

# **PUBLIC DISCLOSURE**

August 26, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Blissfield State Bank  
RSSD# 937843

204 E. Jefferson Street  
Blissfield, Michigan 49228

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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## BANK'S CRA RATING

Blissfield State Bank is rated **Satisfactory**

Blissfield State Bank is meeting the credit needs of its community based on an analysis of its lending activities and information obtained from community representatives. Specifically, the bank's loan-to-deposit (LTD) ratio is reasonable given the bank's asset size, financial condition, and assessment area credit needs. A majority of the loans are made within the assessment. The geographic distribution reflects reasonable dispersion throughout the assessment area. Lending reflects reasonable penetration among businesses and farms of different sizes. Neither Blissfield State Bank nor this Reserve Bank has received any CRA-related complaints since the previous evaluation.

## SCOPE OF EXAMINATION

Blissfield State Bank's performance was evaluated using the Federal Financial Institutions Examinations Council's (FFIEC) Small Institution Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment area including the bank's asset size, financial condition, competition, and economic and demographic characteristics.

The bank's assessment area consists of five census tracts in Lenawee County, as part of the Michigan (MI) Non-Metropolitan Statistical Area (MSA), and two census tracts within the Monroe MI MSA #33780. For purposes of the evaluation, the two census tracts within the Monroe County MSA will be combined with the five census tracts in Lenawee County and evaluated as part of the Michigan Non-MSA assessment area. Additionally, based upon lending volumes during the review period, small business and small farm loans will be considered as part of the lending performance while residential real estate loans will not receive consideration.

Performance in the assessment area was evaluated using streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 15-quarter average loan-to-deposit ratio ending March 31, 2019 was calculated for the bank and compared to a sample of local competitors;
- ***Lending in the Assessment Area*** – The bank's small business and small farm loans originated from January 1, 2018 to December 31, 2018 were reviewed to determine the percentage of loans originated in the assessment area;
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's small business and small farm loans originated in the assessment area, from January 1, 2018 to December 31, 2018, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels;

- ***Lending to Businesses and Farms of Different Sizes*** – The bank’s small business and small farm loans originated in the assessment area from January 1, 2018 to December 31, 2018 were reviewed to determine the distribution among small businesses and small farms of different revenue sizes; and
- ***Response to Substantiated Complaints*** – Neither Blissfield State Bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition, information from two community organizations representing small business and agricultural organization were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area.

## DESCRIPTION OF INSTITUTION

Blissfield State Bank is wholly-owned subsidiary of the Blissfield Bank Corporation, a one-bank holding company located in the town of Blissfield, Michigan. The bank has two locations situated in the city of Blissfield, Michigan with the bank’s main office located in the business area of Blissfield and a limited service branch located closer to the main highway, approximately 1.1 miles from the main office. In addition, a full-service automated teller machine (ATM) is located at the main office, and a cash-dispensing ATM is located at the limited service branch. Additionally, the bank maintains a website ([www.blissfieldstatebank.com](http://www.blissfieldstatebank.com)) that provides information on loan and deposit products, other bank services and access to online banking.

According to the Uniform Bank Performance Report (UBPR), the bank reported total assets of approximately \$99.9 million as of March 31, 2019. Blissfield State Bank offers residential real estate, commercial, agricultural and consumer loans. The bank also offers standard deposit products such as checking, savings, negotiable order of withdrawal (NOW) accounts, money market and certificates of deposits (CDs). The loan portfolio consists primarily of residential real estate loans (36.8 percent), agricultural loans (33.1 percent), and commercial loans (23.4 percent). Details of the bank’s loan portfolio are shown below.

Composition of Loan Portfolio as of March 31, 2019 (\$ are in 000s)		
Category	\$	%
Residential Real Estate	18,182	36.8
Commercial	11,529	23.4
Agriculture	16,329	33.1
Consumer	2,836	5.7
Other	532	1.0
Total Loans	49,408	100.0
Note: Percentages may not total 100.0 percent due to rounding.		

There are no known legal, financial or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the Community Reinvestment Act at its previous public evaluation conducted on July 13, 2015.

## **DESCRIPTION OF ASSESSMENT AREA**

Blissfield State Bank maintains one assessment area consisting of portions of the Monroe, Michigan MSA #33780, and a Non-MSA in the state of Michigan. The assessment area is comprised of seven census tracts located within Lenawee and Monroe Counties in the southeast portion of Michigan. The Michigan Non-MSA includes three census tracts designated as middle-income and two designated as upper-income census tracts in the assessment area, while two middle-income census tracts are located in the Monroe County MSA. There are no low- or moderate-income census tracts within the assessment area. The bank's assessment area is considered rural and does not contain distressed or underserved census tracts. For purposes of this evaluation, the Monroe County census tracts are included in the Michigan Non-MSA assessment area analyses as part of the Lenawee County census tracts. Although the Monroe County tracts are in an MSA, they are economically similar to the Michigan Non-MSA census tracts in Lenawee County. The bank's offices and ATMs are located within Lenawee County and the bank has neither opened nor closed any branch locations since the previous evaluation. The city of Adrian, Michigan, with a population of approximately 21,000, is located 17 miles northwest of Blissfield, Michigan and is the county seat of Lenawee County.

Since the previous public evaluation, the assessment area has changed. The bank expanded the assessment area from five to seven census tracts, adding one upper-income census tract in Lenawee County and one middle-income tract in Monroe County in response to its increased market presence.

As illustrated in the 2018 Assessment Area Demographics report below, 89.2 percent of businesses and 96.4 percent of farms are considered small with annual revenues under \$1 million. Please refer to the table for additional assessment area demographics.

Assessment Area: 2018 MI Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,006	15.4
Moderate-income	0	0.0	0	0.0	0	0.0	1,000	15.3
Middle-income	5	71.4	4,405	67.4	292	6.6	1,363	20.9
Upper-income	2	28.6	2,128	32.6	130	6.1	3,164	48.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	7	100.0	6,533	100.0	422	6.5	6,533	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	6,819	5,174	66.9	75.9	1,067	15.6	578	8.5
Upper-income	3,302	2,559	33.1	77.5	482	14.6	261	7.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	10,121	7,733	100.0	76.4	1,549	15.3	839	8.3
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	610	67.0	543	66.9	56	73.7	11	50.0
Upper-income	300	33.0	269	33.1	20	26.3	11	50.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	910	100.0	812	100.0	76	100.0	22	100.0
	Percentage of Total Businesses:			89.2		8.4		2.4
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	112	57.7	109	58.3	3	50.0	0	0.0
Upper-income	82	42.3	78	41.7	3	50.0	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	194	100.0	187	100.0	6	100.0	1	100.0
	Percentage of Total Farms:			96.4		3.1		0.5
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report, as of June 30, 2018, Blissfield State Bank held 3.0 percent of the deposit market share and ranked eighth out of 14 FDIC-insured financial institutions in Lenawee County and Monroe County, Michigan. The following five banks had the largest market share in the assessment area: Monroe Bank & Trust (33.1 percent), The Huntington National Bank (14.3 percent), Old National Bank (12.4 percent), First Federal Bank of the Midwest (9.2 percent) and KeyBank National Bank (9.0 percent).

### Population Characteristics

The table below shows the population trends for the assessment area and the state of Michigan from 2010 to 2015. According to the 2015 U.S. Census Bureau demographic data, the assessment area's population is 23,941, a decrease of -2.42 percent since 2010. As indicated in the following table, the populations in Lenawee and Monroe Counties declined modestly by -0.99 and -1.04 percent; respectively, from the years 2010 to 2011-2015. In contrast, the state of Michigan which remained relatively unchanged with mild growth of 0.2 percent. According to community representatives, the decline in population in Lenawee and Monroe Counties are partially attributable to the effects of the Great Recession and its impact on the automobile industry so closely embedded within the local economies. Community representatives have stated that since 2015, population levels have stabilized as economic conditions, largely driven by the automobile industry, have improved.

Population Change 2010 and 2015			
Area	2010 Population	2015 Population	Percentage Change (%)
Assessment Area	24,535	23,941	-2.42
Lenawee County, MI	99,892	98,902	-0.99
Monroe County, MI	152,021	150,436	-1.04
State of Michigan	9,883,640	9,900,571	0.2
Source: 2010 — U.S. Census Bureau: Decennial Census 2011-2015 — U.S. Census Bureau: Decennial Census: American Community Survey			

### Income Characteristics

The table below compares the median family income for the assessment area to the state of Michigan. According to the 2011-2015 U.S. Census Bureau data, median family income (MFI) in the assessment area increased 6.0 percent from 2010, while Monroe County and the state of Michigan grew at rates of 1.9 and 3.2 percent, respectively, from 2006-2010 to 2011-2015. Conversely, the median family income in Lenawee County decreased by -0.9 percent during the same period. When compared to the state of Michigan, the lower income growth in Monroe County and decrease in Lenawee County, community representatives cite the lingering effects of the recession upon the auto industry and the slower recovery to reach statewide income levels despite the increase in the number of employment opportunities.

Median Family Income Change 2010 and 2011-2015			
Area	2010 Median Family Income (\$)	2011-2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	64,013	67,856	6.0
Lenawee County, MI	60,028	59,511	-0.9
Monroe County, MI	66,549	67,811	1.9
State of Michigan	60,341	62,247	3.2
Source: 2006-2010—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey			

## Housing Characteristics

In 2018, the assessment area was comprised of 10,121 housing units, of which 76.4 percent are owner-occupied, 15.3 percent are rental units, and 8.3 percent are vacant, indicating a similar composition to the previous evaluation.

As the following table shows, from 2006-2010 to 2011-2015 the median housing values decreased in the assessment area and the state of Michigan by -18.4 and -15.1 percent, respectively. This was indicative of the pre-recession housing values followed by the rapid decrease in values commonly experienced during the post-recessionary years. Conversely, the affordability ratio, calculated by dividing median household income by median housing value, increased during the same period of time in Lenawee County (from 0.35 to 0.42), Monroe County (from 0.34 to 0.41), and the state of Michigan (from 0.34 to 0.41). This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio. Consequently, the increase in the affordability ratios indicates that housing in the assessment area had become more affordable as the decrease in housing values outpaced the relatively flat median household income levels.

Additionally, the median gross rents in the assessment area and the state of Michigan increased by 8.6 and 8.3 percent, respectively, in response to the rising demand for rental units. A community representative stated that during more recent years, the economic conditions have improved significantly where current houses for sale average just a few days on the market thereby creating a strong demand for additional housing in the area.



Trends Housing Costs 2006 and 2015						
Area	Median Housing Value		% Change	Median Gross Rent		% Change
	2006-2010	2011-2015		2006-2010	2011-2015	
Assessment Area	156,555	127,761	-18.4	724	786	8.6
Lenawee County	140,400	114,900	-18.2	646	731	13.2
Monroe County	161,800	137,200	-15.2	733	784	7.0
State of Michigan	144,200	122,400	-15.1	723	783	8.3
Source: 2000 — U.S. Census Bureau: Decennial Census 2006-2010 — U.S. Census Bureau: American Community Survey						

Per the Administrative Office of the U.S. Courts, the personal bankruptcy filing rates for Lenawee and Monroe Counties for 2016 were both at 2.5 filings per 1,000 persons, which represents a continued decline from the 2013 filing rates of 3.8 and 4.3; respectively. These bankruptcy filing rates were also lower than the state of Michigan which was at 3.0 in 2016.

The Federal Reserve Bank of Chicago conducted a study on the change in foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle. In Lenawee County, the most recent foreclosure inventory rate (July 2018) was 0.4 percent with Monroe County slightly lower at 0.2 percent. This is comparable with the state of Michigan's rate of 0.3 percent for the same time period. Overall, Lenawee County's foreclosure rate has averaged 0.4 percent since 2017 while Monroe County and the state of Michigan have averaged slightly lower at 0.3 percent over the same period of time. The smaller percentage of properties in the process of foreclosure indicates significant improvements in the economies of Southeastern Michigan.

### Employment Conditions

The following table presents the unemployment trends for Lenawee County, Monroe County, the state of Michigan, and the country as a whole from 2013 to 2016. According to the Bureau of Labor Statistics, both Lenawee and Monroe County experienced declining unemployment rates from 2013 and 2016, which is directly aligned with unemployment trends in the state of Michigan and the country as a whole. As of 2016, the unemployment rates for Lenawee and Monroe County were 4.3 and 4.9 percent, respectively. Improving economic activity in the automobile industry has resulted in a greater number of employment opportunities. A community representative commented that there are more jobs in the area than are the number of people available to fill them. The community representative further stated that there have been instances whereby companies have had to decline work orders due to staff shortages.

Unemployment Rates (%)				
Region	2013	2014	2015	Most recent 2016
Lenawee County, MI	8.8	6.4	5.0	4.5
Monroe County, MI	8.1	6.1	4.5	4.3
State of Michigan	8.8	7.3	5.4	4.9
United States	7.4	6.2	5.3	4.9
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics				

## Industry Characteristics

The following table illustrates the top employers within the counties of Lenawee and Monroe. The largest industries in the surrounding area include: commercial flooring, automobile components, healthcare, retail, and energy. Of the employers listed, Inteva Products, LLC is a major provider of auto parts while Guardian Industries Corporation supplies glass to some of the large automakers.

Largest Employers in the Assessment Area		
Company	Number of Employees	Industry
Doug Bell Flooring Consultant	5,000	Carpet Consultants-Commercial
Inteva Products LLC	1,250	Plastics & Plastic Products (Mfrs)
Promedica Monroe Regional Hosp	1,215	Hospitals
Enrico Fermi Nuclear Power	1,000	Power Plants
Lenawee Health Alliance Phys	700	Physical Therapists
Meijer	550	Grocers-Retail
Guardian Industries Corp	500	Glass-Manufacturers
Cash Store	500	Loans-Personal
LA-Z-Boy Inc	450	Furniture-Dealers-Retail
Promedica Bixby Hospital	445	Hospitals
Source: Business information provided by Infogroup®, Omaha, NE		

## Community Representatives

Information from two community members representing small business and agricultural organizations were contacted to better understand the credit needs and local economic conditions of the assessment area. The representatives have indicated that the surrounding areas are heavily linked to the automobile industry with businesses supplying many of the auto parts to the large automobile manufacturers located just 40 miles away. Additionally, representatives stated that, as Lenawee County is 70.0 percent rural, agriculture also plays a significant role in the local economy with the majority of farms providing ingredients to regional food processors for distribution throughout the Midwest. Lastly, community representatives indicate there is a continued demand for operating lines of credit to assist farmers during seasonal and/or equipment needs, as well as making more credit available to new famers in the business, including young farmers, minorities, veterans and entrepreneurs with agricultural related ideas but have no capital.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

Blissfield State Bank's performance relative to the lending test is rated Satisfactory based on the following factors: the bank's loan-to-deposit ratio, given the bank's size, financial condition, and assessment area credit needs is reasonable; a substantial majority of loans were originated within the bank's assessment area; the geographic distribution of loans reflects reasonable dispersion throughout the assessment area; and the bank demonstrated excellent lending penetration among businesses and farms of different sizes.

#### Loan-to-Deposit Ratio

Overall, Blissfield State Bank's LTD is reasonable given its size, financial condition, and assessment area credit needs. As of March 31, 2019, the bank's LTD ratio was 54.4 percent with a 15-quarter average of 54.6 percent. The bank's 15-quarter average is significantly lower than its competitors; however, First Federal Bank of the Midwest, Huntington National Bank and Old National Bank are much larger institutions by asset size. Nonetheless, increased competition from local credit unions and regional banks, specifically within residential real estate mortgages, continues to place downward pressure on the bank's loan-to-deposit ratio. Given the factors noted above, the bank's performance is deemed reasonable. The following table summarizes the bank's loan-to-deposit (LTD) ratio for the 615-quarters ending March 31, 2019. The table also compares this data to the bank's local competitors.

Comparative Loan-to-Deposit Ratios	
Institution	Loan-to-Deposit Ratio (%)
	15 – Quarter Average
Blissfield State Bank	54.6
<b>Competitors</b>	
First Federal Bank of the Midwest	95.2
Huntington National Bank	87.6
Old National Bank	84.1
Monroe Bank and Trust	57.3

#### Assessment Area Concentration

Overall, a majority of the bank's small business and small farm loans were originated inside of the assessment area. Specifically, the bank originated 77.2 percent of its loans by volume inside the assessment area during the evaluation period. Of the 40 small business loans originated during the evaluation period, 65.0 percent by volume were originated inside of the bank's assessment area. Additionally, of the 52 small farm loans originated during the evaluation period, 86.5 percent by volume were originated in the assessment area. Ultimately, the percentage of small business and small farm loan originations within the assessment area indicates the bank is helping meet the

credit needs of the area. The following table summarizes the bank's lending inside and outside its assessment area by product.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business Loans	26	65.0	1,620	47.3	14	35.0	1,808	52.7
Small Farm Loans	45	86.5	3,523	86.1	7	13.5	568	13.9
<b>TOTAL LOANS</b>	<b>71</b>	<b>77.2</b>	<b>5,143</b>	<b>68.4</b>	<b>21</b>	<b>22.8</b>	<b>2,376</b>	<b>31.6</b>
<i>Note: Percentages may not total to 100.0 percent due to rounding</i>								

### Geographic Distribution of Loans

The assessment area is comprised only of middle- or upper-income census tracts and therefore a meaningful analysis could not be performed. The dispersion of the loans in the assessment area was reviewed to determine if the bank is sufficiently serving the census tracts included in the assessment area. Examiners determined that there were no conspicuous unexplained gaps in contiguous census tracts.

### Lending to Businesses and Farms of Different Revenue Sizes

An analysis of loans was conducted to determine the level of lending to businesses and farms of different revenue. Overall, loan distribution reflects reasonable penetration to businesses and farms of different sizes.

#### Small Business Loans

The distribution of small business lending reflects reasonable penetration of loans to businesses of different sizes. Small businesses comprised 89.2 percent of the total businesses in the assessment area. By comparison, the bank originated 84.6 percent of its loans to businesses with \$1 million or less in annual revenues, which is slightly below this demographic. Additionally, of the 22 small business loans originated by the bank, 18 loans, or 81.8 percent, were made in loan amounts of \$100,000 or less, which are considered most impactful to small businesses for CRA purposes. The following table shows the bank's distribution of small business loans for 2018.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2018 MI Non MSA							
Product Type		Bank & Demographic Comparison					
		2018				Total Businesses	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	22	84.6	1,140	70.4	89.2
		Over \$1 Million or Unknown	4	15.4	480	29.6	10.8
		Total	26	100.0	1,620	100.0	100.0
	Loan Size	\$100,000 or Less	19	73.1	544	33.6	
		\$100,001 - \$250,000	7	26.9	1,077	66.4	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	26	100.0	1,621	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	18	81.8	514	45.1	
		\$100,001 - \$250,000	4	18.2	626	54.9	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	22	100.0	1,140	100.0	
Originations & Purchases							
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

### Small Farm Loans

The distribution of small farm lending reflects a reasonable penetration of loans to farms of different sizes. The bank originated 91.1 percent of its agricultural loans to farms with \$1 million or less in revenues, which is slightly below the 96.4 percent of farms which are considered small in the assessment area. Of the 41 small farm loans originated by the bank in 2018, 31 loans, or 75.6 percent, were made in loan amounts of \$100,000 or less which are loan amounts considered most beneficial to the needs of small farms. The following table shows the bank's borrower distribution of small farm loans for 2018.

Small Farm Lending By Revenue & Loan Size								
Assessment Area: 2018 MI Non MSA								
Product Type			Bank & Demographic Comparison					
			2018				Total Farms	
			Count Bank		Dollar Bank			
			#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	41	91.1	3,220	91.4	96.4	
		Over \$1 Million or Unknown	4	8.9	303	8.6	3.6	
		Total	45	100.0	3,523	100.0	100.0	
	Loan Size	\$100,000 or Less	33	73.3	1,191	33.8		
		\$100,001 - \$250,000	9	20.0	1,414	40.1		
		\$250,001 - \$500,000	3	6.7	918	26.1		
		Total	45	100.0	3,523	100.0		
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	31	75.6	1,114	34.6		
		\$100,001 - \$250,000	7	17.1	1,188	36.9		
		\$250,001 - \$500,000	3	7.3	918	28.5		
		Total	41	100.0	3,220	100.0		
Originations & Purchases								
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

## Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

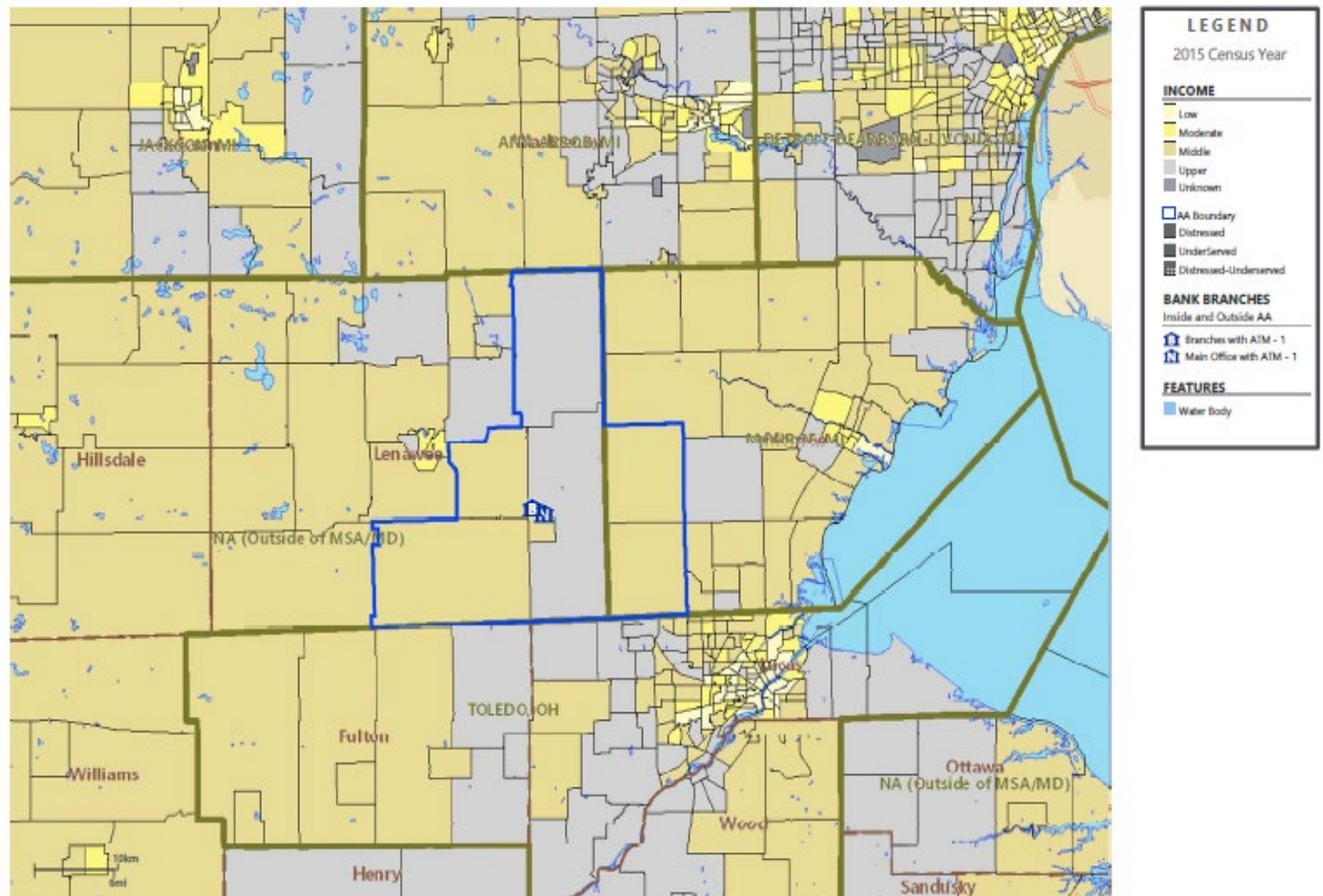
## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## APPENDIX A – Map of Assessment Area

### Blissfield State Bank 937843

MI Non MSA



## APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	January 1, 2018 through December 31, 2018		
FINANCIAL INSTITUTION  Blissfield State Bank			PRODUCTS REVIEWED  Small Business Loans Small Farm Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Partial Non-MSA Lenawee County, MI & Partial MSA Monroe County, MI (both counties combined under Michigan Non-MSA for this CRA Performance Evaluation)	Full scope review	None	N/A



## APPENDIX C – Glossary

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Affordability ratio:** To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**American Community Survey Data (ACS):** The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.<sup>1</sup>

**Area Median Income (AMI):** AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment area:** Assessment area means a geographic area delineated in accordance with section 228.41

**Automated teller machine (ATM):** An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

**Bank:** Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit

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<sup>1</sup> Source: FFIEC press release dated October 19, 2011.

Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

**Branch:** Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSAs):** Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

**Community Development:** The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or

- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
  - a. Rates of poverty, unemployment or population loss; or
  - b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

**Community Development Loan:** A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
  - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Community Development Service:** A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

**Consumer loan:** 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 of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

**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, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

**Fair market rent:** Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to

their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

**Full review:** Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

**Home Mortgage Disclosure Act:** The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Income Level:** Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an 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 percent and less

- than 80 percent in the case of a census tract;
- 3) Middle-income – an 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 percent and less than 120 percent in the case of a census tract; and
  - 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

*Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).*

**Limited-purpose bank:** This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

**Limited review:** Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

**Loan location:** Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

**Loan production office:** This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area:** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan area:** This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

**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:** This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated area:** This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

**Small Bank:** This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

*Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.*

**Small Business Loan:** This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

**Small Farm:** This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

**Wholesale Bank:** This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).