



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

January 17, 2012

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MetroBank, National Association  
Charter Number: 21017

9600 Bellaire Boulevard, Suite 252  
Houston, Texas 77036

Office of the Comptroller of the Currency

Houston Field Office  
1301 McKinney Street, Suite 1410  
Houston, Texas 77010-3031

**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.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

MetroBank, National Association (Metro) has a Satisfactory record of meeting community credit needs based on the following:

- The level of community development (CD) lending and investments shows excellent responsiveness. Metro originated a significant level of qualified loans and made two large qualified investments during the evaluation period.
- The geographic distribution of loans to businesses reflects excellent dispersion for low- and moderate-income tracts in the assessment area (AA).
- Lending to businesses of different sizes in the AAs reflects reasonable penetration and meets the standards for Satisfactory performance.
- A substantial majority of lending is inside Metro's AAs.
- The loan-to-deposit ratio is reasonable and slightly exceeds a ratio of peer group banks in the AAs.

## **Scope of Examination**

We completed a full-scope review of Metro's CRA activities in the two AAs of Houston and Dallas. Metro was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a CD test. The lending test evaluates the bank's record of meeting the credit needs of the bank's AA through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services.

The lending test for Metro covers its performance from January 1, 2008 through December 31, 2010 and included a review of all commercial loans to businesses during the evaluation period. This was a total of 726 loans. We performed a distribution analysis on all 621 loans originated in the AAs. The evaluation period for the CD test is from September 22, 2008 to January 17, 2012.

Metro's primary lending focus is lending to small- and medium-size businesses. While the bank is not required to report this loan data, management has elected to collect it and present it for analysis. This data was tested and found to be reliable. Therefore, it was used to evaluate the bank's lending test performance. The bank reports home mortgage data under the requirements of the Home Mortgage Disclosure Act (HMDA). However, the number of HMDA loans the bank originates is minimal, as Metro only originates these loans as an accommodation to its customers. As of September 20, 2011, residential 1-4 family totaled 1.75 percent and of the loan portfolio while multi-

family and consumer accounted for 4.12 percent and .27 percent, respectively. Therefore, home mortgage loans were not selected as a primary loan product for analysis.

## **Description of Institution**

Metro is wholly owned by MetroCorp Bancshares, a multi-bank holding company organized in 1998. Metro is a full-service community bank headquartered in Houston, Texas at 9600 Bellaire Boulevard. It has thirteen full service locations, nine in Houston in Harris County, Texas; two in Sugar Land in Fort Bend County, Texas; one each in Dallas, Texas; Richardson in Dallas County, Texas; Garland in Dallas County, Texas; and Plano in Collin County, Texas. Metro also operates one limited service branch inside the 99 Ranch Market in west Houston.

Metro, which primarily serves the Asian community, also operates two representative offices in China, one in Xiamen, China and the other in Chongqing, China. These offices are part of the bank's strategy of building an international banking network.

As of September 30, 2011, Metro had assets of \$1.11 billion and a Tier One Leverage Capital ratio of 11.42 percent. The Board of Directors signed a formal enforcement action with the Comptroller of the Currency on August 10, 2009, related to asset quality that may have an effect on the bank's ability to meet the credit needs of its community. The bank received an "Outstanding" rating at the prior CRA examination, dated September 22, 2008.

Metro's primary lending focus is lending to small- and medium-size businesses. The principal lines of business are commercial and industrial loans, commercial real estate mortgage loans, construction loans, government guaranteed small business lending, trade finance, residential mortgage brokerage and lending, and retail banking. Although a large percentage of the customer base is from Asian and Hispanic communities, Metro has a wide and diverse customer base. The employee base is diverse as well. Bank employees speak numerous languages, and Metro offers services in English, Mandarin, Taiwanese, Korean, Vietnamese, Spanish, and Pakistani.

*Please refer to Metro's CRA Public File for more information about this institution.*

## **Description of Assessment Area(s)**

Metro has two AAs in Texas. The Houston AA includes the two counties of Harris and Fort Bend. Harris County has 649 census tracts (CTs) and Fort Bend has 58 CTs. The other is the Dallas AA, which includes Dallas County, with 487 CTs and Collin County, with 85 CTs. Both AAs meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income CTs.

A Community Affairs Specialist for the Comptroller of the Currency completed a contact in the Houston AA with an officer from the Asian Chamber of Commerce. The officer stated the banking and credit needs of Asian-owned small business owners are not very

different than those for other small business owners; small businesses need working capital to help keep their doors open. The officer indicated there has been some discussion among members about banks not lending any money, and the traditional sources for small business lending seem to be drying up. During the evaluation period, Metro has provided financing to small businesses.

The Asian Chamber of Commerce contact indicated that while there is not a shortage of good small business resources throughout Houston, the biggest problem is getting people to understand what and where they are. According to the contact, getting small business owners to take advantage of the resources is challenging. The contact stated that Metro has been a long time partner and the Chamber has a loan with Metro.

Another contact with a non-profit business development corporation, which offers assistance to micro-enterprise and small business owners by providing flexible and affordable loans to expand their businesses, reported that banking and credit needs include a new lending source to offset banks that have frozen lines of credit or reduced the amount of available funds, startup money for a new small business, and refinancing for existing loans. According to the contact, startup funding is not a priority for banks. The corporation will often work with banks to secure funding. The corporation loan maximum is \$250 thousand and they will assume a second lien position. The second lien should serve as an inducement for banks to partner with the corporation. During the evaluation period, Metro made 76 loans to startup businesses.

Another contact with a community-based development corporation noted the need for affordable single and multi-family housing units and small business funding. While single and multi-family financing is not a primary product, Metro did provide some financing for single and multi-family units in the Houston AA and the Dallas AA during the evaluation period.

## **HOUSTON AA**

The AA includes 707 CTs in two counties. It includes all of the 649 CTs of Harris County and all 58 CTs of Fort Bend County. Approximately 41 percent or 291 CTs of the total are designated as low- or moderate-income. The updated median family income for 2011 is \$66 thousand. The Houston-Sugar Land-Baytown MSA is a ten county metropolitan area located in the Gulf Coast region of Southeast Texas. The counties included in the AA are Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller. The MSA is the sixth largest in the nation with a population of 5.9 million as of the 2010 U.S. Census estimate. The largest city in the AA is Houston, which is the largest city in Texas and the fourth largest in the nation. Houston is in Harris County.

Information on all counties included in the AA is described below.

### **Harris County**

All of Harris County, Texas is designated as part of Metro's Houston AA. Approximately

10 percent or 63 CTs are designated as low-income and 35 percent or 223 CTs are designated as moderate-income. Middle-income CTs in the AA total 178 or 27 percent, upper-income CTs total 178 or 27 percent, and seven CTs or 1 percent do not have a designation.

Harris County is the largest county in Texas, representing 16 percent of the state's population and is the third largest county in the nation. The Harris County population is estimated at 4.1 million according to a 2010 U.S. Census Bureau estimate with a growth rate of 20 percent from the 2000 to 2010 Census. The U.S. Bureau of Labor Statistics shows an unemployment rate of 8.7 percent in 2010. As of 2010, Harris County accounts for 9 percent of all U.S. jobs, which is up from 1.7 percent 10 years ago.

The county's economic activity is centered in the city of Houston. In January of 2012, the Brookings Institute named Houston North America's fastest growing metro area. Houston is home to the Port of Houston, which ranks first in the United States in foreign waterborne tonnage and first in United States imports. Houston is also home to the largest medical center in the world, the Texas Medical Center. With 160 thousand visitors a day, the Center's economic impact exceeds \$14 billion annually, and it has approximately 93 thousand employees. Houston is second only to New York City in Fortune 500 company headquarters, and more than five thousand energy-related firms are located in the city. The county's major employers include Memorial Hermann Healthcare System, Administaff, The University of Texas MD Anderson Cancer Center, ExxonMobil, Shell, Continental Airlines, and Walmart Stores.

There are changes for some of the top employers in the Houston AA that will have a significant impact to the area's economics. Following the announcements of the end of the space shuttle program and cancellation of the constellation program, a number of contract aerospace companies including Boeing and United Space Alliance announced layoffs. Bob Mitchell, President of the Bay Area Houston Economic Partnership says that the Houston area has already lost about 2 thousand space shuttle related jobs. NASA had an economic impact on Texas of \$6.5 billion, with \$2 billion stemming directly from the space shuttle program.

Continental Airlines reported that an additional 500 Houston jobs were eliminated in February 2011 as a result of the merger with United Airlines. The combined company has moved headquarters to Chicago, although some departments will remain in Houston. Therefore, the company is not yet sure how many of the 3 thousand employees who worked at the headquarters before the merger will keep their jobs.

Funding cuts to education budgets across Texas have further strained local economies and will continue to have an impact in the near future. Layoffs and furloughs have been common in many school districts. The Houston Independent School District's Board is expected to cut approximately 1.2 thousand school-based employees such as teachers, librarians, and nurses. An additional 282 administrative positions are also likely to be cut. In addition, during 2011, the City of Houston (city) instituted a policy requiring that all city workers take six days of unpaid leave during the year. This policy was followed

in April of 2011 by an announcement that budget constraints would require the city to

layoff or furlough as many as 2,300 employees.

Banking competition in the Houston MSA is intense. According to the June 30, 2011 FDIC Market Share Report, there were approximately 117 financial institutions operating 1,538 branches in the bank's AA. The five largest competitors in Harris County include JP Morgan Chase Bank, National Association (N.A.), Bank of America, N.A., Wells Fargo Bank, N.A., Amegy Bank, N.A., and Compass Bank. In Harris County, the FDIC Market Share Report lists 89 institutions with 1,059 offices. Metro has 0.52 percent of deposit market share in Harris County.

### **Fort Bend County**

Fort Bend County, Texas has been designated as part of the AA. The county has only one low-income CT, accounting for two percent, four moderate-income CTs, accounting for 7 percent, 21 middle-income CTs, totaling 36 percent, and 32 upper-income CTs, totaling 55 percent. It is one of the fastest growing counties in the United States, with a growth rate of 65 percent in ten years. According to a 2010 U.S. Census Bureau, the county had a population of 585 thousand. A portion of Houston is located in Fort Bend County. It is considered to be one of the most affluent communities in the state of Texas. The county seat is Richmond, and its largest city is Sugar Land. The unemployment rate is 8 percent, and 7.5 percent of the population lives below the poverty level. Major employers include the Fort Bend Independent School District with over nine thousand employees, Fluor Corporation with approximately three thousand employees and Lamar CISD with more than two thousand employees. Sugar Land has the second largest level of economic activity in Fort Bend County, following Houston, and it is the third largest city in the MSA. Sugar Land has the most important and fastest growing economic center in Fort Bend County. It is the headquarters for Western Airways. Engineering firms and related industries are an economic engine for Sugar Land and the county.

Banking competition in Fort Bend County is intense. According to the FDIC Market Share report dated June 30, 2011, there are 40 institutions operating 130 offices. The five largest competitors in the county include, JP Morgan Chase Bank, N.A, Wells Fargo Bank, N.A., Prosperity Bank, Bank of America, N.A., and Amegy Bank, N.A. Metro has 0.11 percent of deposit market share in Fort Bend County.

### **DALLAS AA**

The AA includes 572 CTs in two counties. It includes all of the 487 CTs in Dallas County and 85 CTs in Collin County. All CTs are contiguous. Approximately 41 percent or 237 CTs of the total are designated as low- or moderate-income. The updated MSA median family income for 2011 is \$69,600. The city of Dallas is the economic center of the 12 county Dallas-Fort Worth-Arlington MSA, the fourth largest MSA in the nation with a population of 6.3 million according to 2010 U.S. Census estimate.

Dallas is served by two commercial airports, Dallas/Fort Worth International Airport

(DFW) and Dallas Love Field. DFW is halfway between Dallas and Fort Worth located partially in Irving in Dallas County. It plays a major role in the Dallas-Plano-Irving economy as thousands of jobs are directly related to the airport. The economic activity of DFW exceeds \$16 billion annually. Major employers in the AA include: American Airlines, Texas Instruments, Parkland Memorial Hospital, UT Southwestern Medical Center, CompuCom Campus, and Nortel Networks.

Texas Instruments Inc., one of the largest employers in the Dallas area, reported a significant workforce reduction during this evaluation period. The company manufactures chips for cell phones and other electronic devices. The company cut its workforce in 2009 by approximately 12 percent, or 34 hundred employees through layoffs and voluntary retirements.

In February 2012, American Airlines announced plans to layoff as many as 1,300 employees. Texas funding cuts to education budgets are also affecting Dallas area school districts. The Dallas Independent School District estimated that 3,100 on-campus positions could be affected by layoffs, as well as 800 off-campus positions.

### **Dallas County**

Dallas County, Texas has been designated as part of the AA. It has 60 low-income CTs accounting for 12 percent, 174 moderate-income CTs, totaling 36 percent, and 141 middle-income CTs, accounting for 29 percent. Upper-income CTs total 108, accounting for 22 percent and four CTs or 1 percent do not have a designation. The county had a population of 2.3 million according to the 2010 U.S. Census Bureau estimate. Its county seat is Dallas, which is the largest city in the county. Dallas is the second largest city in Texas and the ninth-largest city in the United States.

The Dallas County economy is primarily based on petroleum, telecommunications, computer technology, banking, and transportation. Dallas Love Field Airport, close to downtown Dallas, serves many domestic passengers and is the home of Southwest Airlines. Dallas County has one of the lowest property tax rates in the State of Texas. Fortune 500 firms include Texas Instruments, Kimberly-Clark, and Southwest Airlines. Information from the 2010 U.S. Census Bureau shows an unemployment rate of 8.4 percent, and 19 percent of the population lives below the poverty level. The updated median family income in 2011 was \$69.9 thousand.

Banking competition is intense. The five largest competitors in the county include: Bank of America, N.A., JP Morgan Chase, N.A., Wells Fargo Bank, N.A., Compass Bank, and Comerica Bank. Metro has a deposit market share of 0.09 percent.

### **Collin County**

All of Collin County, Texas has been designated as part of the AA. Of the 85 CTs, there are no low-income CTs, 3 CTs or 3 percent are moderate-income, and 22 or 26 percent are middle-income CTs. Upper-income CTs total 60 or 71percent. In 2000, Collin County had a population of 492 thousand. In 2010, the U.S. Census Bureau

estimated the population to be 782 thousand, a 59 percent growth rate in 10 years. The unemployment rate is 6.6 percent and 6.9 percent of the population lives below the poverty level. As of 2010, the median family income was estimated to be \$83 thousand.

The county seat is McKinney with 131 thousand residents. The largest city in Collin County is Plano, with an estimated population of 260 thousand. Recently, Plano has drawn retail businesses to the area with the opening of The Shops at Legacy. It features apartments and numerous shops and restaurants and is known as an upscale area. Major companies headquartered in Plano include: Ericsson Inc, Rent-A-Center, Crossmark, Perot Systems, Electronic Data Systems, JCPenney, Frito-Lay, Cinemark Theatres, and UGS. Plano also has many semiconductor and telecommunications companies in its Research and Technology District due to its proximity to the Dallas Telecom Corridor.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The Lending Test is rated Satisfactory.

### Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable and slightly exceeds a ratio of peer group banks. Metro’s quarterly loan-to-deposit ratio averaged 87.85 percent since the prior CRA examination. The peer group banks headquartered in the bank’s AAs, with assets between \$500 million and \$1.7 billion, had an average loan-to-deposit ratio of 84.38 percent for the same time period. The average loan-to-deposit ratios for the peer group banks ranged from 37.24 percent to 103.94 percent.

### Lending in AAs

A substantial majority of lending is inside the AAs. Of the number of business loans originated/purchased, 86 percent were made in the bank’s AAs. The following table details the bank’s lending within the AAs by number and dollar amount of loans:

<b>Table 1 - Lending in Houston and Dallas AAs</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	621	86	105	14	726	177,940	83	36,798	17	214,738
Totals	621	86	105	14	726	177,940	83	36,798	17	214,738

Source: data collected by bank.

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

Lending to businesses of different sizes in the Houston and Dallas AAs reflects

reasonable penetration and meets the standards for “Satisfactory” performance.

We did not analyze lending to borrowers of different incomes for residential mortgage products or consumer loans since residential and consumer lending are not primary loan products.

Houston AA

Lending to businesses of different sizes in the Houston AA reflects reasonable penetration of small businesses. The percentage of loan originations to small businesses with revenues of \$1 million or less by number and dollar amount is less than the characteristics of the AA. In part, this can be explained by the bank’s origination of loans to assisted living centers, multi-family housing facilities, restaurants, motels, and retail shopping centers. These businesses traditionally have revenues over \$1 million. In particular, the retail shopping centers provide rental space for small tenants who are not always borrowers of the bank. Information provided by the bank reflects that there were 64 loans totaling \$59 million originated to retail shopping centers in the evaluation period.

Additional information provided by the bank reflects that loans to small businesses in the evaluation period included 76 loans to start-up businesses, totaling \$36 million. These businesses typically have no initial revenue. Favorable consideration was given to the bank’s performance in penetrating this important sector. The bank’s performance is shown in the following table:

<b>Table 2A - Borrower Distribution of Loans to Businesses/Farms in Houston</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	78.59	3.99	17.42	100%
% of Bank Loans in AA by #	48.26	42.13	9.61	100%
% of Bank Loans in AA by \$	44.71	49.89	5.40	100%

*Source: Dun and Bradstreet data; data collected by bank.*

Dallas AA

Lending to businesses of different sizes in the Dallas AA reflects reasonable penetration of small businesses. The percentage of loan originations to small businesses with revenues of \$1 million or less by number and dollar amount is less than the characteristics of the AA. Similar to lending in the Houston AA, the bank originated loans to assisted living centers, multi-family housing facilities, restaurants, motels, and retail shopping centers in the Dallas AA. These businesses traditionally have revenues over \$1 million. The bank’s performance is shown in the following table:

<b>Table 2B - Borrower Distribution of Loans to Businesses/Farms in Dallas</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.98	4.14	18.88	100%
% of Bank Loans in AA by #	53.79	34.09	12.12	100%
% of Bank Loans in AA by \$	55.49	41.50	3.01	100%

Source: Dun and Bradstreet data; data collected by bank.

### **Geographic Distribution of Loans**

The geographic distribution of loans to businesses reflects excellent dispersion for low- and moderate-income tracts in the bank’s AAs.

#### Houston AA

The geographic distribution of loans to businesses in the Houston AA shows excellent dispersion. It significantly exceeds the characteristics of the AA for loan originations in both low- and moderate-income CTs. The bank’s performance is shown in the following table:

<b>Table 3A - Geographic Distribution of Loans to Businesses/Farms in Houston</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business loans	4.82	16.46	23.76	40.74	27.29	21.40	43.87	21.40

Source: Dun and Bradstreet data; data collected by bank. Note 0.26% of area businesses were located in tracts with no income designation.

#### Dallas AA

The geographic distribution of loans to businesses in the Dallas AA shows excellent dispersion. It significantly exceeds the characteristics of the AA for loan originations in both low- and moderate-income CTs. The bank’s performance is shown in the following table:

Table 3B - Geographic Distribution of Loans to Businesses/Farms in Dallas								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Business loans	4.53	7.69	23.56	33.08	30.38	36.92	40.22	22.31

Source: Dun and Bradstreet data; data collected by bank. Note 1.31% of area businesses were located in tracts with no income designation.

### Responses to Complaints

The bank did not receive any CRA-related complaints during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

The Community Development (CD) Test is rated “Outstanding”. Metro has demonstrated an excellent responsiveness to the CD needs in its AA, considering its size, capacity, and CD opportunities within its AA. Metro provided \$30.7 million in community development loans and \$12 million in CD investments during the evaluation period. In addition, bank officers are active in several organizations that provide CD services that benefit the AA.

### Number and Amount of Community Development Loans

The number and dollar amount of CD loans originated by the bank are excellent. Metro originated 19 community development loans totaling \$30.7 million in the AAs.

- \$17.3 million in loans for affordable housing for low - to moderate-income individuals.
- \$13.4 million for the Community Development Corporation (CDC)/504 Program. The Small Business Administration (SBA) CDC/504 Program is a private and nonprofit corporation set up to contribute to the economic development within its community.

Metro originated a total of 12 loans for multi-family housing units during the evaluation period. Of those loans, eight qualified as affordable housing units. In the Houston AA, six loans total \$13 million, and two of these loans are located in moderate-income census tracts. The remaining 2 loans originated in the Dallas AA and total \$4.3 million, one of these was located in a low-income CT. Of the four loans that did not qualify as affordable housing, there were 2 multi-family units located in one low- and one moderate-income census tract.

The bank originated eleven loans as part of the CDC/504 Program. In the Houston AA, 5 loans total \$7.7 million, two of these loans located in moderate-income census tracts and 6 loans in the Dallas AA total \$5.7 million, and one of these located in a moderate-income census tract.

### **Number and Amount of Qualified Investments**

The number and dollar amount of qualified investments is excellent. The bank invests in an equity fund targeted to low- and moderate-income individuals and small business. The bank also provides donations to groups and organizations targeted to low- and moderate-income individuals.

During the evaluation period, Metro divested its investment portfolio detailed in the last performance evaluation due to economic concerns. However, the bank re-entered the financial market by investing a total of \$12 million into the CRA Qualified Investment Fund, Community Capital Management. The investment which is distributed throughout the Houston and Dallas AAs targets affordable housing, home ownership and small business community development. The most notable allocations include:

- \$3.5 million for affordable housing targeted for seniors and low- and moderate-income individuals under the section 8 assistance program located in the Houston AA.
- \$4.1 million for low-income housing tax credits targeted for borrowers located in a moderate-income census tract located in the Dallas AA.
- \$3.4 million for loans targeted to low- and moderate-income individuals residing in the Harris, and Fort Bend Counties located in the Houston AA and the Collin and Dallas Counties located in the Dallas AA.

Metro made three qualifying donations totaling \$1.2 thousand from September 2008 through January 2012 targeting community development. The qualifying contributions were made to the Chinese Community Center and the Latino Learning Center, Inc. located in the Houston AA. These services provide homebuyer training, first-time homebuyer programs, financial education, and credit counseling targeted to low- and moderate-income individuals, including the elderly and disabled. There were no qualifying services located in the Dallas AA.

### **Extent to Which the Bank Provides Community Development Services**

The bank's level of CD services is excellent. Bank officers are involved in several activities that promote community development services and economic growth in the AA.

We identified three qualified CD services performed by bank officers during the evaluation period. These services include:

- Rainbow Village provides subsidized apartments for low- and moderate- income senior residents. Bank Officers serve on the Board that provides technical assistance on financial matters for low- to moderate-income individuals.
- The Greater Sharpstown Management District is empowered to finance projects related to Public Safety, Mobility and Transportation, Environmental and Urban Design, and Business Development. Bank officers serve on the Board that provides technical assistance on financial matters to community development organizations located in the bank's AAs.
- The Chinese Senior Estate, part of the Housing Urban Development (HUD) Senior Housing Project offers rental assistance for low- and moderate income seniors. Bank officers serve on the Board that provides technical assistance on financial matters for low- to moderate-income seniors.

Metro is also involved in the development of the community through a number of activities and programs in the AA. The bank provides guest speakers and sponsors numerous technical training seminars and counseling programs that help individuals and small businesses become more familiar with bank products and services. In addition, several community organizations and groups utilize the bank's Community Center for various activities and services that are offered to the public.

The bank operates nine full-service branches in the Houston AA and four full-service branches in the Dallas AA. The distribution of branches is more than reasonable. Of the nine full-service branches, six branches are located in low - to moderate-income areas. One of the branches is located in a moderate-income census tract the Houston AA opened in January 2010. Metro also operates one limited service branch inside the 99 Ranch Market in west Houston.

Metro offers various products and services to meet the needs of the community including checking, savings, and retirement accounts, commercial loans, certificate of deposits, wire transfer services, Automated Teller Machines (ATM), ATM cards, internet banking, and direct deposit services. Several deposit products are responsive to the needs of low- and moderate-income communities and small business thereby increasing access to financial options. These products include:

- Metro Checking – basic personal checking account, no monthly service charges and no minimum balance requirements utilized by 6,801 bank customers. The account features free ATM usage at all ATM locations and free 24 hour access to the TeleBank service.
- Matricula Account - basic checking account, no minimum deposit or monthly fee, designed for Mexican Nationals utilized by 912 bank customers. The account features convenience for low transaction volume activity and 10 checks free per month.
- Senior Citizens Checking – economical checking account reserved for individuals who are 55 years of age or older utilized by 3,843 bank customers. This account features free ATM usage at all ATM locations and free 24 hour access to the TeleBank service.

- Metro Business – checking account targeted for small to medium size businesses with limited transactions utilized by 2,652 bank customers. The account features no monthly service fee and free check imaging included with a monthly account statement.
- Smart Choice Installment Savings Plan – savings program offering premium interest and auto debit options for individuals with a savings goal utilized by 529 bank customers.

In addition to the products noted above, the bank offers additional services targeted to businesses, which help build account relationships with 513 commercial customers. These services include remote deposit capture, called “Deposit at Work” and other cash management products. These products and services help to increase operating efficiencies, grow business and profits thereby positively impacting the AA.

To accommodate the diverse cultural backgrounds of the customer base, usage instruction for all ATMs are provided in English, Spanish, Vietnamese and Chinese. The TeleBank account inquiry phone system also offers users an option in five languages. In addition, the majority of the bank employees are bilingual to serve the primarily Asian and Hispanic customer base.

Metro continues to broker or originate in-house a small portion of mortgage loans as a service to customers. During the evaluation period, the bank generated fifty-five residential loans located in the AAs. Of the fifty-five loans, eight loans total \$867 thousand or 14.5 percent of the borrowers reside in low- and moderate-income census tracts. While lower than penetration for middle- and upper-income areas, the bank is committed to servicing the needs of the customers located in the AAs.

### **Responsiveness to Community Development Needs**

The bank’s level of community development (CD) demonstrates excellent responsiveness to the needs and opportunities in the AAs. CD contacts noted needs for affordable single and multi-family housing units and small business funding. Metro originated loans targeted to affordable housing projects and small business funding. In addition, MetroBank participates in an investment fund that also targets low- and moderate-income individuals for home ownership and funding for multi-family housing. The fund also provides loans to small business owners. Moreover, the level of loans and investments originated during this evaluation period more than support the MetroBank’s “Outstanding” level of CD.

### **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 need..