



**Comptroller of the Currency
Administrator of National Banks**

PUBLIC DISCLOSURE

November 17, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Century Bank, N.A.
Charter # 22135
11455 Viking Drive
Eden Prairie, Minnesota 55344**

**Office of the Comptroller of the Currency
920 Second Ave. S. Suite 800
Minneapolis, MN 55402**

NOTE: 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 **Century Bank, N.A.** prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **November 17, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Century Bank, National Association's loan-to-deposit ratio of 81% exceeds other banks of similar size situated in its assessment areas, and it originates a majority of its loans in its assessment areas. The geographic distribution of loans throughout the assessment areas is reasonable. The distribution of lending to businesses of different sizes reflects the average revenue size of businesses in the assessment areas.

DESCRIPTION OF INSTITUTION

Century Bank, National Association is a \$156 million bank, chartered in 1990. Its main office is located in Eden Prairie, Minnesota, a southwestern suburb of the Minneapolis/St. Paul metropolitan area. The bank is owned 100% by a one bank holding company, Century Bancshares, Incorporated. The bank has two branches located in Coon Rapids, Minnesota, a far northern suburb and St. Louis Park, Minnesota an inner-ring western suburb. A branch office opened in 1995 in the far southwestern suburb of Chanhassen, Minnesota and was subsequently sold in June 1997. The Chanhassen branch was not located in a low- or moderate-income census tract. The bank was rated "Satisfactory Record of Meeting Community Credit Needs" in December 1994. There are no legal or financial impediments limiting Century Bank's ability to meet community credit needs.

The bank's lending focus is in commercial and commercial real estate. The loan portfolio has experienced significant volume increases in each of the years since the bank's inception. Volumes in all loan types have grown with residential and commercial real estate lending growth being especially significant since the last CRA evaluation. The following table illustrates the current mix of the bank's portfolio using call report information from June 30, 1997.

Loan Type	Dollar Volume	% of Total
Commercial	\$45,764	40%
Commercial Real Estate	\$21,021	18%
Residential Real Estate	\$20,438	18%
Construction & Development	\$16,934	15%
Loans to Individuals	\$8,522	8%
Other Loans	\$1,573	1%
Total Portfolio Volume	\$114,252	100%

DESCRIPTION OF THE ASSESSMENT AREAS

Century Bank has two designated assessment areas. One surrounds the main office in Eden Prairie and the branch in St. Louis Park. The second encompasses the northern branch office in Coon Rapids. Neither of the assessment area designations arbitrarily excludes any low- or moderate-income geographies. The areas are served by approximately 110 banking offices.

The Eden Prairie/St. Louis Park assessment area encompasses most of the western and southwestern suburbs of the Minneapolis/St. Paul metropolitan area representing the majority of Hennepin County and the extreme northeastern portion of Carver County. The major suburban cities located in the assessment area include: Bloomington; Chanhassen; Chaska; Eden Prairie; Edina; Golden Valley; Hopkins; Minnetonka; New Hope; Plymouth; St. Louis Park and Wayzata. The assessment area is comprised of 117 census tracts and has a population of 442,406, with 66% of the housing units owner occupied.

The Coon Rapids assessment area includes 51 census tracts in the far northern suburbs of the Minneapolis/St. Paul metropolitan area representing the southwestern half of Anoka County and the extreme northwestern portion of Ramsey County. The major cities located in the assessment area include: Andover; Anoka; Blaine; Coon Rapids; Fridley; Mounds View and Ramsey. The population of the assessment area is 206,726 with 77% of the housing stock owner occupied.

The updated 1997 Median Family Income for the assessment area is \$57,300. The following tables describe the income profile of the census tracts and the income level of the families located in each of the assessment areas.

Eden Prairie/St. Louis Park Assessment Area			
	Number of Tracts	% of Total	% of Families
Low-Income	0	0%	10%
Moderate-Income	3	3%	16%
Middle-Income	61	52%	25%
Upper-Income	53	45%	49%
Total	117	100%	100%

Coon Rapids Assessment Area

	Number of Tracts	% of Total	% of Families
Low-Income	0	0%	12%
Moderate-Income	3	6%	18%
Middle-Income	41	80%	33%
Upper-Income	6	12%	37%
Tracts not reporting income	1	2%	0%
Total	51	100%	100%

1990 census data shows that both assessment areas have a majority of businesses with annual revenues less than \$500 thousand. However, bank management obtained information from the Minnesota Department of Trade & Economic Development that indicates the average business size has grown based on the data as of 1995. This information shows an average business size of \$1.6 million for the Eden Prairie/St. Louis Park assessment area and \$785 thousand for the Coon Rapids assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Analysis

The bank's average loan-to-deposit ratio from January 1995 to June 1997 is 81%. This ratio is more than reasonable given the bank's size, financial condition and lending opportunities within its assessment area. Century Bank has the highest average loan-to-deposit ratio of any of the banks similarly situated in their assessment areas. Nine banks of similar size, operating in the bank's markets within the Minneapolis/St. Paul MSA had average loan-to-deposit ratios ranging from 62% to 77%.

The following table illustrates the average loan-to-deposit ratios from March 31, 1995 to June 30, 1997 for similarly situated financial institutions operating in both of the bank's assessment areas. Total asset figures are from the June 30, 1997 Reports of Condition.

Loan-to-Deposit Ratios for Subject Bank and Comparable Banks			
Name of Bank	Main Office or Branch Locations	Total Assets (000's)	LTD Ratio**
Century Bank, National Association	Eden Prairie, MN*	\$157,381	81%
Americana Bank	Edina, MN	\$106,204	77%
First National Bank of Chaska	Chaska, MN	\$101,806	70%
Park National Bank	St. Louis Park, MN	\$225,983	67%
First Minnetonka City Bank	Minnetonka, MN	\$89,534	66%
Crosstown State Bank of Ham Lake	Ham Lake, MN	\$66,948	66%
Anchor Bank, N.A.	Wayzata, MN	\$154,058	65%
Citizens Independent Bank	St. Louis Park, MN	\$138,772	65%
Fidelity Bank	Edina, MN	\$161,659	63%
State Bank of Chanhassen	Chanhassen, MN	\$74,264	62%

**LTD= Average Net Loan-to-Deposit Ratios from 3/95-6/97

Lending Inside the Assessment Areas

Century Bank originates a majority of their loans inside of its assessment areas based on our sample review of commercial loans originated in 1997. The sample taken of loans originated by bank locations in the Eden Prairie/St. Louis Park assessment area consisted of 97 loans totaling \$28.7 million. This represents 33% of commercial loans originated at these locations by number and 40% by dollar volume in 1997. The sample of loans originated out of the Coon Rapids location consisted of 27 loans totaling \$2.5 million. These loans represent 30% by number and 26% by dollar volume of commercial loans originated in 1997.

The following tables illustrate the level of penetration of lending inside each of the bank's assessment areas:

Penetration of Lending Inside the Assessment Area Eden Prairie/St. Louis Park Assessment Area				
	Number of Loans	% of Total	Dollar Volume of Loans (000's)	% of Total
Inside of the Assessment Area	53	55%	\$16,804	59%
Outside of the Assessment Area	44	45%	\$11,870	41%
Totals	97	100%	\$28,674	100%

Penetration of Lending Inside the Assessment Area Coon Rapids Assessment Area				
	Number of Loans	% of Total	Dollar Volume of Loans (000's)	% of Total
Inside of the Assessment Area	24	89%	\$2,261	90%
Outside of the Assessment Area	3	11%	\$244	10%
Totals	27	100%	\$2,505	100%

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout both assessment areas. Lending distribution by geography approximates the census tract income profiles. The lack of penetration to a small number of census tracts in the Eden Prairie/St. Louis Park assessment area is not a concern due to the distance of those from the bank's offices in the far northern portion of the bank's assessment area. The bank also has minimal lending activity in middle- and upper-income tracts surrounding the moderate-income area in the far northern portion of the assessment area.

The sample used to determine geographic distribution was an expanded sample of commercial loans originated in 1996 and YTD 1997. The sample was expanded to increase representation of lending activity inside of the bank's assessment area. The Eden Prairie/St. Louis Park sample consisted of 87 commercial loans originated in 1996 or 1997 totaling \$23.5 million. This sample represents 16% by number and 23% by dollar volume of commercial loans originated over that time period. The Coon Rapids sample of 29 loans totaling \$2.5 million

represents 17% by number and 15% by dollar volume of commercial loans originated over that time period.

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

Commercial Lending to Businesses of Different Sizes:

Commercial loan originations to businesses of different sizes are reflective of the sizes of businesses present in the bank's assessment area. Commercial loans account for 31% by number and 67% by dollar volume of all loans originated in 1996 and YTD 1997. Thus, the majority of weight for this category is placed on the results of the commercial loan sample.

A sample was taken for the Eden Prairie/St. Louis Park assessment area consisting of 87 commercial loans originated in 1996 and YTD 1997 totaling \$23.5 million. The sample represents 15% by number and 21% by dollar volume of all commercial originations in the assessment area over that time period. The following table illustrates the results of the sample:

Lending Distribution Based on Revenue Size of Businesses 1996 & 1997 Commercial Loan Originations Eden Prairie/St. Louis Park Assessment Area					
Revenue Size of Businesses Sampled	Century Bank Distribution by Number of Loans	% of Total	*MDTED Business Revenue Breakdown	Century Bank Distribution by Dollar Volume of Loans (\$000's)	% of Total
\$0 - \$50,000	3	3%	50%	\$429	2%
\$50,000 - \$100,000	0	0%		\$0	0%
\$100,000 - \$250,000	5	6%		\$137	0%
\$250,000 - \$500,000	6	7%		\$766	3%
\$500,000 - \$1,000,000	4	5%		\$337	2%
\$1,000,000 - \$1,600,000	21	24%		\$3,551	17%
\$1,600,000 - \$3,000,000	12	14%		\$1,789	6%
\$3,000,000 - \$5,000,000	18	21%		\$8,848	38%
\$5,000,000 - \$10,000,000	14	16%		\$6,154	26%
> \$10,000,000	4	4%		\$1,512	6%
Totals	87	100%	100%	\$23,523	100%

* MDTED = Minnesota Department of Trade & Economic Development

The table shows that the bank makes 45%, by number, of their loans to businesses with revenues less than \$1.6 million. The average business revenue size for all suburban cities located in the Eden Prairie/St. Louis Park assessment area is \$1.6 million. This average is derived from gross sales data gathered by the Minnesota Department of Trade and Economic Development in 1995 in the course of keeping sales tax records.

A sample was taken of 29 commercial loans in the Coon Rapids assessment area originated in 1996 and YTD 1997 totaling \$2.5 million. The sample represents 15% by number and 13% by dollar volume of all commercial loan originations in the assessment area over that time period. The results of the sample are depicted in the table below:

Lending Distribution Based on Revenue Size of Businesses 1996 & 1997 Commercial Loan Originations Coon Rapids Assessment Area					
Revenue Size of Businesses Sampled	Century Bank Distribution by Number of Loans	% of Total	*MDTED Business Revenue Breakdown	Century Bank Distribution by Dollar Volume of Loans (\$000's)	% of Total
\$0 - \$50,000	0	0%	50%	\$0	0%
\$50,000 - \$100,000	1	3%		\$15	0%
\$100,000 - \$250,000	3	11%		\$52	2%
\$250,000 - \$800,000	7	24%		\$434	18%
\$800,000 - \$2,000,000	6	21%		\$439	18%
\$2,000,000 - \$3,000,000	2	7%		\$75	3%
\$3,000,000 - \$5,000,000	9	31%		\$1,194	50%
\$5,000,000 - \$10,000,000	1	3%		\$200	9%
> \$10,000,000	0	0%		\$0	0%
Totals	29	100%	100%	\$2,409	100%

* MDTED = Minnesota Department of Trade & Economic Development

The table shows that the bank makes 38%, by number, of their loans to businesses with revenues less than \$800 thousand. The average business revenues size for all suburban cities located in the Coon Rapids assessment area is approximately \$800 thousand.

Consumer Lending to Borrowers of Different Incomes:

Consumer loans account for 69% by number and 33% by dollar volume of loans originated in 1996 and YTD 1997. Samples were taken of home equity lines of credit (HELOC's) and second real estate mortgages to review the consumer lending practices of Century Bank. Home equity lines of credit originated in 1997 accounted for 18% by number and 23% by dollar volume of the total consumer loans originated for the entire bank. Second real estate mortgage loans originated in 1996 and YTD 1997 account for 10% by number and 12% by dollar volume of consumer loans made over that time period.

Eden Prairie/St. Louis Park Assessment Area:

Our sample found no home-equity lines of credit were made to low-income borrowers and 8% by number and 2% by dollar volume of home equity lines were made to moderate-income borrowers. The sample also showed 4% by number and 2% by dollar volume of second real estate mortgage loans were made to a low-income borrowers. Also, 11% by number and 2% by dollar volume were made to moderate-income borrowers.

The home equity lines of credit sample for the Eden Prairie/St. Louis Park assessment area included 13 loans totaling \$546 thousand made in 1997. This represented 13% by number and 16% by dollar volume of all HELOC originations in this assessment area in 1997.

The second real estate mortgage loan sample for the Eden Prairie/St. Louis Park assessment area included 27 loans totaling \$1.5 million made in 1996 and YTD 1997. The sample represented 18% by number and 25% by dollar volume of second real estate mortgages made in the assessment area over that time period.

Coon Rapids Assessment Area:

Sample results show no penetration to low-income borrowers for either home equity lines of credit or second real estate mortgages. There is also no penetration to moderate-income borrowers for home-equity lines of credit. Second real estate mortgage loans to moderate-income borrowers totaled 63% by number and 65% by dollar volume.

The home equity lines of credit sample for the Coon Rapids assessment area included 17 loans totaling \$851 thousand made in 1997. This represented 34% by number and dollar volume of all HELOC originations in this assessment area in 1997.

The second real estate mortgage loan sample for the Coon Rapids assessment area included 8 loans totaling \$321 thousand made in 1996 and YTD 1997. The sample represented 38% by number and 42% by dollar volume of second real estate mortgages made in the in this assessment area over that time period.

Although the numbers above suggest poor penetration to low- and moderate-income borrowers, a significant percentage of low- and moderate-income persons do not likely own homes or have enough equity to qualify for these products. Therefore, the bank's penetration to these income

groups appears more reasonable.

Response to CRA Related Complaints

The bank has not received any CRA related complaints since the previous evaluation.

Compliance with Antidiscrimination Laws

Century Bank, N.A. is in compliance with applicable antidiscrimination laws and regulations. We found no evidence of apparent disparate treatment during our fair lending review.