



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**November 13, 2001**

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

**Century Bank, National Association  
Charter Number 22135  
11455 Viking Drive  
Eden Prairie, Minnesota 55344**

**Comptroller of the Currency  
Minneapolis Field Office  
920 Second Avenue South, Suite 800  
Minneapolis, Minnesota 55402**

**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.**

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## **INSTITUTION'S CRA RATING**

**This institution is rated "Satisfactory."**

- Century Bank meets the credit needs of the community, as demonstrated by its high quarterly average loan-to-deposit ratio of 90 percent since the its prior CRA examination.
- A majority of loans by both number (80 percent) and by dollar volume (78 percent) are located within the bank's defined assessment area.
- Geographic distribution of commercial loans is reasonable, especially in dollar volumes lent to businesses located in low- and moderate-income census tracts.
- Lending to businesses of different sizes is less than adequate. The bank's lending pattern shows a low volume of lending (45 percent of loans) to businesses with gross annual revenues less than \$1,000,000. This compares unfavorably to assessment area demographics of 82 percent. However, performance in the three categories above is sufficiently strong to compensate for low performance in this category.

## **DESCRIPTION OF INSTITUTION**

Century Bank, National Association, Eden Prairie, Minnesota (Century Bank) is a \$323 million commercial bank. The bank's main office is in Eden Prairie, with branch offices in St. Louis Park and Coon Rapids. All offices have drive-up facilities. In addition, the Eden Prairie office has a deposit-taking automated teller machine (ATM) and the St. Louis Park office has a cash-dispensing ATM.

Century Bank's main strategic focus is commercial and commercial real estate lending. According to its Report of Condition and Income, the bank had the following outstanding loans by dollar volume on September 30, 2001: commercial and commercial real estate (82 percent), consumer (13 percent), and residential real estate (5 percent). Net loans total 79 percent of total assets.

The bank is 100 percent owned by Century Bancshares Incorporated, a \$343 million one-bank holding company headquartered in Eden Prairie, Minnesota.

Century Bank received a "Satisfactory" rating at its November 17, 1997 CRA examination. This Performance Evaluation assesses the bank's CRA activities from January 1, 1998 through October 31, 2001. There are no financial, legal, or other factors that impede the bank's ability to meet the credit needs in its assessment area.

## DESCRIPTION OF ASSESSMENT AREA

Century Bank identifies its assessment area as Anoka, Hennepin, and Ramsey Counties in Minnesota. The assessment area includes 489 census tracts. The total population of the assessment area is 1,761,837 persons, according to 1990 U.S. Census Data.

The assessment area complies with regulatory requirements. It includes the bank's main office, branches, and ATMs, as well as a majority of its loans. The area does not arbitrarily exclude any low- or moderate-income census tracts.

The U.S. Department of Housing and Urban Development's 2001 updated median family income (MFI) estimate for the Minneapolis-St. Paul, Minnesota MSA #5120 is \$74,700 (1990 census MFI is \$43,063). The following table summarizes the income levels of individual census tracts and families located within the bank's assessment area:

INCOME DISTRIBUTION OF GEOGRAPHIES AND FAMILIES									
Assessment Area	Census Tracts (# and %)					Percentage of Families			
	Low	Moderate	Middle	Upper	NA	Low	Moderate	Middle	Upper
Anoka, Hennepin, and Ramsey Counties	52	85	251	97	4	18%	18%	27%	37%
	11%	17%	51%	20%	1%				

Source: U.S. Census Data (1990)

Major employers in the assessment area include Target Corporation (35,047 employees), University of Minnesota (29,498), Allina Health Systems (22,454), Northwest Airlines Corporation (21,301), Fairview Health Systems (18,700), 3M Company (18,179), Wells Fargo (13,938), and U.S. Bancorporation (10,909). September 2001 unemployment in the assessment area is low at 3.4 percent, which is the same rate as that of the state of Minnesota, but even lower than the U.S. average of 4.9 percent.

Competition from other financial institutions is strong. U.S. Bank, N.A. and Wells Fargo Bank Minnesota, N.A. dominate the market with a combined 69 percent deposit market share in the assessment area. Including Century Bank, there are 80 financial institutions with offices in the bank's assessment area. The bank ranks 11th among those 80 financial institutions with deposit market share of 0.67 percent using FDIC information as of June 30, 2000.

We did not identify any significant unmet credit needs in Century Bank's assessment area through our contact with an economic state agency and a review of two previous contacts completed by other regulatory agencies. The bank's immediate trade area in Eden Prairie has experienced a period of high prosperity and economic development, which has led to typical problems created by growth, such as traffic congestion and limited land available for further development. One contact noted that area financial institutions are willing to provide loans to viable start-up businesses. Another contact noted that housing costs in suburban areas are relatively high and sometimes inaccessible to low- and moderate-income families.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

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

Century Bank's net loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. Its quarterly net loan-to-deposit ratio averaged 90 percent over 15 quarters from December 31, 1997, to June 30, 2001.

The bank's average net loan-to-deposit ratio compares favorably with other similarly-situated banks in the assessment area. Century Bank ranks third among a total of 11 similarly-situated banks chartered in the assessment area. The other eight banks had quarterly average net loan-to-deposit ratios averaging 80 percent and ranging from 64 percent to 113 percent over 15 quarters from December 31, 1997, through June 30, 2001. Similarly-situated banks include those with total assets ranging from \$200 million to \$400 million and with at least 50 percent of total loans in commercial and commercial real estate products.

Century Bank's lending activities include loans that have a community development purpose. In 2001, the bank extended a \$2.862 million loan for the construction of town homes that are affordable for moderate-income individuals through a city government subsidy applied to the purchase price. The bank also extended an \$800 thousand loan to fund a portion of a city block redevelopment project that will result in the construction of town homes and senior assisted-living units in a moderate-income census tract. Banks, private investors, and government housing agencies jointly provided the funding for this block redevelopment project.

### **Lending in Assessment Area**

Century Bank originates a majority of its loans within the assessment area. We sampled 70 commercial and commercial real estate loans totaling \$26 million and found that 80 percent by number and 78 percent by dollar amount were originated within the assessment area.

### **Lending to Businesses of Different Sizes**

The distribution of Century Bank's lending reflects a less than reasonable penetration among businesses of different sizes. Although the bank has improved in this area from the prior CRA examination, lending to small businesses still does not meet community demographics. Specifically, the bank has a low level of lending (only 5 percent of loans by number) to the smallest businesses, which are those with gross annual revenues of less than \$100 thousand. Business loans of all sizes are a credit need within the bank's assessment area.

Century Bank's commercial lending activity in the assessment area to businesses with gross annual revenues of less than \$1 million (45 percent) is significantly below community demographics of 82 percent. The largest number of the bank's loans were originated to businesses with gross annual revenues of \$1 million to \$5 million. The following table compares the bank's commercial lending activity by revenue size to community demographics:

<b>REVENUE DISTRIBUTION OF COMMERCIAL LOANS IN THE ASSESSMENT AREA</b>					
Gross Annual Revenues	Sample of 60 Originations Dated January 1, 1998 through October 31, 2001				Percent of Businesses
	Number	Percent of Number	Amount (\$000)	Percent of Amount	
<\$100,000	3	5%	\$232	1%	82%
\$100,000 - \$500,000	12	20%	\$1,072	5%	
\$500,000 - \$1,000,000	12	20%	\$4,278	20%	
\$1,000,000 - \$5,000,000	19	32%	\$5,431	26%	
>\$5,000,000	11	18%	\$9,369	44%	11%
NA	3	5%	\$773	4%	7%
Totals	60	100%	\$21,155	100%	100%

Source: Bank records (verified by examiners) and U.S. Business Geodemographic Data (D&B 2001)

### Geographic Distribution of Loans

Geographic distribution of commercial loans in the assessment area is reasonable. Analysis of geographic distribution by number of loans shows that the bank's level of lending in low- and moderate-income census tracts is well below the assessment area demographics. However, nearly all of the low- and moderate-income census tracts in the assessment area are located in Ramsey County and in downtown Minneapolis; neither of these areas has a physical Century Bank location. Mapping of the bank's loan originations shows that approximately one-half of them are located within a one-suburb radius of a branch location. Therefore, commercial loan distribution, especially by dollar volume, is consistent with assessment area demographics, as shown in the following table:

<b>GEOGRAPHIC DISTRIBUTION OF COMMERCIAL LOANS IN THE ASSESSMENT AREA</b>						
Tract Income Level and Percentage of Tracts		Sample of 60 Originations Dated January 1, 1998 through October 31, 2001				Percent of Businesses By Tract Category
		Number	Percent of Number	Amount (\$000)	Percent of Amount	
Low	11%	2	3%	\$4,150	19%	7%
Moderate	17%	3	5%	\$2,284	11%	10%
Middle	51%	37	62%	\$7,995	38%	56%
Upper	20%	18	30%	\$6,727	32%	27%
NA	1%	0	0%	\$0	0%	0%
Totals	100%	60	100%	\$21,155	100%	100%

Source: Bank records (verified by examiners) and U.S. Census Data (1990)

## **Responses to Complaints**

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

## **Fair Lending Review**

An analysis of 1998, 1999, 2000, and 2001 public comments, consumer complaint information, and Home Mortgage Disclosure Act reports was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.