

## **PUBLIC DISCLOSURE**

**November 2, 1998**

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

**Metrobank, N.A.  
Charter Number 23175  
Paul Revere Square  
2322 E. Kimberly Road  
Davenport, Iowa 52807**

**Office of the Comptroller of the Currency  
440 South LaSalle Street, Suite 2700  
Chicago, Illinois 60605**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency, when examining financial institutions subject to its supervision, to use its authority 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 the examination's conclusion, 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 **Metrobank, N.A. (MB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **November 2, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

*This evaluation covers the period from January 1, 1997 to November 2, 1998. There was no prior CRA evaluation for this institution. Previously, there were two banks which merged to form the current institution.*

**INSTITUTION'S CRA RATING:** This institution is rated "Satisfactory Record of Meeting Community Credit Needs" within the Davenport-Moline-Rock Island Metropolitan Statistical Area (MSA).

The major factors supporting the institution's rating are as follows:

- A majority of Metrobank's loan originations are located within the bank's assessment area.
- The geographic distribution of lending shows adequate penetration in all income level census tracts.
- Lending to borrowers of different income levels, including low- and moderate-income individuals, is reasonable.
- Metrobank's record of lending to small businesses within its assessment area is good.
- Investments for community development are adequate.
- The bank's services are reasonably accessible to individuals throughout the assessment area.

The following table indicates the performance level of **Metrobank, N.A.** in the Davenport-Moline-Rock Island MSA with respect to the lending, investment, and service tests.

Performance Levels	Metrobank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	<b>X</b>	<b>X</b>	<b>X</b>
Low Satisfactory			
Needs To Improve			
Substantial Noncompliance			

\*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

## DESCRIPTION OF INSTITUTION

### *Bank Profile:*

Metrobank is a full-service \$309 million bank headquartered in Davenport, Iowa, in east central Iowa. It's main operations are from its office in downtown East Moline, Illinois. The bank has a total of ten branch offices and twenty-five Automated Teller Machines (ATMs). Branches and ATMs are located throughout the area, including low- and moderate-income Census Tracts (CTs).

MB is wholly-owned by Metrocorp, a one bank holding company. The bank offers traditional banking services and lending products. Their primary business focus is residential real estate, commercial, and instalment lending. The loan portfolio mix is as follows: residential real estate 34%, commercial 34%, and consumer 32%. The institution is capable of meeting the community's credit needs based on its financial condition and size; products offerings; legal impediments; and other factors.

**Assessment Area Profile:**

Metrobank’s assessment area (AA) is comprised of the entire Davenport-Moline-Rock Island Multi-State MSA (MSA 1960), located along the Illinois and Iowa state line. MSA 1960 consists of ninety-six CTs in Rock Island, Scott, and Henry counties. Larger cities in this MSA are Rock Island, Moline, and East Moline in Illinois, and Bettendorf and Davenport in Iowa. The Mississippi River, along the Illinois and Iowa state line, is a major barrier between the two states.

According to 1990 census data, the total population of the bank’s AA is 350,861. The 1997 Davenport-Moline-Rock Island MSA median family income is \$45,400. Potential borrowers earning less than 50% of the MSA statewide median family income are designated as low-income, while those earning 50% - 80%, 80% - 120%, and more than 120% are designated as moderate-, middle-, and upper-income, respectively. Within the AA, 20% of the families are low-income, 18% are moderate-income, 23% are middle-income, and 39% are upper-income.

<b>Demographic Information</b>						
<b>Income Level of CT</b>	<b>Total Population</b>	<b>%</b>	<b># of CT</b>	<b>%</b>	<b># of Owner Occupied Units</b>	<b>% of Owner-Occupied Units</b>
Low-Income	10,124	3%	7	7%	5,252	1%
Moderate-Income	56,429	16%	22	23%	25,894	14%
Middle-Income	226,236	64%	52	54%	91,303	67%
Upper-Income	58,072	17%	15	16%	23,138	18%
<b>Total</b>	<b>350,861</b>	<b>100%</b>	<b>96</b>	<b>100%</b>	<b>145,587</b>	<b>100%</b>

Source: CRA Wiz Reports.

There are 145,587 total housing units in the AA, of which 64% are owner-occupied, 30% are rental-occupied, and 6% are vacant. The median housing value is \$49,446 with a median year built of 1956.

The area’s local economy is stable with an unemployment rate of 4%. The service industry is the largest industry in MSA 1960, followed by retail trade and manufacturing. Major employers include: Deere & Company, a farm equipment manufacturer; Rock Island Arsenal, a federal munitions depot and manufacturing facility; ALCOA, an aluminum-steel manufacturer; and Genesis Medical Center. A majority of the businesses in the AA are small businesses (revenues less than \$1 million).

The market for financial services is very competitive as there are numerous financial institutions in the AA. There are also several branches of multi-national banks headquartered elsewhere in Illinois, Iowa, or United States. Metrobank's primary competitors consist of national and state-chartered financial institutions, and credit unions. Blackhawk State Bank and Quad City Bank and Trust are the similarly situated institutions within the AA which were identified based on asset size and/or business focus.

A number of community contacts have been made in the AA within the past year. We relied upon the information in these contacts. Recent contacts with area leaders identified residential mortgage, business, and consumer loans as the community's most pressing credit needs. The contact also indicated local financial institutions are responsive to community credit needs and there are no significant unmet credit needs in the community.

## CONCLUSIONS ABOUT PERFORMANCE TESTS

Metrobank's overall CRA performance is **Satisfactory**. The bank has offices in only one MSA, therefore, our conclusions relating to the entire bank also apply to this MSA.

### LENDING TEST

#### *Major Conclusions:*

- Metrobank's lending levels for Home Mortgage Disclosure Act (HMDA), small business, consumer, and community development loans reflect good responsiveness to assessment area credit needs. MB originated 2,394 loans totaling over \$70 million in their assessment area in the past two years.
- A majority of the loans originated (93% of the dollar volume of loans) are made within the institution's assessment area.
- Metrobank's geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The bank's distribution of borrowers reflects adequate penetration among customers of different income levels.
- The bank's record of lending to small businesses is good.
- Community development lending is reasonable as this bank has contributed to the community needs.
- The bank offers flexible and innovative products.

#### *Scope:*

Our analysis included small business, HMDA (home purchase, home improvement, and home refinance), consumer, and community development loans. Small farm lending was not included since the bank's assessment area is urban and there are very limited opportunities for this type of lending. Metrobank elected to have its consumer lending activity included in the CRA evaluation. Student loans were not included in this analysis as demographic information was not available.

### ***Lending Activity:***

Metrobank's largest product by number of loans made in the evaluation period is HMDA loans at 1,403. The bank's second highest volume of lending is consumer loans with 812 loans made during the evaluation period. In terms of dollar volume, HMDA is the bank's largest loan activity, with business loans at the next highest volume. The high concentration of HMDA lending is a good indicator of MB's focus on meeting the housing needs of the AA. MB's commitment to meeting its AA credit needs is further demonstrated by the volume of small business loans in the area.

### ***Lending in Assessment Area***

A majority of the bank's loans are located within the AA. The following table details the bank's lending within and outside of the AA by dollar volume and number of loan originations between January 1, 1997 and November 2, 1998 (evaluation period).

Loan Type	Dollar Volume		Number of Loans	
	Within AA	Outside AA	Within AA	Outside AA
Residential Real Estate (HMDA loans)	\$52,177,166	\$4,981,757	1,403	728
	91%	9%	66%	34%
Business	\$11,507,029	\$362,182	179	8
	97%	3%	96%	4%
Consumer*	\$6,331,032	\$328,576	812	54
	95%	5%	94%	6%
Total	\$70,015,227	\$5,672,515	2,394	790
	93%	7%	75%	25%

Source: Bank Reports, HMDA LAR, and CRA Disclosure reports (1/1/97 to 11/2/98)

\* Does not include student loans

### ***HMDA Lending***

MB's HMDA lending levels reflect good responsiveness to community credit needs. The following table details the number and dollar of mortgage loans by loan type originated inside the bank's assessment area:

<b>HMDA Originations Within AA</b>				
<b>Loan Type</b>	<b>1997</b>		<b>1998</b>	
	<b>Number</b>	<b>Dollar Volume</b>	<b>Number</b>	<b>Dollar Volume</b>
<b>Home Purchase</b>	139	\$8,619,841	302	\$15,077,354
	26%	46%	35%	45%
<b>Refinance</b>	123	\$6,957,135	225	\$14,014,210
	23%	37%	26%	42%
<b>Home Improvement</b>	279	\$3,074,069	335	\$4,434,557
	51%	17%	39%	13%
<b>Total</b>	541	\$18,651,045	862	\$33,526,121
	100%	100%	100%	100%

Source: HMDA LAR (1997 and YTD 1998)

**Geographic Distribution of Loans Within the Assessment Area**

The distribution of loans originated by Metrobank during the evaluation period reflects adequate penetration in all income level census tracts. One percent of the number and 1% of the dollar



amount of home mortgage lending compares with 1% owner-occupied housing in low-income areas. Additionally, thirteen percent of the number and 9% of the dollar amount of home mortgage lending compares with 14% owner-occupied housing in moderate-income CTs. There were no CTs within the AA in which the bank had no HMDA lending activity.

With only 15% of the owner-occupied housing units in the AA located in the low- and moderate-income CTs, HMDA-related lending opportunities are limited. Many of the low- and moderate-income CTs consist of downtown areas and are primarily business districts which have very few residents.

Consumer lending reflects adequate penetration throughout the assessment area. One percent of the dollar amount of consumer loans were made in low-income CTs. An additional 23% were originated to consumers located in moderate-income CTs.

Metrobank's small business lending distribution is good. The bank's lending exceeds the AA's distribution of low- or moderate-income CTs. Nine percent of the dollar amount of small business loans were made to businesses located in low-income CTs. An additional 43% were made to businesses located in moderate-income CTs.

The following three tables reflect the geographic distribution of residential real estate and consumer loan originations between January 1, 1997 and November 2, 1998. Our analysis is based on 97% of the number of residential real estate loans as 3% of the loans geographic information was unavailable. All consumer loans except student loans originated in the evaluation period were reviewed.

<b>Geographic Distribution of Residential Real Estate Loans</b>					
<b>Income Level of CT</b>	<b>% of Owner Occupied Housing</b>	<b>1997-1998</b>			
		<b>Dollar Volume</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>Low-income</b>	1%	\$115,400	1%	7	1%
<b>Moderate-Income</b>	14%	\$4,715,071	9%	179	13%
<b>Middle-Income</b>	67%	\$37,892,785	75%	1,014	74%
<b>Upper-income</b>	18%	\$7,960,304	15%	165	12%
<b>Total</b>	100%	\$50,683,560	100%	1,365	100%

Source: HMDA LAR (1997 and YTD 1998)

<b>Geographic Distribution of Residential Real Estate Loans By Loan Type (1997- 1998)</b>
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Type of Loan	Income Level of Census Tract							
	Low income		Moderate income		Middle income		Upper income	
	#	\$	#	\$	#	\$	#	\$
Home Purchase	1	\$18,000	51	\$2,189,865	317	\$16,665,300	66	\$4,301,170
	1%	1%	11%	9%	73%	72%	15%	18%
Refinance	0	\$0	29	\$1,420,065	264	\$15,727,492	43	\$2,875,988
	0%	0%	9%	7%	78%	79%	13%	14%
Home Improvement	6	\$97,400	99	\$1,105,141	430	\$5,468,537	56	\$783,146
	1%	1%	17%	15%	73%	73%	9%	11%

Source: HMDA LAR (1997 and YTD 1998)

Geographic Distribution of Consumer Loans*					
Income Level of CT	% of CTs	1997-1998			
		Dollar Volume	Percent	Number	Percent
Low-income	7%	\$32,285	1%	6	1%
Moderate-Income	23%	\$1,476,440	23%	145	18%
Middle-Income	54%	\$4,262,985	67%	593	73%
Upper-income	16%	\$559,322	9%	68	8%
<b>Total</b>	<b>100%</b>	<b>\$6,331,032</b>	<b>100%</b>	<b>812</b>	<b>100%</b>

Source: Bank Reports (1/1/97 to 11/2/98)

\*Excludes student loans

The following table discloses the geographic distribution of all small business loans originated within the AA for the evaluation period. The bank originated small business loans in all of the CTs in the AA during the evaluation period.

<b>Geographic Distribution of Business Loans</b>					
<b>Income Level of CT</b>	<b>% of Businesses in CT</b>	<b>1997-1998</b>			
		<b>Dollar Volume</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>Low-income</b>	8%	\$1,067,672	9%	5	3%
<b>Moderate-Income</b>	22%	\$4,948,964	43%	45	25%
<b>Middle-Income</b>	55%	\$4,519,144	39%	96	54%
<b>Upper-income</b>	15%	\$971,249	9%	33	18%
<b>Total</b>	100%	\$11,507,029	100%	179	100%

Source: CRA Disclosure reports for 1997 and 1998

***Distribution by Borrowers' Income Inside the Assessment Area***

The distribution of residential real estate and consumer lending reflects adequate penetration among individuals of different income levels including low- and moderate-income individuals. Income data was available on 83% of the residential real estate loans and 90% of the consumer loans originated within the AA during the evaluation period. Thirty-one percent were originated to low-income borrowers. An additional 53% were originated to moderate-income borrowers, respectively. Additionally, the bank has approved \$9.1 million in student loans in the past year which also benefits low- and moderate-income borrowers.

The following tables summarize the bank's distribution of loan originations among borrowers of different income levels:

<b>Residential Real Estate Lending to Borrowers of Different Income Levels</b>					
<b>Income Level of Borrower</b>	<b>% of Families</b>	<b>\$ Volume Originated</b>	<b>% Originated</b>	<b># Originated</b>	<b>% Originated</b>
<b>Low-income</b>	20%	\$2,044,035	4%	107	9%
<b>Moderate-income</b>	18%	\$8,016,423	17%	261	23%
<b>Middle-income</b>	23%	\$11,940,759	26%	342	29%
<b>Upper-income</b>	39%	\$24,893,658	53%	460	39%
<b>Total</b>	100%	\$46,894,875	100%	1,170	100%

Source: HMDA LAR (1997 and YTD 1998)

<b>Income Distribution of Residential Real Estate Loans By Loan Type (1997- 1998)</b>								
<b>Type of Loan</b>	<b>Income Level of Borrower</b>							
	<b>Low income</b>		<b>Moderate income</b>		<b>Middle income</b>		<b>Upper income</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
<b>Home Purchase</b>	29	\$1,051,672	81	\$4,185,348	87	\$5,042,458	104	\$9,192,877
	10%	5%	27%	22%	29%	26%	34%	47%
<b>Refinance</b>	14	\$508,411	58	\$2,646,407	100	\$5,019,767	170	\$12,508,660
	4%	3%	17%	13%	29%	24%	50%	60%
<b>Home Improvement</b>	64	\$483,952	121	\$1,174,668	155	\$1,829,784	186	\$3,192,121
	12%	7%	23%	18%	30%	27%	35%	48%

Source: HMDA LAR (1997 and YTD 1998)

<b>Consumer Lending* to Borrowers of Different Income Levels</b>					
<b>Income Level of Borrower</b>	<b>% of Families</b>	<b>\$ Volume Originated</b>	<b>% Originated</b>	<b># Originated</b>	<b>% Originated</b>

<b>Low-income</b>	20%	\$729,651	15%	158	22%
<b>Moderate-income</b>	18%	\$1,303,337	26%	217	30%
<b>Middle-income</b>	23%	\$1,360,103	27%	187	25%
<b>Upper-income</b>	39%	\$1,595,779	32%	166	23%
<b>Total</b>	100%	\$4,988,870	100%	728	100%

Source: Bank Records (1/1/97 to 11/2/98)

\*Does not include student loans

MB's lending levels for small business loans reflect very good responsiveness to community credit needs. All business loans were to businesses with revenues less than \$1 million. This compares favorably to the distribution of businesses as 71% have revenues less than \$1 million, 9% have revenues over \$1 million, and 10% of the businesses revenues are unknown. As detailed in the following table, a substantial portion of the loans originated during the evaluation period to small businesses originated for less than \$50,000.

<b>Distribution of Small Business (Revenues Less Than \$1 Million) By Loan Size</b>				
<b>Loan Size (\$)</b>	<b>1997-1998</b>			
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>&lt;\$50,000</b>	132	74%	\$1,731,746	15%
<b>\$50,000 - \$99,999</b>	18	10%	\$1,122,122	10%
<b>\$100,000 - \$249,999</b>	18	10%	\$2,603,161	23%
<b>\$250,000 - \$999,999</b>	11	6%	\$6,050,000	52%
<b>Total</b>	179	100%	\$11,507,029	100%

Source: CRA Disclosure Reports (1997 to YTD 1998).

### ***Community Development Lending***

- Metrobank has made an adequate level of community development loans.

The bank made six loans totaling \$370,000 which meet the definition of community development lending. These loans were included in HMDA and small business data within this report.

### **Product Innovation**

Metrobank offers innovative and/or flexible lending practices in order to serve AA credit needs, including below-market interest rates, extended terms, and telephone banking.

Metrobank originates loans through the Illinois Housing Development Authority program (IHDA). The bank's portfolio currently includes \$2.4 million in IHDA loans. First time homebuyers meeting maximum income and purchase price guidelines are eligible for the program.

The bank made a number of loans for rehabilitation of affordable housing in low- and moderate-income CTs:

- A \$17,000 loan to a church for renovation of an abandoned home in East Moline which was subsequently sold to a low-income, elderly borrower. The sales price of the property was not sufficient to service the interest on the interim loan, so MB waived the interest.
- A \$32,000 loan to a low-income individual through Project Now, Inc., and the Association for Retarded Citizens of Rock Island County for affordable housing. Project Now is a not-for-profit community action agency designed to provide low-income borrowers assistance in purchasing a home. The down payment and closing costs were paid by a grant from the Illinois Housing Development Agency.

The bank offers low interest loans for businesses and residential properties through its own "Facade Program." The bank has committed up to \$400M to this program.

### **Compliance with Antidiscrimination Laws**

Metrobank has a satisfactory record of complying with the anti-discrimination laws (ECOA, FHA, and HMDA). No violations of the substantive provisions of the anti-discrimination laws and regulations were discovered during our examination.

## **INVESTMENT TEST**

### **Major Conclusions:**

- Metrobank has an adequate level of qualified community development investments and grants.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution makes significant use of innovative and/or complex investments to support community development initiatives.

**Scope:**

The review of investments included an analysis of the investments, grants, and donations provided to community service organizations.

The bank is a major contributor to and provides office space for REDEEM (Revitalize and Develop East Moline), which promotes community development in low- and moderate-income CTs in East Moline. REDEEM provides financial assistance to established businesses; encourages businesses to relocate to the area; offers low-interest loans and grants to new or existing businesses; provides assistance to businesses which will provide job training for unemployed or under-employed individuals, and purchases and demolishes blighted or unsafe properties for building sites.

One of REDEEM's projects is the North Hill Development. This project will provide affordable housing for senior citizens (146 independent living apartments and 34 condominium units). A Tax Increment Financing District (TIF) has been formed to assist in the redevelopment project. Metrobank has invested \$725,000 in these TIF bonds.

Metrobank purchased \$35,000 in East Moline, Illinois, bonds used to construct senior housing in a TIF district. While not specifically reserved for low- or moderate-income individuals, the project promoted community development in a moderate-income CT.

City of East Moline grant program is an aid to low- and moderate-income housing. The bank committed \$100,000 to the lending pool.

Great River Road Industrial Parkway is another one of REDEEM's projects. This project's objectives is to upgrade the access through the riverfront area (a moderate-income area) while integrating East Moline's Industrial Parkway with the Great River Road corridor. The bank purchased \$1.4 million TIF bonds for this project.

**SERVICE TEST**

***Major Conclusions:***

- Metrobank's delivery systems are reasonably accessible to all portions of the bank's AA, including low- and moderate-income CTs.

- The institution has opened four branches during this evaluation period which has improved the accessibility of its delivery systems particularly in low- and moderate-income geographies.
- Services, including business hours, are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income individuals and geographies.
- MB provides an adequate level of community development services.

***Scope:***

Our evaluation of services included analyzing the availability and effectiveness of the bank's branch/ATM network for delivering retail banking services. We also considered the extent and innovativeness of its community development services in meeting the credit needs of the assessment area. We also reviewed the changes in branch locations since the previous CRA examination.

**Retail Services**

The following table displays Metrobank's current distribution of delivery systems:

<b>Distribution of Delivery Systems</b>
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<b>Income Level of Census Tract</b>	<b># of Branches</b>	<b>%</b>	<b># of ATM's</b>	<b>%</b>	<b>Distribution of CT in MSA 1960</b>	<b>Distribution of Population in MSA 1960</b>
<b>Low Income</b>	0	0	0	0	7%	3%
<b>Moderate Income</b>	2	20%	4	16%	23%	16%
<b>Middle Income</b>	6	60%	12	48%	54%	64%
<b>Upper Income</b>	2	20%	9	36%	16%	17%
<b>Total</b>	10	100%	25	100%	100%	100%

Source: Bank Records

- The bank opened four branches in the past three years. One branch is located in a moderate-income area, one in a middle-income area, and two are in upper-income areas. These openings have improved the accessibility of delivery systems, particularly in low- and moderate-income CTs and/or to low- and moderate-income individuals. No branch closings have occurred since the last examination.
- No banking facilities or ATM's are located inside low-income census tracts. However, some bank facilities are in locations relatively close to low-income census tracts and are readily accessible to bank customers.
- All branches are full service and staffed with a loan officer and a customer service representative. There are no differences in services available at the various locations.
- Business hours and services are tailored to the convenience and needs of the AA. MB has extended banking hours through its walk-up and drive-through facilities six days a week. The Moline Walmart branch is open on Sundays. ATM's are available twenty-four hours a day.
- MB offers twenty-four hour telephone automated banking services through its *TeleKwik*® product. Customers have the ability to transfer funds between deposit accounts.
- A new electronic banking service, "Home Banking" (via personal computer), is under development.
- The bank maintains eighteen full service ATM's. The remaining seven are cash-dispensing ATM's.
- The bank has bilingual translation services available for the large Spanish-speaking population in the area. All ATM's are bilingual.

**Community Development Services**

The bank participates in a loan program with Project Now, Inc., which promotes access to affordable housing in Rock Island, Mercer, and Henry Counties in Illinois. MB provides services by pre-qualifying potential first time homebuyers for participation in Project Now's funding program for low-income households. The bank also distributes brochures explaining the program through its various banking locations.

Real estate lender Cheryl Bean serves as Board President of Hearts and Hammers QCA, which raises funds and recruits volunteers to perform repairs on houses owned by low- and moderate-income persons. Trust officer Nancy Hamilton is also on this committee.

President Gary Andersen serves as Treasurer for REDEEM, which promotes community development in low- and moderate-income CTS in East Moline.