



## **PUBLIC DISCLOSURE**

February 3, 2014

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

Metropolitan National Bank  
Charter Number 17591  
600 South Glenstone Avenue  
Springfield, Missouri 65802

Office of the Comptroller of the Currency  
1027 South Main Street, Suite 405  
Joplin, Missouri 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.

## **INSTITUTION'S CRA RATING: Satisfactory**

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

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

The major factors supporting this rating for Metropolitan National Bank (MNB) are:

- The loan-to-deposit (LTD) ratio reflects reasonable responsiveness toward meeting the credit needs of the community.
- 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 excellent dispersion.
- MNB demonstrates an adequate level of responsiveness to meeting the community development (CD) needs of its 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 January 1, 2011 to December 31, 2013. We selected our loan sample from loans originated and purchased January 1, 2011 to December 31, 2013 to assess the bank's performance. We evaluated the bank's community development loans, services, and investments from February 7, 2011 to February 3, 2014. We performed a data integrity review of reported Home Mortgage Disclosure Act (HMDA) information and reviewed a sample of 65 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, 60 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 the bank. For both AAs, the dollar volume is less than one percent.

Based on community contacts within the past 12-month period, banks have opportunities to lend to many different programs in the community. Some of these programs include small business loans, affordable housing, and financial literacy training.

## Description of Institution

MNB is a \$440 million financial institution owned by the Marshfield Investment Company, a \$443 million holding company located in Springfield, Missouri. MNB is a full-service banking institution offering a wide range of products and services for individuals and businesses. MNB has 12 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 located within the defined AA. MNB has 13 non-deposit ATMs. One of the ATMs is located off-premises at the Battlefield Market Place parking area in Springfield, Missouri. In September 2010, MNB removed the ATM located at the McDonald's Restaurant in Marshfield, Missouri. No additional bank facilities were opened or closed during the CRA evaluation period.

MNB's primary business focus is commercial loans to small- and medium-sized businesses. As of December 31, 2013, the bank's loan portfolio by dollar volume consisted of 42 percent commercial real estate loans, 33 percent residential real estate loans, 13 percent agriculture loans, 10 percent commercial loans, and 2 percent consumer and other loans. Total loans and leases represent 71 percent of total average assets.

MNB received a "Satisfactory" rating for Intermediate Small Banks at its last CRA examination dated February 7, 2011. There are no legal, financial or other constraints limiting MNB's ability to meet the credit needs of its AA.

## 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, Greene, Polk and Webster, all within the state of Missouri. The second AA consists of Barton, Stone, and Taney 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 geographic areas.

The Springfield MSA (Springfield AA) includes the main branch, five branches with on-premise ATMs, one off-premise ATM, a loan production office, and an operations facility, all located within middle-income tracts. The Springfield AA consists of 91 census tracts with the following designations: 3 low-income, 22 moderate-income, 50 middle-income, and 16 upper-income tracts. The updated 2013 median family income for the Springfield AA is \$53,200, which is a slight decrease from the \$55,400 updated median-family income for the 2012 Springfield AA. As of December 2013, the unemployment rate for the Springfield AA was 4.6 percent, which was below the state unemployment rate of 5.8 percent, and national unemployment rate of 6.7 percent. Primary employment sectors are services and retail trade at 41 percent and 12 percent, respectively. Major employers in the AA include Mercy, CoxHealth, Walmart, Springfield Public Schools, the U.S. government, Bass Pro Shop, and the state of Missouri.

Competition from other financial institutions is strong. There are 41 financial institutions with 193 banking offices within the Springfield AA. Deposit market share ranges from a high of 14.7 percent to a low of 0.1 percent. MNB ranks tenth in this market, with 2.8 percent of the deposit market share. Lending competition is significant with 332 lenders in the Springfield AA. Primary

competitors include mortgage companies, local community banks, and branches of large regional banks. MNB ranks nineteenth, with 1.5 percent of the lending market share.

Our community contact for this examination was the manager of the Missouri Housing Development Commission (MHDC). The community contact identified credit needs that include increasing low- to moderate-income family homeownership, financial literacy, and credit repair training. There are moderate levels of community development lending and investment opportunities in the Springfield AA.

The non-MSA AA consists of six branches located in Barton, Stone, and Taney counties in the state of Missouri. The AA has 19 census tracts, of which 18 are designated middle-income, and 1 upper-income tract. In 2012, Taney County was designated as an economically distressed middle-income county. The updated 2013 median family income for the non-MSA AA is \$48,200. This represents an increase from the updated 2012 median family income of \$47,800. Primary employment sectors in this AA are services and retail trade at 41 percent and 14 percent, respectively. As of December 2013, 7.3 percent of the population was unemployed, compared to the state unemployment rate of 5.8 percent and national unemployment rate of 6.7 percent.

Competition for bank deposits is strong. Within the non-MSA AA, there are 19 financial institutions with 58 banking locations. Deposit market share ranges from a high of 18.76 percent to a low of 0.41 percent. MNB ranks second with a 10.2 percent deposit market share. There are 298 lenders within the non-MSA AA. MNB ranks eighth with 3.31 percent of the lending market share. Primary competitors include local community banks, mortgage companies, and branches of large regional banks.

We did not perform a community contact in this AA. However, prior contacts identified credit needs for small business and affordable housing loans. Opportunities for community development lending and investments are moderate.

## **Conclusions with Respect to Performance Tests**

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

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

### **LENDING TEST**

#### **Loan-to-Deposit Ratio**

MNB's quarterly LTD ratio is reasonable at 79 percent. We calculated the bank's quarterly average LTD ratio from December 31, 2010 to December 31, 2013 using information from the Consolidated Reports of Condition. The average peer ratio for the same period is 93 percent. The highest peer ratio is 96 percent with the lowest at 87 percent. The asset size of the financial institutions, including MNB, ranged from \$250 million to \$640 million. Of the five institutions used for this analysis, MNB by asset size ranks third when reviewing smallest to largest.

## Lending in Assessment Area

MNB’s record of lending in the AAs is adequate. A majority of the bank’s loans are inside the AAs. For commercial loans based on our loan sample, MNB originated 88 percent by number and 86 percent by dollar inside the AAs. Based on our review of the bank’s home mortgage loan portfolio, MNB originated 60 percent by number and 54 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 refinance followed by purchase loans.

For commercial loans, the bank’s performance is excellent. The bank’s penetration of commercial loans is excellent by number and reasonable by dollar volume for the Springfield AA. By number, the bank’s performance exceeds area demographic data. By dollar, the bank’s percentage is slightly below area demographic data. Review the table below for additional details.

<b>Borrower Distribution of Loans to Businesses in the Springfield AA</b>				
<b>Business Revenues</b>	<b>≤ \$1,000,000</b>	<b>&gt; \$1,000,000</b>	<b>Unavailable</b>	<b>Total</b>
<b>% of AA Businesses</b>	72.54%	4.27%	23.19%	100%
<b>% of Bank Loans in AA by #</b>	75.61%	24.39%	0.00%	100%
<b>% of Bank Loans in AA by \$</b>	64.01%	35.99%	0.00%	100%

Source: 2013 Business Geo-demographic Data; Loan Sample

For the non-MSA AA, the bank’s performance for commercial loans shows excellent penetration by number and reasonable penetration by dollar volume. By number, the bank’s performance exceeds area demographic data. By dollar, the bank’s percentage is slightly below area demographic data. Review the table below for additional details.

<b>Borrower Distribution of Loans to Businesses in the nonMSA AA</b>				
<b>Business Revenues</b>	<b>≤ \$1,000,000</b>	<b>&gt; \$1,000,000</b>	<b>Unavailable</b>	<b>Total</b>
<b>% of AA Businesses</b>	73.92%	2.72%	23.36%	100%
<b>% of Bank Loans in AA by #</b>	75.00%	25.00%	0.00%	100%
<b>% of Bank Loans in AA by \$</b>	59.45%	40.55%	0.00%	100%

Source: 2013 Business Geo-demographic Data; Loan Sample

For home mortgage loans in the Springfield AA, the bank’s performance is reasonable. The bank’s percentages 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 slightly exceeds demographic data, while home purchase loans are slightly below area demographic data. The bank’s performance is reasonable when you consider area competition for loans, as well as the percentage of families that live below the poverty level, which makes it difficult for them to qualify for home loans. Approximately 11.05 percent of the families in the AA live below the 50 percent poverty level. With the updated 2013 median family income level at \$53,200, low-income applicants have incomes less than \$26,600. Review the Springfield Borrower Distribution table below for additional details.

<b>Borrower Distribution of Residential Real Estate Loans in the Springfield AA</b>										
<b>Income Lev</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>		<b>Not Available</b>	
<b>Loan Type</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>
<b>Purchase</b>	19.49%	9.86%	18.42%	16.00%	22.00%	33.10%	39.96%	33.10%	0%	7.94%
<b>Refinance</b>		8.37%		20.00%		22.14%		45.12%		4.37%

Source: 2013 Demographic Data; Bank HMDA Data;

For home mortgage loans in the non-MSA AA, the bank’s performance is reasonable. The bank’s percentages 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 exceeds area demographic data. For home purchase loans, the bank’s performance to moderate-income borrowers is near area demographic data. The bank’s performance is reasonable when you consider area competition for loans, as well as the percentage of families that live below the poverty level, which makes it difficult for them to qualify for home loans. Approximately 10.61 percent of the families in the AA live below the 50 percent poverty level. With the updated 2013 median family income level at \$48,200, the applicants at this level have incomes less than \$24,100. Review the non-MSA Borrower Distribution table below for additional details.

<b>Borrower Distribution of Residential Real Estate Loans in the nonMSA AA</b>										
<b>Income Lev</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>		<b>Not Available</b>	
<b>Loan Type</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>	<b>% of AA Families</b>	<b>% # Loans</b>
<b>Purchase</b>	17.45%	8.00%	18.99%	16.00%	23.55%	18.00%	40.01%	58.00%	0%	0.00%
<b>Refinance</b>		4.94%		22.22%		32.10%		40.74%		0.00%

Source: 2013 Demographic Data; Loan Sample

### Geographic Distribution of Loans

MNB’s overall geographic dispersion of loans for both commercial and home refinance and purchase loans in the Springfield AA is excellent. A geographic analysis of the non-MSA AA is not meaningful. There are no low- or moderate-income census tracts in the non-MSA AA. Eighteen of the nineteen census tracts are middle-income areas, and one is an upper-income area.

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.

<b>Geographic Distribution of Loans to Businesses in the Springfield AA</b>									
<b>Census Tract</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>		
<b>Loan Type</b>	<b>% of AA Businesses</b>	<b>% of # Loans</b>	<b>% of AA Businesses</b>	<b>% of # Loans</b>	<b>% of AA Businesses</b>	<b>% of # Loans</b>	<b>% of AA Businesses</b>	<b>% of # Loans</b>	<b>% of # Loans</b>
<b>Commercial</b>	0.78%	0.00%	25.53%	26.83%	55.73%	48.78%	19.96%		24.39%

Source: 2013 Business Geo-demographic Data; Bank Home Mortgage Data

For home mortgage loans, the bank’s dispersion is excellent. For home refinance loans in low-income tracts, the bank exceeds demographics. For purchase loans, the bank’s lending is less

than demographics but is in line with the overall market share for purchase loans in the AA. The bank’s performance for both home refinance and purchase loans exceeds demographics in moderate-income census tracts. 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	Low		Moderate		Middle		Upper	
Loan Type	% Owner-Occupied Housings	% # Loans						
Home Purchase	0.05%	0.00%	15.96%	17.69%	61.19%	55.10%	22.36%	27.21%
Refinance		1.69%		14.77%		56.54%		27.00%

Source: 2013 Business Geo-demographic Data; Loan Sample

### Responses to Complaints

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

### 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 non-MSA AA is excellent. Performance in the Springfield AA carries the most weight as the primary AA. In addition to the bank’s lending efforts, MNB’s 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.

### Number and Amount of Community Development Loans

MNB originated two community development loans totaling \$172 thousand during this evaluation period. For the Springfield AA, one loan benefits a youth center that provides targeted social services for low-and moderate-income individuals. The other loan was extended to Habitat for Humanity, which provides affordable housing. For the non-MSA AA, the bank did not originate any loans. Under the Missouri Housing Development Commission, the bank originated 29 loans, totaling \$2.7 million that provided affordable housing for low- and moderate-income individuals within targeted areas in the Springfield AA. Under the Small Business Association, United States Department of Agriculture, and Farmer Mac II programs, the bank originated 38 loans totaling \$16.4 million.

### Number and Amount of Qualified Investments

MNB invested \$10.7 million in its community. The total represents \$10.6 million in equity investments and \$52 thousand in donations. For the Springfield AA, equity investments total \$890,000. The largest equity investments are two \$250,000 municipal bonds that provide economic development within a state-approved recovery zone. Donations for this AA total \$44

thousand and represent multiple contributions to several community organizations that primarily provide targeted social services and educational financial assistance for low- and moderate-income individuals.

For the non-MSA AA, equity investments total \$9.7 million and consist of nine local bond issuances, of which \$8.8 million represents one bond to build a new county hospital in Barton County to serve the community, including low- and moderate-income individuals. Donations total \$8,000 and represent contributions to community organizations that provide targeted social services for low- and moderate-income individuals.

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

The 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.

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 12 locations. Banking facilities offer extended hours Monday through Friday and are open on 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.

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

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank), or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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