# PUBLIC DISCLOSURE

July 21, 2025

# COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Century Bank and Trust Certificate Number: 5015

100 West Chicago Street Coldwater, Michigan 49036

Federal Deposit Insurance Corporation Division of Depositor and Consumer Protection Chicago Regional Office

300 South Riverside Plaza, Suite 1700 Chicago, Illinois 60606

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 RATING**

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

# The Lending Test is rated **Satisfactory**.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, assessment area credit needs, and economic conditions.
- The institution made a majority of its small business and home mortgage loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## The Community Development Test is rated Satisfactory.

The institution demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

# **DESCRIPTION OF INSTITUTION**

Century Bank and Trust (CBT), based in Coldwater, Michigan, operates in south-central Michigan, near the Indiana border. Century Financial Corporation, a one-bank holding company also based in Coldwater, owns CBT. The institution received a "Satisfactory" rating at its previous FDIC performance evaluation dated July 26, 2022, at which time examiners utilized Interagency Intermediate Small Institution CRA Examination Procedures. "Satisfactory" ratings for both the Lending Test and Community Development Test supported the overall "Satisfactory" rating at the previous evaluation. CBT has no active affiliates that offer lending services.

In addition to its main office, CBT operates five full-service branch offices and four limited-service offices across Branch, St. Joseph, and Hillsdale counties. The institution also operates a loan production office located within a middle-income tract in Hillsdale County. Since the previous

evaluation, that loan production office relocated from Jonesville to the city of Hillsdale. The following table provides additional information on the branch office locations.

Office Locations									
Address	City	County	ATM	Census Tract Income Level	Service Type				
100 West Chicago Street	Coldwater	Branch	Yes	Middle	Main Office				
106 East Chicago Road	Bronson	Branch	Yes	Middle	Full				
109 West Chicago Street	Quincy	Branch	Yes	Upper	Full				
108 North Main Street	Reading	Hillsdale	Yes	Middle	Full				
300 West Chicago Road	Sturgis	St. Joseph	No	Moderate	Full				
1310 West Broadway	Three Rivers	St. Joseph	Yes	Upper	Full				
64 North Monroe Street	Coldwater	Branch	Yes	Middle	Limited				
745 East Chicago Road	Coldwater	Branch	Yes	Middle	Limited				
25985 M-86	Nottawa	St. Joseph	No	Middle	Limited				
201 South Centerville Road	Sturgis	St. Joseph	Yes	Moderate	Limited				
Source: Bank Records, 2020 U.S. Cen:	sus	-							

CBT's loan products include consumer, residential, commercial, and agricultural loans. The institution focuses on residential, commercial, and agricultural lending. Additionally, the institution provides a variety of deposit services for individuals and small businesses, including checking and savings accounts, certificates of deposit, individual retirement accounts, and health savings accounts. Alternative banking services include internet banking, mobile banking, and deposit-accepting ATMs at eight of the institution's 10 banking offices, with six of the offices offering interactive teller machines. CBT did not open or close any branch offices during the evaluation period, nor did it engage in any merger or acquisition activity during the evaluation period.

Assets totaled approximately \$483.3 million as of March 31, 2025, and included total loans of \$237.0 million and securities totaling \$143.5 million. The institution's deposits totaled \$415.7 million as of the same date. Examiners did not identify any financial, legal, or other impediments that affect CBT's ability to meet assessment area credit needs. The following table details the institution's loan portfolio.

%       42     8.2       79     4.6       88     37.4       9     3.4	
79 4.6 88 37.4	
37.4	
9 3.4	
57 29.3	
85 82.9	
9.6	
5 0.8	
4 2.4	
52 4.3	
	)
5	4 2.4

# **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which to evaluate its CRA performance. CBT delineated a single assessment area in a nonmetropolitan area of Michigan. The following sections discuss assessment area demographic and economic information.

# **Economic and Demographic Data**

The assessment area includes Branch and St. Joseph counties in their entirety, as well as three contiguous census tracts in adjacent Hillsdale County. Based on 2020 U.S. Census data, the assessment area includes six moderate-income tracts, 25 middle-income tracts, and three upper-income tracts. The assessment area's census tract composition changed from the previous evaluation, when the composition was based on data from the 2015 American Community Survey. At the previous evaluation, the assessment area included six moderate-income, 24 middle-income, and two upper-income tracts.

The following table details select demographic characteristics of the assessment area.

Demogra	Demographic Information of the Assessment Area										
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #					
Geographies (Census Tracts)	34	0.0	17.6	73.5	8.8	0.0					
Population by Geography	118,751	0.0	15.2	76.9	7.9	0.0					
Housing Units by Geography	55,382	0.0	14.1	76.8	9.1	0.0					
Owner-Occupied Units by Geography	34,926	0.0	10.1	80.3	9.7	0.0					
Occupied Rental Units by Geography	11,150	0.0	32.1	64.6	3.3	0.0					
Vacant Units by Geography	9,306	0.0	7.6	78.6	13.8	0.0					
Businesses by Geography	8,781	0.0	16.4	74.9	8.7	0.0					
Farms by Geography	817	0.0	2.3	84.5	13.2	0.0					
Family Distribution by Income Level	30,716	17.8	19.7	24.8	37.6	0.0					
Household Distribution by Income Level	46,076	20.5	17.8	20.3	41.3	0.0					
Median Family Income Non-MSAs - MI		\$63,042	Median Housi	ng Value		\$129,083					
	•		Median Gross	Rent		\$745					
			Families Belo	w Poverty Le	evel	10.1%					

Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Examiners utilized the Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels between 2022 and 2024 to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the assessment area.

	Median Family Income										
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%							
2022 (\$71,500)	<\$35,750	\$35,750 to <\$57,200	\$57,200 to <\$85,800	≥\$85,800							
2023 (\$79,800)	<\$39,900	\$39,900 to <\$63,840	\$63,840 to <\$95,760	≥\$95,760							
2024 (\$78,300)	<\$39,150	\$39,150 to <\$62,640	\$62,640 to <\$93,960	≥\$93,960							
Source: FFIEC	•	•	•								

The service industry sector represents the largest industry sector at 31.7 percent, followed by retail trade at 11.2 percent. In addition, 64.3 percent of area businesses, which include the agriculture sector, have four or fewer employees, and 90.4 percent operate from a single location.

Of the assessment area's 55,382 housing units, 63.0 percent are owner-occupied. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. With a median housing value of \$129,083 and median family income of \$63,042 (according

to the 2020 U.S. Census), housing is relatively affordable for the assessment area's stable population.

Data obtained from the U. S. Bureau of Labor Statistics indicates that the March 2025 unemployment rate was 5.7 percent statewide. Unemployment rates in the assessment area at the same date ranged from a high of 5.9 percent for Hillsdale County to a low of 5.0 percent for Branch County. Unemployment rates moderately increased during the evaluation period. At the beginning of the evaluation period, in July 2022, the unemployment rate was 4.4 percent statewide, and the unemployment rates within the assessment area ranged from a high of 5.4 percent for St. Joseph County to a low of 4.4 percent for Branch County.

# Competition

The assessment area is moderately competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, nine FDIC-insured institutions, including CBT, operated a total of 32 banking offices within the assessment area. Of these institutions, CBT ranked third with a 20.1 percent deposit market share. The two most prominent institutions accounted for 53.7 percent of the total deposit market share.

There is a high level of competition for home mortgage loans among various banks, credit unions, and non-depository mortgage lenders. In 2023, the most recent year for which reported data is available, 203 lenders reported a total of 2,268 home mortgage loans originated or purchased in the assessment area. Although CBT is not subject to the Home Mortgage Disclosure Act (HMDA) and is, therefore, not included in this data, it is an indicator of the competition for originating home mortgage loans in the assessment area. The five most prominent home mortgage lenders subject to HMDA accounted for 30.7 percent of the total market share. The analysis of home mortgage loans under the Lending Test does not include comparisons to aggregate lending data.

Likewise, the institution is not required to report its small business lending data and has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate lending data. The aggregate lending data, however, reflects the level of competition for small business loans. Aggregate lending data for 2023, the most recent year for which reported data is available, indicates that 67 institutions originated a total of 1,288 small business loans across the three counties included in the assessment area, indicating a moderate level of competition. The five most prominent small business lenders accounted for 71.1 percent of the total market share.

# **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also indicates which credit and community development opportunities are available.

Examiners reviewed a recent community contact interview conducted with a municipal government executive in the assessment area. The contact stated that housing prices and rental rates are rising

due to demand outpacing supply. The contact further noted that the assessment area's employment base continues to expand and diversify, including growth in renewable energy production. Finally, the contact stated that, in addition to residential lending as a key credit need, the assessment area needs more financial literacy training and affordable childcare, which impacts assessment area employment.

# **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that residential mortgage and small business lending represent primary credit needs of the assessment area. Although examiners did not identify any major unmet credit needs, there remain opportunities for affordable housing, community services, economic development, and revitalization and stabilization of moderate-income areas. The presence of six moderate-income tracts, as well as 37.6 percent of assessment area families being low- or moderate-income, supports the need and opportunity for community development activities.

# SCOPE OF EVALUATION

# **General Information**

This evaluation covers the period from the prior evaluation dated July 26, 2022, to the current evaluation dated July 21, 2025. Examiners used the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate CBT's CRA performance, which include two tests: the Small Bank Lending Test (Lending Test) and the Community Development Test. The criteria for each test are described in the Appendices.

### **Activities Reviewed**

Examiners reviewed home mortgage and small business loans for this evaluation, as they represent the institution's primary product lines. This conclusion considered the number and dollar volume of loans originated during the evaluation period, the composition of the institution's loan portfolio, and the institution's business strategy. Examiners did not consider small farm or consumer loans, as they are not major product lines and did not represent a significant portion of the institution's originations or loan portfolio during the evaluation period. In evaluating performance, home mortgage and small business lending received equal weight based on origination volumes and the institution's loan portfolio composition.

Bank records indicated that the lending focus and product mix remained relatively consistent throughout the evaluation period. Though CBT is not required to report home mortgage or small business lending activity, it collected reportable data relative to that activity during the evaluation period. Accordingly, examiners analyzed the full universe of small business and home mortgage loans originated between January 1, 2022, and December 31, 2024. During this timeframe, CBT originated 591 small business loans totaling \$113.1 million and 424 home mortgage loans totaling \$81.1 million.

Examiners compared home mortgage lending performance to demographic data obtained from the

2020 U.S. Census. Dun & Bradstreet (D&B) data for 2024 provided a standard of comparison for the small business loans. While this evaluation includes the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated July 26, 2022.

# CONCLUSIONS ON PERFORMANCE CRITERIA

#### LENDING TEST

CBT demonstrated Satisfactory performance under the Lending Test. The institution's reasonable performance under all performance criteria supports this conclusion.

# **Loan-to-Deposit Ratio**

CBT's net LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. As shown in the following table, the institution's net LTD ratio, calculated from Consolidated Reports of Condition and Income (Call Report) data, averaged 53.1 percent over the past 11 quarters from September 30, 2022, through March 31, 2025. Though this average net LTD ratio is lower than that at the previous evaluation (61.8 percent), and though it trails the performance of five similarly situated institutions during the evaluation period, it represents a reversal of the downward trend in the net LTD ratio the institution exhibited at the previous evaluation. CBT's ratio generally increased during this evaluation period, ranging from a low of 46.1 percent as of September 30, 2022, to a high of 58.3 percent as of September 30, 2024. During the evaluation period, the institution's net loans grew 18.5 percent while total deposits decreased 2.8 percent. Examiners selected the five similarly situated institutions based on asset size, lending focus, and market composition.

Loan-to-Deposit I	Ratio Comparison	
Bank	Total Assets as of 03/31/2025 (\$000s)	Average Net LTD Ratio (%)
Century Bank and Trust	483,347	53.1
Chelsea State Bank (Chelsea, MI)	414,015	64.1
Highpoint Community Bank (Hastings, MI)	638,539	62.8
Sturgis Bank & Trust Company (Sturgis, MI)	958,391	92.6
County National Bank (Hillsdale, MI)	1,295,664	89.0
Southern Michigan Bank & Trust (Coldwater, MI)	1,561,839	83.9
Source: Reports of Condition and Income 09/30/2022 - 0	3/31/2025	

# **Assessment Area Concentration**

CBT originated a majority of its home mortgage and small business loans, by number and dollar volume, within the assessment area during the evaluation period. The table below details the institution's performance in each year reviewed.

Lending Inside and Outside of the Assessment Area												
	N	umber	of Loans	S		Dolla	r Amou	int of Loans	S			
Loan Category	Insi	ide	Outs	side	Total	Insid	e	Outsio	le	Total		
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)		
Home Mortgage												
2022	132	66.3	67	33.7	199	22,076	62.7	13,125	37.3	35,201		
2023	94	69.1	42	30.9	136	17,536	67.7	8,361	32.3	25,897		
2024	60	67.4	29	32.6	89	11,817	59.2	8,138	40.8	19,955		
Subtotal	286	67.5	138	32.5	424	51,429	63.5	29,624	36.5	81,053		
Small Business												
2022	163	77.6	47	22.4	210	28,466	76.4	8,815	23.6	37,281		
2023	145	74.7	49	25.3	194	31,768	76.4	9,788	23.6	41,556		
2024	151	80.7	36	19.3	187	25,436	74.3	8,812	25.7	34,248		
Subtotal	459	77.7	132	22.3	591	85,670	75.8	27,415	24.2	113,085		
Total	745	73.4	270	26.6	1,015	137,099	70.6	57,039	29.4	194,138		

# **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The institution's reasonable performance in both small business and home mortgage lending supports this conclusion.

# Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion within the assessment area. As detailed in the following table, CBT's small business lending performance in the moderate-income tracts slightly trailed the percentage of businesses each year between 2022 and 2024.

	Geog	raphic Distribution (	of Small Busi	ness Loans		
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Moderate		1		1	<u> </u>	
	2022	23.5	31	19.0	5,052	17.7
	2023	23.1	31	21.4	7,788	24.5
	2024	16.4	18	11.9	3,182	12.5
Middle						
	2022	71.0	125	76.7	22,927	80.5
	2023	71.5	102	70.3	22,482	70.8
	2024	74.9	120	79.5	21,252	83.6
Upper						
	2022	5.5	7	4.3	487	1.7
	2023	5.4	12	8.3	1,498	4.7
	2024	8.7	13	8.6	1,002	3.9
Totals						
	2022	100.0	163	100.0	28,466	100.0
	2023	100.0	145	100.0	31,768	100.0
	2024	100.0	151	100.0	25,436	100.0

# Home Mortgage Loans

Due to rounding, totals may not equal 100.0%

The geographic distribution of home mortgage loans reflects overall reasonable dispersion within the assessment area. As detailed in the following table, the institution's performance in the moderate-income tracts slightly exceeded the percentage of owner-occupied housing units in 2022. In 2023, the institution's performance in the moderate-income tracts was consistent with the percentage of owner-occupied housing units, and in 2024 its performance significantly exceeded the same comparator.

	Geog	raphic Distribution of H	ome Mortga	ge Loans		
Tract Income Level		% of Owner- Occupied Housing Units	#	%	\$(000s)	%
Moderate						
	2022	12.3	22	16.7	2,468	11.2
	2023	12.3	11	11.7	1,427	8.1
	2024	10.1	11	18.3	928	7.9
Middle						
	2022	81.8	100	75.8	17,117	77.5
	2023	81.8	81	86.2	15,704	89.6
	2024	80.3	42	70.0	9,687	82.0
Upper		•				
	2022	5.9	10	7.6	2,491	11.3
	2023	5.9	2	2.1	405	2.3
	2024	9.7	7	11.7	1,202	10.2
Totals		•				
	2022	100.0	132	100.0	22,076	100.0
	2023	100.0	94	100.0	17,536	100.0
	2024	100.0	60	100.0	11,817	100.0

Due to rounding, totals may not equal 100.0%

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the assessment area. CBT's reasonable performance in both small business and home mortgage lending supports this conclusion.

# Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with gross annual revenues of \$1.0 million or less. As detailed in the following table, the bank's performance each year between 2022 and 2024 trailed the percentage of businesses. CBT does not report small business loans, as noted previously. Aggregate lending data, therefore, is not used as a direct comparator, although it is a better indicator of the demand for financing. A review of 2022 and 2023 aggregate data of small business lenders in the assessment area revealed performance levels that significantly trail the percentage of businesses and that slightly trail the bank's 2022 and 2023 performance, respectively. Aggregate lending data for 2024 is not yet available. Considering the 2022 and 2023 aggregate lending performance and the fact that smaller businesses tend to seek alternate forms of financing, such as home equity lines of credit or credit cards, it is expected that the bank's performance would trail the percentage of businesses. Based on these factors, the institution's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category										
Gross Revenue Level		% of Businesses	#	%	\$(000s)	%				
<=\$1,000,000		_								
	2022	81.2	102	62.6	10,925	38.4				
	2023	81.8	84	57.9	14,045	44.2				
	2024	86.1	86	57.0	8,926	35.1				
>\$1,000,000										
	2022	5.1	59	36.2	17,317	60.8				
	2023	5.0	61	42.1	17,723	55.8				
	2024	3.7	65	43.0	16,510	64.9				
Revenue Not Available										
	2022	13.6	2	1.2	224	0.8				
	2023	13.2	0	0.0	0	0.0				
	2024	10.2	0	0.0	0	0.0				
Totals										
	2022	100.0	163	100.0	28,466	100.0				
	2023	100.0	145	100.0	31,768	100.0				
	2024	100.0	151	100.0	25,436	100.0				

# Home Mortgage Loans

Due to rounding, totals may not equal 100.0%

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. As shown in the following table, CBT's lending performance to low-income borrowers trailed the percentage of families each year between 2022 and 2024. However, not all low-income borrowers in the assessment area are likely to qualify for a traditional mortgage loan. For example, 2020 U.S. Census data reflects that 10.1 percent of assessment area families have incomes below the poverty level; these families likely have difficulty qualifying for traditional home mortgage financing. The institution's lending performance to moderate-income borrowers slightly exceeded the percentage of families in both 2022 and 2023. In 2024, its performance to moderate-income borrowers slightly trailed the percentage of families. CBT's lending performance in the assessment area is reasonable overall based primarily on its record of lending to moderate-income borrowers.

Distrib	ution of Home Mortgag	ge Loans by B	orrower Incom	e Level	
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low			- 1		
202	2 18.8	11	8.3	826	3.7
202	3 18.8	9	9.6	778	4.4
202	4 17.8	6	10.0	520	4.4
Moderate					
202	2 20.4	30	22.7	3,112	14.1
202	3 20.4	21	22.3	2,738	15.6
202	4 19.7	9	15.0	943	8.0
Middle					
202	2 24.6	31	23.5	4,613	20.9
202	3 24.6	27	28.7	3,767	21.5
202	4 24.8	16	26.7	2,029	17.2
Upper					
202	2 36.1	57	43.2	13,141	59.5
202	3 36.1	36	38.3	9,981	56.9
202	4 37.6	27	45.0	8,125	68.8
Not Available					
202	2 0.0	3	2.3	384	1.7
202	3 0.0	1	1.1	272	1.6
202	4 0.0	2	3.3	200	1.7
Totals					
202	2 100.0	132	100.0	22,076	100.0
202	3 100.0	94	100.0	17,536	100.0
202	4 100.0	60	100.0	11,817	100.0

Due to rounding, totals may not equal 100.0%

### COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity, the need and availability of such opportunities, and historical performance in evaluating CBT's performance. As noted previously, the presence of six moderate-income census tracts in the assessment area supports the opportunity for community development activities. Additionally, 37.6 percent of assessment area families are either low- or moderate-income, indicating that a relatively high number of individuals could benefit from eligible community development activities.

Examiners evaluated CBT's community development performance through comparisons to five similarly situated institutions. The similarly situated institutions are evaluated as an Intermediate Small Institutions due to their asset size, operate in roughly the same geographic areas and have similar market composition, and have a similar lending focus.

# **Community Development Loans**

CBT originated 25 community development loans totaling \$15.0 million during the evaluation period. Most of these community development loans supported community services and economic development efforts in the assessment area.

The institution's level of community development lending during this evaluation was consistent with that of the previous evaluation period, when it originated 27 community development loans totaling \$14.0 million. CBT's community development lending during the evaluation period represented 6.8 percent of average total loans and 3.2 percent of average total assets. This performance exceeded that of two similarly situated institutions, was consistent with a third, and trailed the remaining two. Additionally, the loans addressed identified community development needs. At the previous evaluation, the institution's level of community development lending represented 7.2 percent of net loans and 2.9 percent of total assets. The following table presents the institution's community development lending by year and purpose.

				Communi	ty Deve	lopment Lend	ling			
Year	Affordable Housing			Community Services		Economic Development		Revitalize or Stabilize		Total
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	0	0	3	3,068	2	421	1	160	6	3,649
2023	0	0	4	4,743	6	1,430	0	0	10	6,173
2024	1	30	2	334	4	769	1	175	8	1,308
2025 (YTD)	0	0	1	3,900	0	0	0	0	1	3,900
Total	1	30	10	12,045	12	2,620	2	335	25	15,030

Notable examples of community development loans include:

- In 2023, CBT originated two loans totaling \$4.5 million that provided operating funds for two public school districts where the majority of students received free or reduced-price lunches.
- In 2023, the institution provided \$60,000 in bridge financing to an organization that supports domestic and sexual abuse victims in the assessment area.
- In 2025, CBT originated a loan of nearly \$30,000 that facilitated affordable housing for displaced veterans.

# **Qualified Investments**

CBT made no qualifying investments in the assessment area during the evaluation period, although it maintained three prior-period investments with a book value totaling \$3.0 million as of the date of the evaluation. The institution's 65 donations and grants totaling \$35,625 during the evaluation period responded to identified community development needs in the assessment area.

In total, CBT's qualified investments and donations of \$3.1 million represented 2.2 percent of average total securities and 0.7 percent of average total assets. The institution's performance exceeded that of three of the similarly situated institutions while trailing the other two. Additionally, CBT's performance during this evaluation period was similar to its performance during the previous evaluation period, when the institution's \$3.4 million in qualified investments represented 4.9 percent of total securities and 0.7 percent of total assets.

The following table details the institution's qualified investments, grants, and donations by purpose.

				Qualified	Invest	ments by Year	r			
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	1	2,060	0	0	2	966	3	3,026
Subtotal	0	0	1	2,060	0	0	2	966	3	3,026
Grants & Donations	0	0	65	36	0	0	0	0	65	36
Total	0	0	66	2,096	0	0	2	966	68	3,062
Source: Bank I	Data	_				_	•	_	•	

Notable examples of qualified grants and donations follow:

- Between 2022 and 2025, CBT provided 10 donations totaling \$9,470 that benefited three organizations that serve victims of domestic abuse in the assessment area.
- Between 2023 and 2025, the institution provided three donations totaling \$750 to an organization that provides free maternal care services to low- and moderate-income mothers in the assessment area.

# **Community Development Services**

CBT staff provided 21 instances totaling 520 hours of community development services in the assessment area during the evaluation period. A majority of the service hours (69.2 percent) involved an institution officer who provided financial expertise to a service organization that provides college scholarships to low- and moderate-income students in the assessment area. The remaining hours involved various institution employees delivering financial literacy training to low- and moderate-income students and seniors in the assessment area. The institution's performance trailed that of four of the five similarly situated institutions while exceeding that of the fifth. On the other hand, CBT's performance during this evaluation period represented a notable improvement

over the previous evaluation period, when it provided eight instances of community development services. Furthermore, the services provided addressed community development needs. The following table details the institution's community development services by year and hours of service.

Community Development Services										
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total # hours					
	# hours	# hours	# hours	# hours						
2022 (Partial)	0	106	0	0	106					
2023	0	190	0	0	190					
2024	0	158	0	0	158					
2025 (YTD)	0	66	0	0	66					
Total	0	520	0	0	520					

# DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act, and did not identify any discriminatory or other illegal credit practices.

# **APPENDICES**

# INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

# **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

# **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

# **GLOSSARY**

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

# **Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

# **Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies**: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.