

# **PUBLIC DISCLOSURE**

**December 4, 2008**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First Century Bank  
Certificate Number: 1700**

**1780 North Broad Street  
Tazewell, Tennessee 37879**

**Federal Deposit Insurance Corporation  
Division of Supervision and Consumer Protection  
Dallas Region - Memphis Area Office  
5100 Poplar Avenue, Suite 1900  
Memphis, Tennessee 38137**

**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, Tazewell, Tennessee** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **December 4, 2008**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

***INSTITUTION'S CRA RATING:*** This institution is rated **Satisfactory**.  
The Lending Test is rated: **Satisfactory**  
The Community Development Test: **Outstanding**

For this evaluation, examiners reviewed those tests and performance factors applicable to intermediate small banks. Effective January 1, 2008, intermediate small banks are defined as institutions with total assets of at least \$265 million as of December 31 of both the prior two calendar years, and less than \$1.061 billion as of December 31 of either of the prior two calendar years. As of the date of this evaluation, the bank had total assets of \$260 million, but total assets have shrunk from \$291 million as of December 31, 2006 and \$272 million as of December 31, 2007, thus making it subject to intermediate small bank examination procedures. The FDIC evaluates intermediate small banks under the Lending and the Community Development Tests. Individual ratings for the Lending and the Community Development Tests are summarized below. Performance under each test is detailed elsewhere in this Public Evaluation.

The bank is headquartered in Tazewell, Tennessee, a portion of the non-metropolitan area of East Tennessee. The institution operates in two assessment areas, the home office non-metropolitan area and the Knoxville, TN Metropolitan Statistical Area (MSA).

## COMMUNITY DEVELOPMENT TEST

### *Community Development Lending*

First Century Bank granted a reasonable level of community development loans. Table L shows the bank granted only three community development loans totaling \$343,600 in this assessment area. Management maintains contact with various community-based organizations to maintain an awareness of community development opportunities.

The bank originated two loans totaling \$170,000 to meet affordable housing needs in the area and one loan for \$173,587 to assist in the revitalization and stabilization of the Clinch-Powell Enterprise Community.

<i>Table L - Qualified Community Development Lending Activity by Purpose and Origination Year Tazewell Non-MSA Assessment Area</i>										
Year Originated	Affordable Housing		Revitalize or Stabilize LMI Areas		Economic Development		Community Services Targeted to LMI		TOTALS	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2005	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
2006	1	80.0	1	173.6	0	0.0	0	0.0	2	253.6
2007	1	90.0	0	0.0	0	0.0	0	0.0	1	90.0
YTD 2008	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>2</b>	<b>170.0</b>	<b>1</b>	<b>173.6</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>343.6</b>

Source: Bank Records

### *Community Development Investments*

FCB exhibited excellent performance in this assessment area regarding community development investments. A high dollar volume of qualified investments and the resulting impact on this assessment area supports this conclusion.

The bank invested \$791,000 in the Senior Housing Crime Prevention Foundation during 2004 to support the Senior Crimestoppers Program in two local nursing homes. The outstanding balance of this investment remains \$791,000. Both of these nursing homes are located in the Clinch-Powell Enterprise Community, with one of them located in this assessment area. The Tazewell Non-MSA assessment area is afforded 63.5 percent of this investment, or \$502,285, based on the proportionate share of the total beds in these two nursing homes that are located in this area.

Additionally, the bank invested in six different capital outlay notes supporting the

## **Community Development Test**

Thirty-four community development loans for almost \$8.5 million were made during the review period. These loans support affordable housing initiatives and the revitalization/stabilization of moderate-income tracts in the assessment area. This level of community development lending represents excellent performance in this assessment area.

The bank's qualified investments in the Knoxville MSA assessment area were lower than its qualified investments in the Tazewell Non-MSA area. In this assessment area, the bank had \$346,700 in qualified grants and investments during the review period. **These investments are comprised of \$288,700 of the Senior Housing Crime Prevention Foundation investment,** a \$53,000 investment for the revitalization and stabilization of a moderate-income area in the City of Maynardville through the construction of public improvements, and approximately \$5,000 in qualified grants.

The bank provides a high level of community development services in this assessment area, similar to its performance in the Tazewell Non-MSA assessment area. In addition, the bank's offices and services are reasonably accessible to residents of the assessment area, including the LMI areas and residents. The reasonableness of business hours in this assessment area is considered satisfactory. The bank has not closed any branches in this assessment area since the previous evaluation, but has opened one new full-service branch office located in a middle-income census tract on Strawberry Plains Pike in Knoxville, Tennessee.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices were identified during the examination.