOTAL:	83,085			
Total as % of Shares Outstanding Per Class of Securities	17.32%			
(calculation of percentage - 83085/(447924+31736)	17.32%			
ESOP Shares	36,330			

*George W. Cummings, III has voting power over the shares held by his father . George W. Cummings, Jr. pursuant to a Statutory Power of Attorney

**Randy Twist is the sole member of Twist Family Management, LLC, the general partner of Twist Family, LP, and thus has voting power over the shares held by the Twist Family, LP

Nan

0.13%

Form FR Y-6
Progressive Bancorp, Inc.
Fiscal Year Ending December 31, 2017

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
George W. Cummings, III & Nanette Cummings Monroe, Louisiana	George W. Cummings, III - Banker	George W. Cummings, III - Director, Chairman, and Chief Executive Officer, Nanette Cummings - Principal Securities Holder	George W. Cummings, III - Director, Chairman and Chief Executive Officer, Trust Officer (Progressive Bank); Nanette Cummings - N/A		11.20%	None	NA
			George Cummings, III - Chairman & Chief Executive Officer (Progressive Financial Advisors, L.L.C.); Nanette Cummings - N/A	N/A			
			George W. Cummings, III - Manager (HCPBDI, LLC.); Nanette Cummings - N/A	N/A			
				Director - Community Financial Insurance Center, LLC			
	Nanette Cummings - Business Executive	Principal Securities Holder	N/A	Partner - Twist Monroe, LP	0.13%	None	NA
				Nanette Cummings - Executive Officer, Director of Operations Intermountain Management, LLC			
				Co-Trustee - Betty Jane Dodds Revocable Trust			
				Trustee - Weaver Children's Trusts, A, B, C & D. Trust A - Colby F. Weaver; Trust B - Dewey F. Weaver, III; Trust C - William Graham Weaver; Trust D - Lydia Claire Weaver			
				Nan Weaver Cummings, Trustee of Weaver Irrevocable Insurance Trust			
George W. Cummings, Jr. Monroe, Louisiana	Retired Banker	Principal Securities Holder	N/A	N/A	1.11%	None	NA

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Randy Twist (2)	Real Estate Developer	Principal Securities Holder	N/A		0.12%	None	
Diane Twist (2)	Homemaker	Principal Securities Holder	N/A		0.12%	None	
				Randy Twist - President/Partner - 157 Frankford, LP			100% 157 Frankford, LP
				Randy Twist - President/Partner - Member - Boulevard Marketplace, LP			
				Randy Twist - Partner/Member - Boulevard Marketplace GP, LLC			60% Boulevard Marketplace GP, LLC
				Randy Twist - President/Partner - Gallatin TR, LP			33% Gallatin TR, LP
				Randy Twist - President/Partner - Gallatin TR Investors, LP			90% Gallatin TR Investors, LP
				Randy Twist - President/Partner - TM&J, LP			100% TM&J, LP
				Randy Twist - President/Partner - Twist Family, LP			59.61% Twist Family, LP
				Randy Twist - President/Partner - Twist First, LP			100% Twist First, LP
				Randy Twist - President/Partner - Twist Magnolia, LP			
				Randy Twist - President/Partner - Twist Monroe, LP			60% Twist Monroe, LP

Form FR Y-6
Progressive Bancorp, Inc.
Fiscal Year Ending December 31, 2017

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
				Randy Twist - President/Partner - Twist Realty, LP			100% Twist Realty, LP
				Randy Twist - President/Partner - Youree Park, LP			59.61% Youree Park, LP
				Randy Twist - President/Partner - Landmark TR, LP			100% Landmark TR, LP
				Diane Twist - Trustee Betty jane Dodds Revocable Trust			
				Randy Twist - President/Partner - Twist Cheyenne, LP			100% Twist Cheyenne, LP
Dewey F. Weaver, Jr. (Individually) Monroe, Louisiana	Developer and owner/operator of various hotel and motel properties	Director	Director (Progressive Bank)	See Attached Schedule	4.62%	None	See Attached Schedule
Dewey F. Weaver, Jr. (Custodian for Lydia Weaver, Minor) Monroe, Louisiana	minor	Principal Securities Holder	N/A	N/A	0.13%	None	NA
Dewey F. Weaver, Jr. (Custodian for William G. Weaver, Minor) Monroe, Louisiana	minor	Principal Securities Holder	N/A	N/A	0.16%	None	NA
Dewey F. Weaver, III Monroe, Louisiana	student	Principal Securities Holder	N/A	N/A	0.21%	None	NA
Colby Frances Weaver Monroe, Louisiana	student	Principal Securities Holder	N/A	N/A	0.21%	None	NA
R. Stewart Ewing, Jr. Monroe, Louisiana	businessman	Director	Director (Progressive Bank)	Partner - Palm Investments, LLC; Partner - Palm Investments 2, LLC Partner - Palm Investments 3, LLC	1.43%	None	100% 100% 100%
John Stewart Gentry Monroe, Louisiana	businessman	Director	Director (Progressive Bank)	President - New York Hardware & Furniture Co., Inc.	6.24%	None	43% New York Hardware & Furniture Co., Inc.

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Progressive Bancorp, Inc.
Fiscal Year Ending December 31, 2017

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (Include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (Include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (Include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
				Partner - Albany Finance, LLC President - Nehemiah Housing, Inc. Partner - Bayside Investments, LLC Partner - Richland Farm Partnership Partner - New York Leasing, LLC Partner - Pelican Point Beach Club, LLC			42% Albany Finance, LLC 33.33% Nehemiah Housing, Inc. 71% Bayside Investments, LLC 75% Richland Farm Partnership 50% New York Leasing, LLC 50% Pelican Point Beach Club, LLC
Harvey L. Hales, Jr Monroe, Louisiana	Agent - Shelter Insurance Corporation	Director	Director (Progressive Bank)	Manager & Member - Harvey Hales Insurance Agency, LLC	1.00%	None	100% Harvey Hales Insurance Agency, LLC
F. Morris Mintz Monroe, Louisiana	businessman	Director; Secretary	Director; Secretary (Progressive Bank)	See Attached Schedule	5.99%	None	See Attached Schedule
James H. Murphy Monroe, Louisiana	N/A	Director	Director (Progressive Bank)	N/A Partner - Murphy Family Limited Partnership Trustee - Hickman Family Trust Partner - Atlantic Crossings, LLC Partner - Murco Properties, LLC	2.39%	None	40% Murphy Family Limited Partnership 100% Hickman Family Trust 50% Atlantic Crossings, LLC 100% Murco Properties, LLC
Dale O. Williams Monroe, Louisiana	N/A	Director, Vice Chairman and Assistant Secretary	Director & Assistant Secretary (Progressive Bank)	N/A	2.86%	None	NA
David Hampton Monroe, Louisiana	banker	President, Chief Operating Officer, Assistant Secretary	President, Chief Operating Officer, and Director (Progressive Bank) President (Progressive Financial Advisors, LLC) Manager - HCPBDI, LLC		2.86%	None	N/A

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Progressive Bancorp, Inc.
Fiscal Year Ending December 31, 2017

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
				Director/President - Cross Slough Hunting Club, Inc.			100% Cross Slough Hunting Club, Inc.
				Member - Tiger Bayou Land, LLC Director - University of Louisiana Monroe Foundation			50% Tiger Bayou Land, LLC
Michele W. Thaxton Monroe, Louisiana	banker	Executive Vice President & Chief Financial Officer	Executive Vice President, Chief Financial Officer, Cashier, Director of Bank Operations, Chief Information Security Officer & BSA Oversight Officer (Progressive Bank) Chief Financial Officer (Progressive Financial Advisors, L.L.C.) Manager - HCPBDI, LLC	N/A	1.78%	None	NA

(1) Included in the Cummings Family control group. See attached list of the Cummings Family Control Group.
(2) Shares are in the name of the Twist Family LP

Response to (4)(c):
List names of other companies (include partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)

☐ NO - I do not own, control, or hold with the power to vote 25% or more of the voting securities in any Company (including options, warrants or other securities or rights that can be converted into or exercised for voting securities), or proportionate interest in a partnership.

☒ YES – See below supplemental list

(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Managing Member - Airport, LLC	25.00%
Managing Member - Albuquerque Hospitality, LLC	45.00%
Managing Member - Alexandria Lodging, LLC	25.00%
Managing Member - Billings Hospitality, LLC	58.66%
Managing Member - Brazos Hotel Management, LLC	33.33%
Managing Partner - Brazos Hotel Partners, LTD	33.30%
Managing Member - BW Hotels, LLC	99.00%
Managing Member - Casa Grand Hospitality, L.L.C	95.00%
Managing Member - Chandler Hospitality, L.L.C	95.00%
Managing Member - Columbia Hospitality, LLC	66.66%
Managing Member - D&G Enterprises of Ouachita Parish, LLC	100.00%
Managing Member - Develotel Omaha, LLC	50.00%
Managing Member - District Hotel Group, LLC	50.00%
Managing Member - Eagle-Meridian Lodging, LLC	31.68%
Managing Member - East Houston Hospitality, LLC	50.00%
Managing Member - Forbes Hotels, LLC	85.00%
Managing Member - Fremaux Hospitality, LLC	N/A
Managing Member - Greenwood County, LLC	100.00%
Managing Member - Harmony Mezz, LLC	33.33%
Managing Member - Harvard, LLC	100.00%
Managing Member - Highland Ranch Hospitality, LLC	31.66%
Managing Member - IMM-ICH, LLC	100.00%
Managing Member - IMM PAYROLL, L.L.C	100.00%
Managing Member - InterCoastal Hospitality, LLC	99.00%
Managing Member - InterMountain Management, LLC	100.00%
Managing Member - Issaquah Hospitality, LLC	40.00%
Managing Member - Jasmine C-I, LLC	100.00%
Managing Member - Julyn, LLC	50.00%

(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Managing Member - Lafayette Lodging, LLC	99.00%
Managing Member - Lake Charles Hotel Resort Group, LLC	37.50%
Managing Member - Lakeland Lodging, LLC	31.66%
Managing Member - Lakewood Hospitality, LLC	95.00%
Managing Member - Lawton Hotels, LLC	99.00%
Managing Member - Lawton Lodging, LLC	100.00%
Managing Member - Legacy Lodging Beverage Company, LLC	99.00%
Managing Member - Legacy Lodging, LLC	95.00%
Managing Member - Lexington Hospitality, LLC	45.00%
Managing Member - LJ Hotels, LLC	50.00%
Managing Member - Loveland Hospitality, LLC	47.50%
Managing Member - Madison Lodging, LLC	25.00%
Managing Member - Miramar Beach Lodging, LLC	33.33%
Managing Member - Moore Hotels, LLC	50.00%
Managing Member - MTW Hotels, LLC	33.00%
Managing Member - MW Hotels, LLC	50.00%
Managing Member - Nampa Hospitality, LLC	45.00%
Managing Member - Olympia Lodging, LLC	99.00%
Managing Member - Orlando Condo, LLC	100.00%
Managing Member - Palm Desert Mezz, LLC	50.00%
Managing Member - Panama City Condo, LLC	100.00%
Managing Member - Prien Lake Hospitality, LLC	33.33%
Managing Member - Pullman Lodging, LLC	45.00%
Managing Member - Reno Airport Mezz, LLC	33.33%
Managing Member - Reno Hospitality Mezz, LLC	33.33%
Managing Member - Richland Hospitality, LLC	47.50%
Managing Member - St. Louis Partners, LLC	82.86%
Managing Member - San Luis Obispo Hospitality, LLC	45.00%
Managing Member - Scottsdale Inns, LLC	25.00%
Managing Member - Seacrest Beach Home, LLC	100.00%
Managing Member - Selman Hangar, LLC	50.00%
Managing Member - SLO Lodging, LLC	45.00%
Managing Member - Sonterra Hotel Investors, LLC	99.00%
Managing Member - Stemmons Hospitality, LLC	40.00%
Managing Member - Sunnyvale Hospitality, LLC	47.50%
Managing Member - Tampa Hospitality, LLC	45.00%
Managing Member -Tower Hospitality, LLC	99.00%
Managing member - TPS Fandango, LLC	45.00%

(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
President - TPS Fayetteville, Inc.	100.00%
Managing Member - Tukwila Hospitality, LLC	57.49%
Managing Member - University Hospitality, LLC	33.33%
Managing Member - WIM-FWB Investors, LLLC.	50.00%
Managing Member - WIM-FWB Investors #2, LLC	50.00%
Managing Member - WIM-FWB RI, LLC	100.00%
Managing Member - WIM-SLT CY, LLC	50.00%
Managing Member - WIM-SWV CY, LLC	50.00%
Managing Member - WIM-SWV RI, LLC	50.00%
Managing Member - WIM-WDM Investors, LLC	45.00%
Managing member - Yellowstone Hotels, LLC	99.00%

I, Dewey F. Weaver, Jr., the below signed Progressive Bancorp, Inc. Director, Executive Officer or Principal Securities Holder, do hereby certify that the above listed information is true and complete as of the date set forth below. I further acknowledge that the above information may be used both internally for internal and/or compliance auditing purposes and will be made available for federal and/or state regulatory review.

I acknowledge my responsibility to keep the Holding Company informed, on a timely basis, of any new relationships, changes in relationships or cessation of relationships which may affect the above provided information before I execute a future worksheet.

Signature

March 9, 2018
Date

☐ **NO** - I do not own, control, or hold with the power to vote 25% or more of the voting securities in any Company (including options, warrants or other securities or rights that can be converted into or exercised for voting securities), or proportionate interest in a partnership.

☒ **YES** – See below supplemental list

(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
POA of Partners-Bourbon & St. Louis Realty Company (A General Partnership)	100% (Power of Attorney)
Partner via LLC-Brickhaven Apartments, LP	NA
Manager and Member via LLC-CMS Apartments, LLC	100% via LLC and Trusts
Manager and Member via LLC-CMS PE Fund I, LLC	100% via LLC and Trusts
Manager and Member via LLC-CMS PE Fund II, LLC	100% via LLC and Trusts
Manager and Member via LLC-CMS PE Fund III, LLC	100% via LLC and Trusts
Manager and Member via LLC-CMS PE Fund IV, LLC	100% via LLC and Trusts
Member via LLC-Collaborative Capital, LLC	NA
Member via LLC-Collaborative Capital, LLC	NA
Member and Manager Colorado Development Partners, L.L.C.	31.6%
Member-Cross Bayou, LLC	NA
shareholder via LLC-Cyber Reef Solutions, Inc.	NA
Limited Partner via LLC-DD Bossier, LP	NA
Control the Member and Manager-Ferndock, LLC	100% via LLC
Limited Partner via IRA-GulliverOne Limited Partnership	NA
Limited Partner via IRA-Gulliver Structured Credit L.P.	NA
POA of Sole Member of Strauss Interests, LLC-JOPA	33.33% via POA and LLC
(Director of SCM, which holds a controlling interest)-Gramin, LLC	NA
Director, Member and Officer-Gulf Inland LLC	26.533% via individual and Trustee
Director, Member and Officer-Gulf South Warehouse, LLC	36% Individual and via POA
POA of Partners-Hurwitz Mintz Realty Company (A General Partnership)	100% (Power of Attorney)
Director, Member and Officer-Jean and Saul A. Mintz Foundation	NA
Director, Member and Officer-Jean and Saul A. Mintz Family Foundation	NA
Manager-KMM Northshore, LLC	85.0%

(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Limited Partner and Manager of General Partner-Londonderry, LP	33% LP Interest
Director and Officer-Loucon, LLC	NA
Director-Louisiana Companies	NA
Limited Partner via LLC-Louisiana Fund II, LP	NA
Director, Secretary, Custodian of Records-Louisianians for American Security Political Action Committee (LASPAC)	NA
Partner via LLC-LSMD, LP	74% LP Interest via LLC; 1% Interest GP via LLC
Director, Member and Officer-MCS Two, LLC	33.0%
Control the Manager-MFM Apartment Homes I, LLC	100% via LLC and Trusts
Manager-MFM Apartment Homes II, LLC	40.0%
Member-MFM Investment Management, LLC	95.0%
Partner-MG2 Partnership (A General Partnership)	16.9% Individually, as POA and as Trustee
Director and Officer-Mintz Group, LLC	100% as POA
Director, Officer and Member-Mintz Holdings, LLC	N/A ~~11.7% Individual and as Trustee~~
Director, Member and Officer-Mintz PE Fund I, LLC	49.5% through various entities (As of 12/31/2015)
Director, Member and Officer-Mintz PE Fund II, LLC	47.6% through various entities (As of 12/31/2015)
Director, Member and Officer-Mintz PE Fund III, LLC	48% through various entities (As of 12/31/2015)
Director, Member and Officer-Mintz PE Fund IV, LLC	47.5% through various entities (As of 12/31/2015)
Director, Member and Officer-Mintz PE Fund V, LLC	47.5% through various entities (As of 12/31/2015)
Director, Member and Officer-Mintz PE Fund VI, LLC	NA
Director, Member and Officer-Mintz PE Fund VII, LLC	29.4% through various entities (As of 12/31/2015)
Director, Member and Officer-Mintz PE Fund VIII, LLC	25% through various entities (As of 12/31/2015)
Director, Member and Officer-Mintz PE Fund IX, LLC	TBD >= 25% through various entities
Limited Partner-Middle Kingdom Investments, SPC (Middle Kingdom Value Fund, SP)	NA
Member-Miro Investments, LLC	NA
Director, Shareholder and Officer-MMK Management Corp	33.3%

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Manager-MOGO Bourbon & St. Louis, LLC	NA
Manager-MOGO, LLC	NA
Member via LLC-Network Foundation Technologies, LLC	NA
Member via LLC and Manager-Nifty Angel Partners, LLC	63.33% via LLC, POA and Trustee
Director-NO/LA Angel Network, LLC (not-for profit)	NA
Director, Member and Officer-Northgate Development, LLC	33.34 Individual and Trustee
Chairman of Board of Directors and CEO-PacTec, Inc.	50% via Voting Trust and Trustee
Director, Member and Officer-Panther II, LLC	52.12 Individual, Trusts and POA
Director, Member and Officer-PTWO, LLC	60% Invididual and via POA
Member via LLC-The Retreat at Westlake, LLC	NA
Member via LLC-The Retreat at Westlake II, LLC	NA
Member by POA-SA Mintz, LLC	100% by POA
Director and Officer-S&D Realty Corp.	33.67% as Trustee
Member-Sally Properties, LLC	50.0%
Director, Member and Officer-SCM, LLC	N
Member-Scottsdale Inns, LLC	25.0%
Member-SDR&R Partners, LLC	34.9%
Member-Sealy Ashley Ridge, LLC	NA
Member-Sealy Heart of Bossier, LLC	NA
Limited Partner-Sealy Heatherwilde, LP	NA
Limited Partner -Sealy Strategic Equity Partners, LP	NA
Member-Sealy Sunflower, LLC	NA
Shareholder via LLC-Servato Corporation	NA
Limited Partner via LLC-SFA Boston 2016, LP	NA
Limited Partner via LLC-Sharpstown Apartments, Ltd.	NA
Series A and AA Units-SmartPak, LLC	NA
Member via LLC-Solis Holdings, LLC	50.0%
Managing Director and POA for sole member-Strauss Interests, LLC	100% as POA
Director and Officer-Strauss Properties, LLC	NA
Director and Officer-Strauss Tallulah, LLC	NA
Member and Manager-Sunbelt Distribution Systems, LLC	50% via LLC and POA
Partner-Tommo Partnership	57.0%
Member-Totomo, LLC	46.3%
Member via LLC-West Woods Haven, LLC	NA
Member via LLC-West Woods Haven II, LLC	NA
Co-Trustee-Alexandra Rose Mann Trust	NA

(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Co-Trustee-Isabelle Nicole Mann Trust	NA
Co-Trustee-The Georgia Caryn Mann Trust	NA
Co-Trustee-The Strauss Edward Mann Trust	NA
Co-Trustee-Carolyn Mintz Kaplan 1995 Family Trusts	NA
Trustee-Clifford Strauss Mintz Grantor Trust	NA
Co-Trustee-Glynn Rose Kaplan 1991 Trust	NA
Co-Trustee-Jack Mintz Kaplan 1996 Trust	NA
Co-Trustee-Layne Michal Kaplan 1991 Trust	NA
Trustee-Mark A Mintz Grantor Trust	100% as Trustee
Trustee and Primary Beneficiary-MFM 2012 STIRS Trust	100% as Trustee
Trustee and Primary Beneficiary-Morris F. Mintz 2012 Family Trust (created under the Saul Mintz and Jean Mintz 2012 Family Trust Agreement)	100% as Trustee
Trustee and Primary Beneficiary-Morris F. Mintz 2014Family Trust (created under the Saul Mintz and Jean Mintz 2012 Family Trust Agreement and Resolution dated January 1, 2014)	100% as Trustee
Co-Trustee-Sally Mintz Mann Children's Class Trust	NA
Trustee-Sarah Gail Mintz 2014 Grantor Trust	100% as Trustee
Co-Trustee-Saul A. Mintz Children's Trust	NA
Co-Trustee-Saul A. Mintz Children's Trust No.2	NA
Co-Trustee-SMM-AEM 2010 Trust	NA
Co-Trustee-The Carolyn Kaplan 2003 Family Trust	NA
Co-Trustee-The Carolyn M. Kaplan Children's Class Trust	NA

I, Morris F. Mintz, the below signed Progressive Bancorp, Inc. Director, Executive Officer or Principal Securities Holder, do hereby certify that the above listed information is true and complete as of the date set forth below. I further acknowledge that the above information may be used both internally for internal and/or compliance auditing purposes and will be made available for federal and/or state regulatory review.

I acknowledge my responsibility to keep the Holding Company informed, on a timely basis, of any new relationships, changes in relationships or cessation of relationships which may affect the above provided information before I execute a future worksheet.

Signature

December 31, 2017
Date