



## **INTERMEDIATE SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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### **PUBLIC DISCLOSURE**

**November 30, 2006**

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

**Metropolitan National Bank  
Charter Number 17591**

**600 South Glenstone Avenue  
Springfield, MO 65802**

**Comptroller of the Currency  
Kansas City South  
1710 East 32<sup>nd</sup> Street, Suite H  
Joplin, MO 64804**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Metropolitan National Bank (MNB) prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. § Part 25.

## **INSTITUTION'S CRA RATING: Metropolitan National Bank is rated Satisfactory.**

The major factors that support this rating are as follows:

- The bank's loan-to-deposit (LTD) ratio is more than reasonable considering the level of competition within the bank's assessment areas (AAs). The quarterly average LTD ratio calculation since the last CRA evaluation to September 2006 is 107 percent.
- A significant majority of the bank's loans by number and dollar are in the AA.
- MNB's record of lending to businesses of different sizes and to borrowers of different income levels is excellent. The bank's primary lending products consist of commercial real estate (commercial) and residential real estate (residential) loans by number and dollar of loans originated during the evaluation period.
- The geographic distribution of borrowers reflects, for products offered, reasonable penetration among customers of different income levels and businesses of different sizes. For commercial loans, the bank's penetration of loans in moderate-income census tracts compares favorably to area demographics. For residential loans, the bank's performance exceeds area demographic data in the low-income tracts.
- MNB's performance under the Community Development test is adequate. MNB is generally responsive to community development needs throughout its AA. The bank's community development activities primarily target social services for low- and moderate-income individuals in the AAs.

## **SCOPE OF EXAMINATION**

We used a combination of bank and examiner generated loan/demographic reports to evaluate the bank's CRA performance. Consistent with the bank's business strategy, primary products by dollar and number are commercial loans followed by residential loans. We evaluated the bank's reported Home Mortgage disclosure Act (HMDA) data from January 1, 2005 through September 30, 2006 because of merger activity in 2004. We evaluated the bank's community development loans, services, and investments from March 31, 2004 through September 30, 2006. We performed a data integrity review of reported HMDA data and determined the level of errors for CRA data was not significant.

MNB's received a rating of "Satisfactory" for Large Banks at its last CRA examination dated February 27, 2004. We used Intermediate Small Bank Examination Procedures to evaluate the bank's CRA performance for this examination. This is the bank's first evaluation under these procedures. MNB has three distinct AAs in ten counties, all located in Missouri. This evaluation does not include an assessment of affiliate activities.

## **DESCRIPTION OF INSTITUTION**

MNB is a \$550 million financial institution wholly owned by the Marshfield Investment Company, a \$552 million holding company located in Springfield, Missouri.

MNB is a full-service institution offering a full range of loan and deposit products. MNB's primary business focus is commercial loans to small- and medium-sized businesses. Residential loans are a significant product for the bank. Since the last CRA examination, the holding company merged two affiliate banks into the Metropolitan National Bank charter. As of September 31, 2006, the bank's loan portfolio by dollar volume consisted of 53 percent commercial real estate loans, 31 percent residential real estate loans, 11 percent commercial loans, 3 percent consumer loans, and 2 percent agriculture loans. Loans represent 85 percent of total assets, and MNB's LTD ratio is 108 percent for the same period. There are no legal, financial, or other constraints limiting MNB's ability to meet the credit needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREAS**

MNB is an intrastate bank with three distinct AAs. The primary AA (AA#1) is the Springfield, Missouri metropolitan statistical area (MSA) comprising Christian, Dallas, Green, Polk, and Webster Counties. Two non-MSA AAs comprise the (AA#2) Kimberling City (Stone and Taney Counties) and (AA#3) Lamar markets (Barton County and portions of Dade and Jasper Counties). AA#1 and AA#2 are contiguous political subdivisions. AA#3 is primarily a rural agricultural community located in Western Missouri. MNB has ten branches with on-premises ATMs; two stand alone ATMs, a drive-through facility, a mortgage loan production office, and an operations facility located within the AA. All but one office are located in middle-income census tracts.

AA#1 includes six branches with on-premises ATMs, two stand alone ATMs, the loan production office, and operations facilities located within middle-income census tracts. The main bank with an on-premise ATM is located in a moderate-income tract. This AA has eighty-five census tracts with two designated low-income (one encompasses the federal medical prison, and the other is the downtown historic district, which is undergoing revitalization), eighteen moderate-income, forty-four middle-income, and twenty-one upper-income tracts. Competitive factors have the greatest impact on the ability of the bank to originate loans to various segments of the AA population or within certain geographic areas within the AA. There are forty-three banks with 164 banking offices within the AA. MNB ranks 12<sup>th</sup> in market share among the top 25 financial institutions granting residential loans within the AA.

AA#2 includes branches located in Blue Eye, Branson West, Hollister, and Kimberling City. Stone and Taney Counties are designated economically distressed middle-income counties based on high unemployment rates. MNB has four non-deposit ATM locations within this AA. All census tracts in this AA are middle-income tracts.

AA#3 consists of all of Barton County, half of Dade County, and the northern census tract in Jasper County. The Golden City branch, near the Barton-Dade county line, serves the Dade County census tract. Dade County is designated an underserved middle-income area due to its remote rural location. MNB has two non-deposit ATM locations within this AA. All census tracts in this AA are middle-income.

Economic conditions are improving, with the southern counties in AA#1 and Stone County in AA#2 experiencing the strongest growth. The unemployment rate is 2.55 percent in AA#1, 4.39 percent in AA#2, and 2.01 percent in AA#3. The labor market remains relatively strong, and solid job growth may help offset the effect of rising mortgage rates. Primary employment sectors for AA#1 are in education and health care with 18 percent; retail trade and government with 13 percent; manufacturing with 8 percent; and lodging and food services with 7 percent of the work force.

During the evaluation, we contacted two local community organizations. Both community contacts state the primary credit needs are to offer or participate in affordable loan programs to enable homeownership by low- and moderate-income families.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The Lending Test is rated “High Satisfactory”.

The Community Development Test is rated “Satisfactory”.

### Lending Test

#### Loan-to-Deposit Ratio

MNB's LTD ratio is more than reasonable considering the level of competition in the bank's AA. The bank's quarterly average LTD ratio since the last CRA examination is 106.21 percent.

Although the ratio is near the middle of the six similarly situated independent banks in the AA, it is slightly below the average of 107.29 percent. The average for these institutions ranged from a low of 88.33 percent to a high of 139.39 percent LTD ratio for the past fourteen quarters. The asset size of the institutions including that of MNB ranged from \$306 million to \$847 million. Of the seven institutions in this comparison, MNB is the third smallest in asset size.

#### Lending in Assessment Area

MNB's record of lending within its AA is excellent. For loans evaluated from 2005 through September 2006, MNB originated 93 percent by number within its AA. By loan product, MNB originated 97 percent of commercial loans and 93 percent of residential real estate loans within its AA.

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

MNB's level of lending to businesses and borrowers of different income levels is excellent in all three AAs. The bank's small business lending activity carries heavier weight due to the bank's volume of loans and focus on this sector. The number of loans originated to businesses is excellent given the demographics of the assessment areas. MNB's level of lending to borrowers of different income levels is excellent considering the number of borrowers living at or below the poverty level. Our analysis of residential loans for 2005 and 2006 and our sample of 20 originations of commercial loans for each AA are displayed in the following graph.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
<b>AA#1</b> Purchase/Refi	17.54%	10.48%	19.69%	<b>18.47%</b>	24.11%	22.02%	38.66%	46.13%
<b>AA#2</b> Purchase/Refi	16.23%	4.92%	18.58%	14.25%	25.52%	25.13%	39.67%	53.89%
<b>AA#3</b> Purchase/Refi	18.77%	12.50%	19.31%	<b>35.42%</b>	24.35%	37.50%	37.57%	12.50%

Source: Data reported under HMDA.

<b>Table 2A - Borrower Distribution of Loans to Businesses</b>				
Business Revenues (or Sales)	< 1,000,000	>\$1,000,000	Unavailable/Unknown	Total
<b>% of AA#1 Businesses</b>	60.04%	5.42%	34.54%	100%
% of Bank Loans in AA1 by #	<b>92.00%</b>	0%	8.00%	100%
% of Bank Loans in AA1 by \$	<b>96.65%</b>	0%	3.36%	100%
<b>% of AA#2 Businesses</b>	59.36%	3.16%	37.48%	100%
% of Bank Loans in AA2 by #	<b>100%</b>	0%	0%	100%
% of Bank Loans in AA2 by \$	<b>100%</b>	0%	0%	100%
<b>% of AA#3 Businesses</b>	39.42%	2.69%	57.88%	100%
% of Bank Loans in AA3 by #	<b>75.00%</b>	5.00%	20.00%	100%
% of Bank Loans in AA3 by \$	<b>41.17%</b>	55.90%	2.94%	100%

### Geographic Distribution of Loans

MNB's geographic distribution of credit reflects reasonable penetration throughout AA#1 based on our sample of 20 originations for commercial and all HMDA residential real estate loans. We did not perform a geographic distribution analysis for AA#2 and AA#3 as all tracts are middle-income and an analysis would not be meaningful.

Opportunities for lending in low-income tracts are limited, as the two low-income census tracts do not generate much loan demand. One low-income census tract contains the federal medical prison. The other is Springfield's historic downtown district that is undergoing revitalization. Revitalization funding comes from grants and donations. The geographic distribution of commercial loans is reasonable with above demographic performance in the low-income group and reasonable penetration within the moderate-income group. The geographic distribution of residential loans penetration is equal to or slightly below demographics in the low- and moderate-income categories for residential loans. The following table provides a summary of the geographic distribution of the bank's loan originations for AA#1.

<b>Table 3 - Geographic Distribution of Residential Real Estate Loans AA#1*</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase Refinance	0.04%	<b>0.08%</b>	16.16%	11.77%	56.80%	63.15%	27.01%	25.00%

Source: Data reported under HMDA. \*NonMSAs tracts are all middle income – analysis not meaningful.

**Table 3A - Geographic Distribution of Loans to Businesses in AA#1\***

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	2.96%	0%	18.40%	15.00%	65.96%	85.00%	16.77%	0%

*Source: Loan sample. \*Geographic distribution analysis is not meaningful for AA#2 or AA#3 as census tracts are all middle income tracts.*

### **Community Development Test**

MNB's community development performance is adequate. Bank management responds to the community's needs through community development activities, lending, investment, and services.

Community contacts and contextual research identified needs for low- and moderate-income family housing and educational assistance on money management for individuals. MNB has made community development loans and investments that provide housing and other benefits to low- and moderate- income individuals. Bank staff members offer their financial expertise and time to support organizations that provide services targeted to low- to moderate- income individuals.

#### *Community Development Loans*

MNB made no loans meeting the regulatory definition of community development loans during the evaluation period

#### *Qualified Investments and Donations*

MNB invested \$530 thousand in a variety of investments that address long-term essential community needs. The number and dollar volume of donations to organizations with a community development purpose is adequate. During 2004, 2005, and 2006, the bank donated \$62,075 to organizations that serve low- to moderate- income individuals within its AAs. Eight different organizations that primarily serve low- and moderate- income individuals received donations. The amount of contributions has an adequate impact in meeting identified community development needs in the AA.

#### *Community Development Services*

The distribution of MNB's offices and service delivery systems are adequate and accessible to individuals of different income levels within the three AAs. The bank has ten branches, with customer access at ten 24-hour ATMs, along with two non-branch 24-hour ATM locations. Bank personnel provide a satisfactory level of services at branch locations. Banking hours do not vary in a way that inconveniences individuals, and drive-up facilities offer extended hours on Monday - Friday and are open Saturday. MNB consolidated two affiliated institutions in 2004, First National Bank of Lamar and Bank of Kimberling City.

MNB also opened a non-branch operations facility in 2006 located in Springfield, Missouri. A new banking facility is under construction at 2900 E. Battlefield, Springfield, Missouri. Management plans to convert the Blue Eye location into a full-service location.

MNB offers Internet banking, low cost electronic transfer accounts, and other alternative delivery services. However, bank management does not maintain information to demonstrate the effectiveness or impact of these services to low- or moderate-income geographies or individuals.

Bank staff members provide financial expertise to six different organizations that promote community development initiatives in the AAs. One organization helps facilitate housing for low- to moderate- income families. Three organizations provide financing for small businesses within identified low- to moderate- income tracts or economically distressed communities. One task force is working toward alleviating the causes and conditions of poverty within economically distressed communities, and another organization provides a financial literacy program to elementary age students located in economically distressed communities.

### **Responses to Complaints**

MNB has not received any complaints during this evaluation period in regards to its CRA performance.

### **Fair Lending or Other Illegal Credit Practices Review**

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

Please refer to the bank's CRA Public File for more information.