



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

March 14, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Century Bank, National Association
Charter Number 24169

807 Dorsey Street
Gainesville, GA 30501-0000

Office of the Comptroller of the Currency

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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 Community Reinvestment Act (CRA) performance of **First Century Bank, NA (FCB)**, Gainesville, Georgia prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 24, 2011**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this Performance Evaluation.

Metropolitan Statistical Area (MSA) - Area consisting of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Census Tract (CT) - Small, locally defined statistical areas within a **MSA**. These areas are determined by the U. S. Census Bureau in an attempt to group homogeneous populations. A **CT** has defined boundaries per ten year census and an average population of 4,000.

Median Family Income (MFI) - The median income as determined by the U. S. Census Bureau. This amount is based on estimates developed by the Department of Housing and Urban Development and is updated annually.

Low-Income - Income levels which are less than 50% of the **MFI** of the **MSA**.

Moderate-Income - Income levels which are less than 80% of the **MFI** of the **MSA**.

Middle-Income - Income levels which are less than 120% of the **MFI** of the **MSA**.

Upper-Income - Income levels which are 120% or greater of the **MFI** of the **MSA**.

Community Reinvestment Act (CRA) - This statute requires federal regulators to evaluate a financial institution's lending performance in light of the credit needs in the institution's local community. The regulator must also evaluate whether the institution's defined community is reasonable. This is a general description of the bank's requirements and not a legal explanation of the requirements contained in 12 USC 2901 and 12 CFR 25 as amended, respectively.

Home Mortgage Disclosure Act (HMDA) - This statute requires certain mortgage lenders that do business or have banking offices in a **MSA** to file annual summary reports of their lending activity. The reports include such data as the race, gender, and the income of applicant(s), the amount of loan requested and its disposition (e.g. made, denied, or withdrawn). The types of loan applications reported include governmentally-guaranteed home purchase and home improvement loans, conventional home purchase and home improvement, refinancing of home purchase and home improvement loans and loans for the purchase of multi-family (5 or more units) dwellings. This is a general description of the bank's requirements and not a legal explanation of the requirements contained in 12 USC 2801 and 12 CFR 203 as amended, respectively.

INSTITUTION'S CRA RATING: SATISFACTORY

FCB's performance rating is supported by the following:

- a reasonable loan-to-deposit ratio;
- a satisfactory record of lending within the assessment area;
- a reasonable record of lending to borrowers of different incomes and to businesses of different sizes; and,
- a reasonable penetration of loans to borrowers and businesses in different geographies.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) is an assessment of FCB's ability to meet the credit needs of the community in which it operates. Examiners conducted a full-scope review of the bank's AA. The evaluation period for this review is from March 2005 to March 2011.

Loan performance was determined through our review of a sample of the bank's primary loan products, consumer and commercial loans, originated from December 2008 to March 2011.

DESCRIPTION OF INSTITUTION

At December 31, 2010, FCB was a \$72 million banking institution located in Gainesville, Georgia. The bank is wholly owned by First Century Bancorp., a one bank holding company. FCB serves the credit and deposit needs of its customers from its main office located at 807 Dorsey St, in Gainesville, Georgia. The facility offers full service banking, including ATM services. The bank does not operate any ATMs in alternate locations. In November 2010, FCB acquired a loan production office (LPO) in Roswell, Georgia. The LPO originates 1-4 family mortgage loans generally for immediate sale into the secondary market. The LPO compliments the bank's call center and Internet mortgage operations, through which the bank originates loans for sale into the secondary market. The holding company does not have any other subsidiaries or affiliates.

FCB offers traditional loan and deposit products with consumer real estate, consumer installment, and commercial real estate comprising the majority of the bank's lending activities. There are no known financial or legal impediments that would hinder the bank from meeting the credit needs of its assessment area outside of the weak economic conditions affecting FCB and its competitors.

DESCRIPTION OF ASSESSMENT AREA

FCB’s assessment area (AA) meets the requirements of the CRA. The AA is the Gainesville, GA MSA, which includes all of Hall County, GA. The city of Gainesville is Hall County’s largest municipality. Gainesville is located approximately 55 miles from the center of Atlanta. The AA consists of 22 census tracts comprised of three moderate-income (13.64 percent), sixteen middle-income (72.72 percent), and three upper-income tracts (13.64 percent).

2000 U.S. Census data reflects total AA population of 139,277. According to Census Bureau estimates, the population for 2009 is 188,000. The data also shows the AA has 47,391 households and 36,245 families. The median family income is \$60 thousand. According to the Georgia Department of Labor, Hall County’s largest employers for 2009 were Fieldale Farms, Corporation; Mar Jac Poultry, Inc; Northeast Georgia Medical Center, Inc; Pilgrims Pride, Corporation; and Willstaff, Inc.

Demographic and Economic Characteristics of Hall County MSA	
Population	
Total Population	139,277
Total Population (2010 Census)	179,684
Number of Families	36,245
Number of Households	47,391
Geographies	
Number of Census Tracts	22
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	14%
% Middle-Income Census Tracts	74%
% Upper-Income Census Tracts	14%
Median Family Income (MFI)	
2000 MFI for AA	\$50,101
2009 HUD-Adjusted MFI	\$60,200
Economic Indicators	
Unemployment Rate (2010 US Bureau of Labor Stats.)	9%
Median Housing Value	\$112,773
% Households Below Poverty Level	11%

Source: 2000 census data (updated where indicated). All of these county figures are based on published demographic information.

COMMUNITY CONTACTS

During our examination, we obtained information from a representative of a non-profit Certified Development Company about local economic conditions and community credit needs. Through this information, we found primary credit needs to include small business and low income consumer lending. According to the contact, small business lending has been constrained due to generally tight credit availability and a lack of qualified borrowers created by weak economic conditions in Hall County.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

FCB’s overall performance under the lending test is satisfactory. This conclusion is based on the following: a reasonable loan to deposit ratio, a majority of loans inside the assessment area; a reasonable penetration of loans among borrowers of different incomes and businesses of different sizes; and a reasonable penetration of loans to borrowers and businesses in different geographies. Details regarding these findings are addressed below.

Loan-To-Deposit Ratio

FCB’s loan-to-deposit ratio (LTD) is reasonable given the bank’s size, financial condition, demand for credit, and competition among area financial institutions. The bank’s average quarterly LTD ratio from March 2005 to December 2010 was 69.30 percent. The LTD ranged from a high of 83.01 percent at September 30, 2010 to a low of 52.64 percent at June 30, 2008. The bank’s LTD ratio is lower than the average of other local banks at 84.84 percent over the same period. This is due in part to investment strategies the bank employed during the recent recession to improve earnings and maintain adequate capital levels. The bank’s loan-to-deposit ratio at December 31, 2010 is 71.99 percent compared to the peer group average of 71.85 percent.

Lending in the Assessment Area

The majority of FCB’s HMDA reportable loans consist of loans originated by the mortgage operation for immediate sale into the secondary market. Therefore, we relied on internal reports to select our loan sample for AA lending. We sampled 20 loans from each of FCB’s primary loan products, consumer and commercial loans. FCB’s lending within their AA reflects a satisfactory responsiveness to community credit needs. In our sample, a majority (55 percent) of loans by number were originated in FCB’s AA. \$2.8 million or 44 percent of our sample by dollar were originated in the AA. This percentage is skewed lower due to one large loan representing 16 percent of our sample that was originated outside of the AA.

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

Lending to borrowers of different incomes and businesses of different sizes is reasonable. We sampled a total of 20 consumer purpose loans to determine the income levels of borrowers. As the following table indicates, FCB’s lending to borrowers of low- and moderate-income levels is more than satisfactory with 55 percent of the loans in our sample granted to low- or moderate-income borrowers. This compares favorably to 26 percent of households in the AA having income levels considered low or moderate.

Borrower Distribution of Consumer Loans in the AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	14.60	30	11.25	25	16.97	15	57.19	30

Source: Loan sample / U.S. Census Data

The bank’s volume of loans to small businesses indicates lower penetration compared to AA

characteristics. Our sample of business loans within the AA showed lending split between businesses with revenue less than \$1 million and greater than \$1 million. However, Dunn & Bradstreet data reveals the AA consists primarily of businesses with revenues less than or equal to \$1 million. Reasons for comparatively lower lending to small businesses relate to the struggling local economy, which has weakened the demand for credit and credit worthiness of small business borrowers in general. This sentiment was echoed by our community contact.

Borrower Distribution of Loans to Businesses in the AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	81	4	15	100%
% of Bank Loans in AA by #	50	45	5	100%
% of Bank Loans in AA by \$	29	69	2	100%

Source: Loan sample; Dunn and Bradstreet data.

Geographic Distribution of Loans

There are no low-income tracts in the AA, which limits the meaningfulness of a geographic distribution analysis. However, FCB’s geographic distribution of consumer loans is reasonable. Our sampling showed a correlation between the AA percentages and our loan sample. No loans in our sample were in a moderate-income tract. However, 11 percent of households are below the poverty line and 11 percent of households are located in moderate-income census tracts. 80 percent of our sample of consumer loans was to middle-income tracts compared to 76 percent of census tracts within the AA reported as middle-income. Finally, 20 percent of loans were made in upper-income tracts compared to 13 percent of census tracts in the AA listed as upper-income.

Geographic Distribution of Consumer Loans in Hall County, Georgia								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households
Consumer Loans	0	0	0	11.20	80	75.92	20	12.87

Source: Loan Sample / U.S. Census data.

The distribution of loans to businesses in different geographies is reasonable.

Geographic Distribution of Loans to Businesses in Hall County, GA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Businesses	0.00	0.00	19.02	10	67.66	75	13.32	15

Source: Loan Sample / D & B data.

Responses to Complaints

FCB has not received any CRA related complaints since our last examination. This has a neutral impact on the overall CRA rating.

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.

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