



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 11, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Metropolitan Bank and Trust Company
Charter Number: 80066

10 East 53rd Street
New York, NY 10022

Office of the Comptroller of the Currency
340 Madison Avenue
9th Floor
New York, NY 10173

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 major factors supporting the institution's rating include:

- Metropolitan Bank and Trust Company – New York Branch's (Metro NY) average loan-to-deposit ratio is reasonable relative to the size and complexity of the institution;
- Metro originated all of its loans to borrowers within its assessment area (AA);
- Metro's geographic distribution reflects good dispersion and penetration in low- and moderate-income census tract levels; and
- The borrower distribution of loans to businesses originated in the AA reflects poor dispersion among small businesses.

SCOPE OF EXAMINATION

This Performance Evaluation assesses the branch's record of meeting the credit needs of the communities in which it operates. We evaluated Metro NY under the Small Bank performance criteria, which included a Lending Test.

The Lending Test evaluates an institution's record of helping meet the credit needs of its AA through its lending activities. The evaluation period under the lending test covers the branch's performance from May 19, 2008 through July 11, 2011. Based on our review of the number and dollar amount of loans originated during the evaluation period, we determined that business loans are Metro NY's primary loan product. Therefore, conclusions regarding Metro NY's lending performance are based solely on loans to businesses.

DESCRIPTION OF INSTITUTION

Metro NY is a federally licensed branch with \$43 million in assets and \$7.7 million in deposits as of March 31, 2011. The loan portfolio represents 9.5% of assets. Metro NY is a branch of Metropolitan Bank and Trust Company, which is the flagship company of the Metrobank Group, Philippine's largest financial conglomerate with approximately \$20 billion in assets as of December 31, 2010. Metro NY was established in 1977 and became a full branch in 1984.

Metro NY offers traditional deposit products, including checking, savings and time deposit accounts. Credit products offered are primarily commercial loans supporting trade financing and working capital needs of established Filipino corporations doing business in the United States (US).

Also offered are small, unsecured consumer installment loans but these are not the primary product. These consumer loans have been offered via word-of-mouth referrals primarily to teachers immigrating to the U.S. from the Philippines who had no

established credit history in the U.S. Consumer installment loans have grown approximately 11% since the prior CRA exam.

Metropolitan Bank and Trust Company was incorporated principally to provide financial services to the Filipino-Chinese community. The branch was established and organized in response to the growing financial needs of the expanding Filipino population of the New York metropolitan area. It operates in a highly competitive environment populated by a multitude of financial institutions to include money center banks, mortgage bankers and brokers and other branches of foreign institutions. Additionally, the branch has limited lending authority without Head Office approval. Management must get approval from Head Office on loans exceeding the branch's lending authority.

Officers and branch employees are members of several local Filipino-Chinese American community organizations and community needs are identified through their affiliations. With the support of management and Head Office, these individuals maintain an adequate level of participation in development and implementation projects promoting the economic revitalization and growth of the Filipino-Chinese community.

There are no financial or legal impediments to hinder Metro NY's ability to help meet the credit needs of the communities it services. The branch received a "Satisfactory" rating on its prior performance evaluation dated May 19, 2008.

DESCRIPTION OF ASSESSMENT AREA(S)

Metro NY's assessment area (AA) meets all regulatory guidelines and does not arbitrarily exclude low- and moderate-income census tract levels. Metro NY's designated AA includes all of New York City (Manhattan), Queens, King's (Brooklyn), and Bronx counties. These counties are part of the larger New York-White Plains-Wayne-NY, NJ Metropolitan Division (35644).

New York City is the most densely populated major city in the United States (U.S.), with a 2010 U.S. Census population of approximately 8.2 million over 305 square miles of land. The New York City Metropolitan Area's population is the U.S. largest, estimated at 18.9 million people. It is also part of the most populous combined statistical area in the US, containing about 22.2 million people.

The Metropolitan Division includes some of the largest financial institutions in the global market. New York City and northern New Jersey are home to super-regional giants as well as local mortgage bankers and brokers and other branches of foreign banks. Therefore, Metro NY faces significant competition in the New York/New Jersey metropolitan areas from much larger market participants capable of offering a wider array of products. Head Office maintains its presence in New York City, primarily to meet the growing financial needs of the expanding Filipino population in the New York area and given the competitive environment relies almost entirely on referrals for new business generation.

Over the past 20 months, New York City has gained an average of 4,500 private sector jobs per month. As a result, the city has recouped almost 90,000 jobs and stands just 1.6% below the August 2008 peak employment level. Office vacancy rates fell due to a rise in leasing activity and positive net absorption. However, robust job growth is needed to fill the remaining 39 million square feet of vacant space still available in the city.

Housing market prices and transactions have continued to decrease following the expiration of the federal home buyers' tax credit. New development activity remains low but stable when compared to the recent building boom. Other demographic data shows 99.6% of businesses are non-farm in the branch's AA. Approximately 46% are in the service industry with 69% reporting revenues of less than \$500 million.

We contacted a not-for-profit organization whose primary purpose is to empower low-income entrepreneurs by providing affordable microloans and other financial services to individuals living below the poverty line in the US. Microloans are small, short term loans to those in poverty designed to encourage entrepreneurship. Typically, borrowers lack collateral, steady employment, and verifiable credit history resulting in the inability to borrow a traditional loan. The organization's microloans, financial education, credit building, and savings programs give its members the tools they need to create better lives for themselves, their children, and their communities. By providing its members with these services, they are supporting the entrepreneurial ambition of low-income families and allowing them to capitalize on their entrepreneurial skills to strive for a brighter future for themselves and their families.

Our contact indicated that they have been operational for the past three years and are continually seeking financial institutions that will lend support for their mission. Less than 1% of the 20 million microenterprises in the US receive financing and some lenders charge interest ranging from 400% to 3000% APR.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Metro NY's performance under the Lending Test is considered "Satisfactory."

Loan-to-Deposit Ratio

Metro NY's average loan-to-deposit (LTD) ratio is reasonable given the size, financial condition, and assessment area. The branch's quarterly average net LTD ratio over the twelve quarters since the prior CRA examination is 54%. During this period, Metro NY's performance ranged from a low of 40% at March 31, 2009 to a high of 64% at December 31, 2009. The average net LTD ratio is computed excluding Head Office and affiliate deposits. This entity is small and unique in nature and it operates in a highly competitive environment populated by much larger institutions. This hampers a meaningful comparison of its LTD ratio to other similarly situated institutions.

Lending in the Assessment Area

Metro NY located all its loans inside its assessment area. The following table details the branch’s lending within the AA by number and dollar amount of loans. Based on our sample of 20 loans, 100% of the loans in number and 100% in dollar volume were within the branch’s AA.

Lending in the AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	20	100	0	0	20	1,338,040	100	0	0	1,338,040
Total	20	100	0	0	20	1,388,040	100	0	0	1,338,040

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

The borrower distribution of loans to businesses originated in the AA reflects poor dispersion among small businesses. Small businesses account for 74% of the branch’s AA. No loans were originated to a small business during the evaluation period. Of the loans in our sample, 100% of loans were made to business with reported revenue of \$1 million or greater.

While the dispersion among small businesses is poor, given the performance context, we consider Metro NY’s lending to businesses of different sizes to be satisfactory. Metro NY is a small Federal Branch operating in a highly competitive market environment populated by much larger market participants, including other branches of foreign banks. As noted below, the geographic dispersion of its loans is largely made up by loans to borrowers located in low-income areas. Its strategy has focused in developing strong business relationships with Filipino businesses.

Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	<\$1,000,000	>\$1,000,000	Not Reported	Total
% of AA Businesses	74	6	20	100
% of Bank Loans in AA by #	0	100	0	100
% of Bank Loans in AA by \$	0	100	0	100

Geographic Distribution of Loans

The geographic distribution of business loans reflects good dispersion. Metro NY originated 70% of loans to businesses in low-income census tracts, compared to 10% of businesses within the AA. There were no loans originated in moderate-income census tracts. Metro NY meets the standard for satisfactory performance. There were no conspicuous gaps identified within Metro NY’s AA.

Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans	% of AA Businesses	% of # of Loans
Business Loans	10	70	23	0	23	25	44	5

Responses to Complaints

Metro NY did not receive any complaints related to the institution’s CRA performance for the 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.