

PUBLIC DISCLOSURE
May 28, 2002
COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Metro-County Bank of Virginia, Inc.
2556882
8206 Atlee Road
Mechanicsville, Virginia 23111

Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261

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.

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to demand for credit in the assessment area.
- A majority of the institution's commercial, HMDA, and motor vehicle loans were originated within the bank's assessment area.

- Lending to borrowers of different income levels and to businesses of different sizes is considered reasonable using various proxies for demand.
- The distribution of lending by income level of geography is considered reasonable given area demographics and aggregate data.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

DESCRIPTION OF INSTITUTION

Metro-County Bank of Virginia, Inc., (Metro-County) is headquartered in the Town of Mechanicsville and operates five branch offices in the City of Richmond and Hanover and Henrico Counties, Virginia. As of March 31, 2002, the bank had approximately \$92.3 million in assets, of which 77.2% were loans. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The loan portfolio as of March 31, 2002, was comprised of 52% real estate secured (both consumer and business), 37.3% commercial, and 10.7% consumer purpose. Based on the institution's loan volume during a 12-month time period and current market strategy, real estate loans reported under the Home Mortgage Disclosure Act (HMDA), small business loans, and motor vehicle loans were identified as primary credit products extended by the bank. The bank's previous CRA rating was Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area includes all of Hanover County, Virginia, and portions of Henrico County (tracts 2001.01 through 2010.03) and the City of Richmond (tracts 101.98 through 506). The area is part of the Richmond-Petersburg Metropolitan Statistical Area (MSA) and contains 109 total census tracts. Of these tracts, 11 are low-income, 28 are moderate-income, 40 are middle-income, and 25 are upper-income. The remaining five tracts reported median family incomes of zero; however, two of these five tracts contain population and businesses. According to the 1990 census data, the assessment area has a population of 352,208 residents and a median housing value of \$81,105. The owner-occupancy rate for the market (55.2%) is lower than that for both the Commonwealth of Virginia (60.9%) and the MSA (60.7%). The percentage of families living below the poverty level in the assessment area is 7.7%, which is slightly higher than the rate for the MSA (7.4%) but equals the rate for the Commonwealth (7.7%). The 2001 median family income for the Richmond-Petersburg MSA is \$61,800.

The following table provides demographics for the assessment area by the income level of families and the percentage of population living in census tracts of varying income levels. The table also displays the distribution of owner-occupied housing units, families below the poverty level, and the percentage of area businesses by income level of geography.

Assessment Area Demographics

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Percentage of Area Families by Income Level	19.8%	17.5%	23.5%	39.2%	100%
Percentage of Population Residing in Census Tracts by Income Level	8%	21.2%	39.2%	31.3%	99.7%*
Percentage of Owner-Occupied Units by Income Level of Census Tract	3.6%	15.0%	43.3%	38.1%	100%
Percentage of Families Below the Poverty Level by Income Level of Census Tract	45%	12.7%	3.5%	1.5%	N/A
Percentage of Area Businesses by Income Level of Census Tract	6.3%	18.6%	44.8%	27.9%	97.6%*

* As mentioned previously, two area tracts, for which no median family income was reported, contain .3% of the market population and 2.4% of area businesses.

Employment opportunities within the market are varied among the service, government, retail/wholesale trade, and manufacturing industries. Major employers in the area include Capital One Financial Corporation, Dominion Resources, Circuit City, and Columbia/HCA Healthcare. The unemployment rates as of April 2002 are 2.8%, 3.4%, and 5.5% for Hanover County, Henrico County, and the City of Richmond, respectively. The jobless rates for Virginia and the Richmond-Petersburg MSA are 3.9 and 3.7%, respectively.

A local economic development official was contacted during the evaluation to assist in evaluating the bank's CRA performance. The individual indicated that local financial institutions are adequately meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN-TO-DEPOSIT RATIO

The bank's loan-to-deposit ratio as of March 31, 2002, is 84.7% and averaged 83% for the 16-quarter period also ending March 31, 2002. The quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of Virginia and of similar asset size to Metro-County ranged from 66.2% to 84.6% for the 15-quarter period ending December 31, 2001. The banks loan-to-deposit ratio is considered reasonable given the institution's size, branch locations, and financial capacity. From June 30, 1998, to March 31, 2002, bank assets, loans, and deposits have increased by 185.3%, 188.9%, and 230.4%, respectively. The large increases are attributable to the four additional branch locations opened since the previous evaluation.

LENDING IN ASSESSMENT AREA

To determine the institution's volume of lending within the assessment area, 119 loans reported by the bank under the HMDA for 2000 and 2001, as well as samples of 74 small business loans and 51 motor vehicle loans, were reviewed. The samples were selected from approximately 120 small business and 70 motor vehicle loans extended during an 18-month period ending April 2002. The bank's lending distribution is represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area

Loan Category	IN				OUT			
	#	%	\$ (000's)	%	#	%	\$ (000's)	%
Small Business	44	59.5%	\$6,752	57.7%	30	40.5%	\$4,952	42.3%
HMDA	80	67.2%	\$7,671	77.6%	39	32.8%	\$2,215	22.4%
Motor Vehicle	41	80.4%	\$557	84.8%	10	19.6%	\$100	15.2%
Total	165	67.6%	\$14,980	67.3%	79	32.4%	\$7,267	32.7%

As indicated in the preceding table, a majority of the number (67.6%) and dollar amount of loans (67.3%) have been provided to residents and businesses within the assessment area. Overall, the percentage of loans made in the bank's assessment area is considered responsive to community credit needs.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The tables that follow present data about the bank's lending to businesses of different sizes and to borrowers of different income levels. Area demographics, aggregate data, and Dun & Bradstreet (D&B) business information are used as proxies for demand. Discussion of the bank's performance follows each table.

Distribution of Loans by Size of Business

	Revenues \leq \$ 1 Million	Revenues $>$ \$ 1 Million	Total
Total Number of Loans	25	19	44
Percentage of Total Loans	56.8%	43.2%	100%
Total Amount of Loans (000's)	\$3,461	\$3,291	\$6,752
Percentage of Total Amount	51.3%	48.7%	100%

Based on recent D&B demographic data, 88.3% of local businesses that reported revenue data have annual revenues of \$1 million or less. According to 2000 aggregate small business data, at least 33.5% of all small business loans reported within the market area were to businesses with revenues of \$1 million or less. The remaining loans were extended to businesses having annual revenues in excess of \$1 million or revenue data was not reported. As indicated in the table above, 56.8% of the bank's loans were to entities with revenues of \$1 million or less. Based on D&B data and aggregate lending data, the bank's level of small business lending is considered reasonable.

Distribution of HMDA Loans by Income Level of Borrower

The bank reported a total of 80 HMDA loans within the assessment area. Ten of the transactions did not contain income data and are therefore not included in the analysis.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	1	9	23	37	70
Percentage of Total Loans	1.4%	12.9%	32.9%	52.8%	100%
Total Amount of Loans (000's)	\$80	\$397	\$1,756	\$4,040	\$6,273
Percentage of Total Amount	1.3%	6.3%	28%	64.4%	100%

Of the HMDA loans where income was known, 1.4% were to low-income borrowers and 12.9% were to moderate-income borrowers. The bank's level of lending to both low- and moderate-income borrowers is less than the respective proportion of low- (19.8%) and moderate-income (17.5%) families in the area. When compared with the 2000 aggregate HMDA data, the bank's level of lending is again less than both the aggregate low- (11.9%) and moderate-income (23.5%) lending level. The bank's level of HMDA lending is considered to be low when compared with area demographics and market aggregate data.

Distribution of Motor Vehicle Loans by Income Level of Borrower

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	19	11	7	4	41
Percentage of Total Loans	46.3%	26.8%	17.1%	9.8%	100%
Total Amount of Loans (000's)	\$223	\$143	\$106	\$85	\$557
Percentage of Total Amount	40%	25.7%	19%	15.3%	100%

Of the motor vehicle loans reviewed, 46.3% were to low-income borrowers and 26.8% were to moderate-income borrowers. This level of lending substantially exceeds the percentage of area families that are low- (19.8%) and moderate-income (17.5%). The motor vehicle lending to borrowers of different income levels is considered excellent.

Overall, the institution's lending distribution to businesses of different sizes and to borrowers of different income levels is considered reasonable when using area demographics, D&B information, and 2000 market aggregate data as proxies for loan demand.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans in the assessment area is reflected in the following tables. Area demographics, aggregate data, and D&B business information are used as proxies for demand. Discussion of the bank's performance follows each table.

Distribution of Small Business Loans in Assessment Area
by Income Level of Tract

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	1	6	19	18	44
Percentage of Total Loans	2.3%	13.6%	43.2%	40.9%	100%
Total Amount of Loans (000's)	\$34	\$912	\$3,021	\$2,785	\$6,752
Percentage of Total Amount	.5%	13.5%	44.7%	41.3%	100%

The bank's lending to businesses located in low- (2.3%) and moderate-income (13.6%) tracts is lower than the percentage of area businesses in such tracts (6.3% and 18.6%, respectively). According to 2000 aggregate small business data, of all lenders required to report data in this market, 6.3% of loans were extended to businesses located in low-income areas and 15.3% were extended to businesses in moderate-income areas. Metro-County's volume of business lending in low- and moderate-income areas is considered adequate when compared with area demographics and aggregate data.

Distribution of HMDA Loans in Assessment Area
by Income Level of Geography

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	7	24	20	29	80
Percentage of Total Loans	8.8%	30%	25%	36.2%	100%
Total Amount of Loans (000's)	\$1,121	\$2,440	\$1,523	\$2,587	\$7,671
Percentage of Total Amount	14.6%	31.8%	19.9%	33.7%	100%

The institution's level of lending in low- (8.8%) and moderate-income (30%) areas substantially exceeds both the percentage of owner-occupied housing units in low- and moderate-income areas (3.6% and 15%, respectively) and the 2000 aggregate HMDA lending in such geographies (2.8% and 12.4%, respectively). The bank's level of HMDA lending reflects an excellent penetration in both low- and moderate-income tracts within the assessment area.

Distribution of Motor Vehicle Loans in Assessment Area
by Income Level of Geography

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	1	7	21	12	41
Percentage of Total Loans	2.4%	17.1%	51.2%	29.3%	100%
Total Amount of Loans (000's)	\$20	\$49	\$246	\$241	\$557
Percentage of Total Amount	3.6%	8.8%	44.2%	43.4%	100%

Of the 41 motor vehicle loans sampled, 2.4% and 17.1% were extended within low- and moderate-income areas, respectively. This level of lending is somewhat lower than the percentage of population residing in such areas (8% and 21.2%, respectively). High poverty levels in low- (45%) and moderate-income tracts (12.7%) may limit the institution's ability to lend in these areas. The bank's level of motor vehicle lending is considered to be marginally responsive to area credit needs.

Overall, the geographic distribution of lending (small business, HMDA, and motor vehicle) is considered reasonable using various proxies for demand.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.