



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**November 15, 2001**

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

**Millennium Bank, National Association  
Charter Number 23828**

**1601 Washington Plaza  
Reston, VA 20190**

**Comptroller of the Currency  
ADC - Maryland/National Capital Area Field Office  
1025 Connecticut Avenue, N.W., Suite 708  
Washington, DC 20036**

**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 primary factors supporting the bank's overall rating include:

- A more than reasonable loan-to-deposit ratio of 101%;
- A majority of loans, representing 73% of the number and 72% of the dollar amount, originated within the assessment area; and
- A reasonable record of lending to businesses of different sizes.

## **DESCRIPTION OF INSTITUTION**

Millennium Bank, N.A. (Millennium Bank) is a wholly owned subsidiary of Millennium Bancshares Corporation (MBC), a holding company headquartered in Reston, Virginia. MBC began operations in December 1998 and opened Millennium Bank on April 1, 1999. As of September 30, 2001, the bank's total assets were \$157 million; gross loans were \$138 million, and total deposits were \$144 million. Millennium Bank has one mortgage operating subsidiary, Millennium Capital, located in Reston, Virginia. In accordance with 12 CFR 25.22, Millennium Capital is considered an affiliate of the bank and management has the option to request to include affiliate lending activity in the bank's evaluation. This option was not exercised and as such, Millennium Capital's loans are not included in this review. The bank's lending activities, excluding Millennium Capital, are comprised of commercial (53%), home equity (27%), residential real estate (18%), and consumer (2%) loans. The bank and its branches offer a full range of loan products and services.

Millennium Bank serves the community from its main banking office located in Reston, Virginia and its branch offices located in Great Falls and Herndon, Virginia, which opened in February 2001 and October 2001, respectively. It is a full service bank, including Saturday hours and proprietary 24-hour ATMs. Management has identified small business and residential real estate loans as the primary credit needs within the bank's assessment area. These needs were also highlighted by three community contacts consisting of local area chambers of commerce and a city economic development board. Meeting these needs is part of the bank's strategic focus. However, being new to the market and given the strong competition in the area, the bank took advantage of the more readily available larger commercial credit opportunities during its initial operations.

There are no impediments, legal or otherwise, which would hinder efforts to meet the credit needs of the assessment area. However, strong competition from other community and regional banks, thrifts, credit unions, and non-financial institutions is evident in the community. This is the bank's first Community Reinvestment Act (CRA) assessment.

## **DESCRIPTION OF ASSESSMENT AREA**

Millennium Bank has defined its assessment area as Fairfax county, including the cities of Fairfax and Falls Church, and the eastern portion of Loudon county. This assessment area is situated within the Washington, D.C.-MD-VA Metropolitan Statistical Area (MSA) 8840. It complies with the legal requirements of CRA and does not arbitrarily exclude low- and moderate- income areas. According to 1990 Census Bureau data, the population of the assessment area is 882,000 individuals. Based on information provided by local area chambers of commerce and a city economic development board, the population in the assessment area has risen over 200,000 in the last 10 years to approximately 1.1 million individuals.

During the last ten years, the assessment area economy has experienced significant growth and is highly prosperous as noted by the significant increase in median family income levels, which have risen from \$52,807 in 1990 to \$82,800 in 2001. This prosperity has been precipitated by the arrival of many new major employers in the community including Exxon/Mobil, AOL, AMS, numerous technology industries as well as by the substantial expansion of the retail service

sector.

These significant shifts in population and employment have impacted the current demographics of the assessment area, making it much more challenging for local area banks to lend in, and to, the few remaining low- and moderate- income census tracts and individuals.

The following table reflects the breakdown of census tract characteristics within the MSA based on 1990 Census Bureau information. As noted, at that time only 7% of the assessment area was considered low- and moderate- income. This information is not yet available from the Census Bureau for 2000, however, local community contacts indicate that these percentages have narrowed even further in the last ten years.

#### **ASSESSMENT AREA DEMOGRAPHICS**

Designation	# Census Tracts	% of Total Tracts
Low Income	1	<1%
Moderate Income	13	6%
Middle Income	80	40%
Upper Income	84	42%
Not Applicable*	25	12%
Totals	203	100%

\* No income reported for these tracts

### **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

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

Millennium Bank's loan-to-deposit ratio is more than reasonable and commensurate with its size, financial condition, and the credit needs of the assessment area. It averaged 101% over the last 10 quarters from 6/30/99 through 9/30/01. This compares quite favorably to the 76% average loan-to-deposit ratio for similarly situated banks during the same time period.

#### **Lending in Assessment Area**

A majority of the bank's lending activity is within its assessment area. We tested and relied on total loan origination data through September 30, 2001 provided by bank reports. Based on our analysis, 243 of 333 in total number of loans, or 73%, were originated in the assessment area during the evaluation period. This represents \$40 million of \$55 million in total dollar volume of loans, or 72%. Of the total loans in the bank's assessment area, \$21 million are commercial loans, \$11 million are home equity loans, \$7 million are mortgage loans, and \$1 million are consumer loans.

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

The bank's record of lending to businesses of different sizes is reasonable. We tested and relied on business loan data provided by bank reports. As the following table illustrates, 58% of the number and 42% of the dollar volume of loans originated were to small businesses. Small businesses are defined as those with gross annual revenues of \$1 million or less. The higher dollar volume of lending to larger commercial borrowers is denotative of the bank's initial startup operations during which time management opted to take advantage of these opportunities.

**LENDING TO BUSINESSES OF DIFFERENT SIZES**

Business Revenue Size	# of Loans	% of Total	\$(000s)	% of Total
<= \$1 Million	42	57.5	8,844	42.2
>= \$1 Million	31	42.5	12,099	57.8
Totals	73	100.0	20,943	100.0

The bank's record of lending to borrowers of different incomes, particularly low- and moderate-income families, does not meet standards. However, demographic data used for comparison purposes in this analysis is derived from 1990 Census Bureau information. As noted above, the assessment area economy has experienced significant growth and median family income levels, based on 2001 HUD information, have risen from \$52,807 to \$82,800. Accordingly, low-income levels have risen from \$26,404 in 1990 to \$41,400 in 2001. In addition, based on information provided by local community contacts, the majority of the population growth in the last ten years has been in the middle- and upper- income borrower categories. As such, the 1990 Census Bureau data is not indicative of current area demographics.

We tested and relied on mortgage and home equity loan origination data provided by bank reports. We did not consider the bank's subsidiary mortgage lending activity or any consumer loans in this analysis. As the following table illustrates, less than 1% of the number and dollar volume of the bank's home equity and residential real estate loans were extended to low- and moderate- income borrowers. These percentages compare unfavorably to the 24% of low- and moderate- income families residing in the bank's assessment area based on 1990 Census Bureau data.

**LENDING TO BORROWERS OF DIFFERENT INCOMES**

Income Designation	# Loans	% of Total	\$(000s)	% of Total	Family Income Characteristics
Low	0	0.0	0	0.0	10%
Moderate	1	.7	20	.1	14%
Middle	17	11.2	1,349	7.7	24%
Upper	134	88.1	16,080	92.2	52%
Totals	152	100.0	17,449	100.0	100%

### **Geographic Distribution of Loans**

The geographic distribution of loans was not performed as it does not provide a meaningful analysis. Only 1 census tract, a military base, is designated as low- income in the bank's assessment area.

### **Responses to Complaints**

The bank received no complaints applicable to its performance under the CRA regulation since it began operations in April 1999.

### **Fair Lending Review**

A review of technical compliance with the fair lending regulations was performed in March 2000. We did not note any illegal discriminatory lending patterns or practices.