



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 7, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Metropolitan National Bank
Charter Number 17591

600 South Glenstone Avenue
Springfield, MO 65802

Office of the Comptroller of the Currency
Kansas City South Field Office
1027 South Main Street, Suite 405
Joplin, MO 64801

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.

GENERAL INFORMATION

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

This document is an evaluation of the 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 12 C.F.R. § Part 25 Appendix A.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The loan-to-deposit ratio is more than reasonable.
- The majority of MNB's loans are in its assessment areas AAs.
- MNB's overall distribution of loans to businesses of different sizes and borrowers of different income levels shows reasonable penetration.
- The bank's overall geographic distribution of loans shows reasonable dispersion.
- MNB demonstrates an adequate level of responsiveness to meeting community development (CD) needs of the AAs through CD lending, investments, and services.

SCOPE OF EXAMINATION

The CRA Evaluation determines the bank's record of meeting community credit needs through lending activities. The evaluation also includes an assessment of the bank's community development lending, services, and investment activities. 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. The CRA Evaluation period for the Lending Test is October 1, 2006 to December 31, 2010. We selected our loan sample from loans originated and purchased January 1, 2007 to December 31, 2010 to assess the bank's performance. We evaluated the bank's community development loans, services, and investments from October 1, 2006 to February 7, 2011. We performed a data integrity review of reported

Home Mortgage Disclosure Act (HMDA) information and reviewed a sample of 60 commercial loans. The data is accurate and reliable.

Primary weight for the rating is given to the bank's commercial loan performance in the Springfield AA based upon the bank's loan and deposit distribution by AAs. For example, 64 percent of the bank's deposits are in the Springfield AA. Weighting for the home mortgage loans is home refinancing followed by purchase loans. The bank's volume of home improvement loans is nominal and not included in the lending analysis. This product is not considered a primary product. For both AAs, the dollar volume is less than 1.5 percent.

The evaluation also included contacting one local community development organization. The contact stated that small business loans are a primary credit need for the Springfield market.

DESCRIPTION OF INSTITUTION

MNB is a \$542 million financial institution wholly owned by the Marshfield Investment Company, a \$545 million holding company located in Springfield, Missouri. MNB has twelve full-service facilities that offer a full range of loan and deposit products, one non-branch mortgage loan production office, and one non-branch operations facility, all within the assessment area. MNB has thirteen non-deposit ATM locations. Two of the twelve ATM machines are located off-premises. These off-site locations include one at a McDonalds Restaurant located in Marshfield, Missouri, and one in the Battlefield Market Place parking area in Springfield, Missouri. In 2008, Metropolitan National Bank relocated its non-branch operations facility from census tract 39 to 23, both of which are middle-income geographies. No additional bank facilities have been opened or closed during the CRA evaluation period.

MNB's primary business focus is commercial loans to small- and medium-sized businesses. Residential loans are a significant product for the bank. As of December 31, 2010, the bank's loan portfolio by dollar volume consisted of 44 percent commercial real estate loans, 40 percent residential real estate loans, 9 percent commercial loans, 5 percent agriculture loans, and 2 percent consumer loans. Loans represent 73 percent of total assets.

MNB received a rating of "Satisfactory" for Intermediate Small Banks at its last CRA examination dated November 30, 2006. 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 two AAs for CRA Evaluation purposes. The Springfield Metropolitan Statistical Area (MSA) is the primary AA that consists of the following counties: Christian, Dallas, Green, Polk, and Webster, all within the state of Missouri. The second AA consists of Stone, Taney, and Barton counties, all within the state of Missouri and discussed in this report as the nonMSA AA. 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.

The Springfield AA includes the main bank and five branches with on-premises ATMs, two stand-alone ATMs, the loan production office, and operations facilities all located within middle-income census tracts. This AA has 81 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), 17 moderate-income, 41 middle-income, and 21 upper-income tracts. The updated 2010 median family income for the entire MSA AA is \$53,700. Primary employment sectors within the AA are services at 47 percent, and retail at 14 percent. Approximately 71 percent of the businesses employ 1-4 employees. As of December 2010, the AA unemployment rate of 8.4 percent was lower than both the state rate of 9.6 percent and the national rate of 9.1 percent.

There are 42 financial institutions with 194 banking offices within the AA. The deposit market share percentage ranges from a high of 14.60 percent to a low of 0.15 percent. MNB is eighth in this market, with a deposit market share percentage of 3.66 percent. As stated in the Scope section within this report, we contacted one community development organization. The contact stated that small business loans are a primary credit need for the Springfield market.

The nonMSA AA consists of six branches located in Taney, Stone, and Barton counties. The AA only has 14 census tracts, of which all are designated middle-income. Note that in 2007, Taney County was designated as an economically distressed middle-income county. MNB has one branch in Taney County. This designation was due to unemployment within this census tract area/county. In 2008 and 2009, Barton County was designated as an economically distressed middle-income county. MNB has two branches in Barton County. This designation was due to unemployment within this census tract area/county. The updated 2010 median family income for the entire nonMSA AA is \$45,700. Primary employment sectors within the AA are services at 45 percent and retail at 15 percent. Approximately 70 percent of the businesses employ 1-4 employees. As of December 2010, the AA unemployment rate of 11.1 percent was higher than both the state rate of 9.6 percent and the national rate of 9.1 percent.

There are 21 financial institutions with 66 banking offices within the AA. The deposit market share percentage ranges from a high of 17.20 percent to a low of 1.58 percent. MNB is third in this market, with a deposit market share percentage of 8.94 percent. As stated in the Scope section within this report, we contacted one community development organization.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Lending Test

Loan-to-Deposit Ratio

MNB's quarterly average loan-to-deposit (LTD) ratio is more than reasonable at 102 percent. We calculated the bank's quarterly average LTD ratio from December 31, 2006 to September 30, 2010 using information from the Consolidated Reports of Condition. The average peer ratio for the same time period is 99 percent. The highest peer ratio is 114 percent with the lowest at 89 percent. The asset size of the financial institutions, including MNB, ranged from \$481 million to \$852 million. Of the six institutions used for this analysis, MNB by asset size ranks third when

reviewing smallest to largest.

Lending in the Assessment Area

MNB's record of lending in the AA is excellent. A substantial majority of the bank's loans are inside the AAs. For commercial loans based on our loan sample, MNB originated 87 percent by number and 91 percent by dollar inside the AAs. Based on our review of the bank's home mortgage loan portfolio, MNB originated 92 percent by number and 93 percent by dollar inside the AAs.

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

The bank's overall distribution of loans to businesses of different sizes and to borrowers of different income levels shows reasonable penetration throughout the AAs. Primary weight for the rating is given to the bank's commercial loan performance in the Springfield AA based upon the bank's loan and deposit distribution by AAs. Weighting for home mortgage loans is home refinancing followed by purchase loans. For commercial loans, the bank's performance is reasonable. The bank's penetration of commercial loans is reasonable by both number and dollar volume for the Springfield AA. The bank's percentages are below area demographic data but considered reasonable due to the heavy competition in the area for loans and the growth of companies in the area. Review the table below for additional details.

Borrower Distribution of Loans to Businesses in the Springfield AA				
Business Revenues	≤ \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	77.60%	4.63%	17.77%	100%
% of Bank Loans in AA by #	53.13%	34.38%	12.50%	100%
% of Bank Loans in AA by \$	66.79%	30.11%	3.10%	100%

Source: 2010 Business Geo-demographic Data; Loan Sample

For the nonMSA AA, the bank's performance is reasonable by number and shows excellent penetration by dollar volume. By dollar, the bank's performance slightly exceeds area demographic data. By number, the bank's percentage is slightly below area demographic data. Review the table below for additional details.

Borrower Distribution of Loans to Businesses in the nonMSA AA				
Business Revenues	≤ \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	77.04%	2.64%	20.32%	100%
% of Bank Loans in AA by #	65.00%	10.00%	25.00%	100%
% of Bank Loans in AA by \$	78.24%	19.57%	2.20%	100%

Source: 2010 Business Geo-demographic Data; Loan Sample

For home mortgage loans in the Springfield AA, the bank's performance is reasonable. The bank's percentage of loans to low-income borrowers for both home refinancing and home purchase loans are below area demographic data. The bank's percentage of loans to moderate-income borrowers for both home refinancing and home purchase loans are slightly below area demographic data. The bank's performance is considered reasonable when considering area competition for loans and the percentage of families that live below the poverty level, making it difficult for them to qualify for home loans. Approximately 9.29 percent of the families in the AA live below the 50 percent poverty level compared to the state level of 8.56 percent. With the updated 2010 median family income level at \$53,700, the applicants at this level have income less than \$27 thousand. Review the Springfield Borrower Distribution table below for additional details.

Borrower Distribution of Residential Real Estate Loans in the Springfield AA										
Income Level	Low		Moderate		Middle		Upper		Not Available	
Loan Type	% of AA Families	% of # Loans	% of AA Families	% of # Loans	% of AA Families	% of # Loans	% of AA Families	% of # Loans	% of AA Families	% of # Loans
Purchase		7.19%		16.67%		22.22%		43.14%		10.78%
Refinance	17.14%	7.02%	19.44%	17.25%	23.93%	22.51%	39.49%	40.94%	0%	12.28%

Source: 2010 Demographic Data; Bank HMDA Data;

For home mortgage loans in the nonMSA AA, the bank's performance is reasonable. The bank's percentage of loans to low-income borrowers for both home refinancing and home purchase loans are below area demographic data. The bank's percentage of loans to moderate-income borrowers for home refinancing is below area demographic data. For home purchase loans, the bank's performance is near area demographic data. The bank's performance is considered reasonable when considering area competition for loans and the percentage of families that live below the poverty level, making it difficult for them to qualify for home loans. Approximately 8.24 percent of the families in the AA live below the 50 percent poverty level compared to the state level of 8.56 percent. With the updated 2010 median family income level at \$45,700, the applicants at this level have income less than \$23 thousand. Review the nonMSA Borrower Distribution table below for additional details.

Borrower Distribution of Residential Real Estate Loans in the nonMSA AA										
Income Level	Low		Moderate		Middle		Upper		Not Available	
Loan Type	% of AA Families	% of # Loans	% of AA Families	% of # Loans	% of AA Families	% of # Loans	% of AA Families	% of # Loans	% of AA Families	% of # Loans
Purchase		6.48%		18.52%		13.89%		56.48%		4.63%
Refinance	16.84%	3.63%	18.74%	11.59%	25.21%	22.46%	39.21%	57.97%	0%	4.35%

Source: 2010 Demographic Data; Loan Sample

Geographic Distribution of Loans

MNB's overall geographic dispersion of loans for both commercial and home purchase loans in the Springfield AA is reasonable. A geographic analysis of the nonMSA AA is not meaningful. All of the tracts are in middle-income areas. For commercial loans, the bank's dispersion is excellent. The bank's performance exceeds area demographic data within the moderate-income tracts. An analysis of loans in low-income tracts is not meaningful due to the nominal number of businesses in the tracts in addition to geographic barriers, such as vacant land and highways. Review the table below for MNB's dispersion of business loans.

Geographic Distribution of Loans to Businesses in the Springfield AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Commercial	2.53%	0.00%	16.74%	21.88%	53.47%	50.00%	27.26%	28.13%

Source: 2010 Business Geo-demographic Data; Bank Home Mortgage Data

For home mortgage loans, the analysis of loans in low-income tracts is not meaningful due to the nominal number of available housing units. There are only 35 homes in the low-income tracts. The bank's performance in moderate-income tracts for both home refinancing and home purchase loans is significantly below area demographic data. Management noted limited loan demand for residential real estate loans in the moderate-income tracts, and the average home is

40 years old. The majority of the AA housing units are in middle-income and upper-income census tracts. Review the table below for MNB’s dispersion of residential real estate loans.

Geographic Distribution of Residential Real Estate Loans in the Springfield AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner-Occ Housing	% of # Loans	% of AA Owner-Occ Housing	% of # Loans	% of AA Owner-Occ Housing	% of # Loans	% of AA Owner-Occ Housing	% of # Loans
Home Purchase		0.00%		8.82%		67.55%		23.53%
Refinance	0.04%	0.00%	16.16%	8.77%	56.79%	67.54%	27.01%	23.68%

Source: 2010 Business Geo-demographic Data; Loan Sample

Responses to Complaints

MNB has not received any complaints regarding its CRA performance during this evaluation period.

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.

COMMUNITY DEVELOPMENT TEST

The bank’s community development performance is adequate. The dollar volume of community development activity in the Springfield AA is adequate and performance in the nonMSA is very good. Performance in the Springfield AA carries the most weight as the primary AA. In addition to the bank’s lending efforts, MNB management team and employees responded to community needs through community development lending, investments, and services activities. The loans and investments in general, assisted in providing housing and other benefits to low- and moderate-income individuals. For community development services, management and employees continue to offer their financial expertise and time to support organizations that primarily provide services targeted to low- to moderate-income individuals and community economic development and revitalization efforts.

Community Development Loan

MNB originated two community development loans totaling \$1.1 million during this evaluation period. For the Springfield AA, the bank originated one loan totaling \$58 thousand that benefits a youth center that provides targeted social services for low- and moderate-income individuals. For the nonMSA AA, the bank originated one loan totaling \$995 thousand that benefits a community organization in Stone County. This organization provides targeted social services for low- and moderate-income individuals that include emergency and transitional housing, and counseling for battered and abused women and their children. The organization used the proceeds to purchase a 58-unit multi-family complex to provide shelter for program participants.

The bank also originated 13 loans totaling \$1.2 million that provided affordable housing for low- and moderate-income individuals within targeted areas in the Springfield AA through the Missouri Housing Development Commission affordable housing loan program.

Community Development Investments and Donations

MNB invested \$1.4 million in its community. The total represents \$1.3 million in equity investments and \$127 thousand in donations. For the Springfield AA, equity investments total \$500 thousand and consist of two \$250 thousand municipal bonds that provide economic development within a state approved recovery zone. Donations for this AA total \$117 thousand and represent multiple contributions to several community organizations totaling \$103 that primarily provide targeted social services and educational financial assistance for low- and moderate-income individuals. Donations also include \$14 thousand for vacant land donated to Habitat for Humanity.

For the nonMSA AA, donations total \$10 thousand and represent contributions to community organizations that provide targeted social services for low- and moderate-income individuals. Equity investments total \$765 thousand and consist of six local bond issuances, of which \$360 thousand represents three bonds to build a new county hospital in Barton County that will service the community, including low- and moderate-income individuals. As discussed in the Description of AA section of this report in 2008 and in 2009, Barton County was designated as an economically distressed middle-income county. This designation was due to unemployment within this census tract area/county.

Community Development Services

MNB management team and employees continue to provide financial expertise to several community organizations. The organizations offer a full range of services, including economic development, revitalization, and targeted services for low- and moderate-income individuals. For example, one organization helps facilitate housing for low- to moderate-income families, and 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.

One service provided by MNB is that the bank provides assistance to Habitat for Humanity (Habitat) for requesting consumer credit bureau reports. Habitat makes disclosures to its clients, and requests approval to have MNB request the client's credit reports. MNB only acts as a conduit for Habitat and is not a Consumer Reporting Agency. MNB maintains copies of the requests by Habitat.

The distribution of MNB's offices and service delivery systems are adequate and accessible to individuals of different income levels within the two AAs. Teller services are available in all twelve locations. Banking facilities offer extended hours Monday - Friday and are open Saturday. 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.