

# **PUBLIC DISCLOSURE**

August 28, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First State Bank  
Certificate Number: 15271

220 W Waupaca St  
New London, Wisconsin 54961

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREA.....	4
SCOPE OF EVALUATION.....	8
CONCLUSIONS ON PERFORMANCE CRITERIA.....	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....	16
APPENDICES .....	17
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	17
GLOSSARY .....	18

## 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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- **Loan-to-Deposit Ratio:** The average loan-to-deposit (LTD) ratio is reasonable given the institution's size and financial condition, as well as the credit needs of those residing in the AA.
- **Assessment Area Concentration:** A majority of home mortgage, small business and small farm loans have been originated in the AA.
- **Geographic Distribution:** The geographic distribution of home mortgage, small business and small farm loans reflects poor dispersion throughout the AA.
- **Borrower Distribution:** The distribution of home mortgage, small business and small farm loans reflects reasonable penetration among borrowers of different income levels, as well as businesses and farms of different sizes.
- **Consumer Complaints:** The bank has not received 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.**

- **Community development activities, including community development loans, qualified investments and community development services, demonstrate adequate responsiveness to needs within the AA considering the opportunities for such activities, as well as the bank's capacity and resources.**

## DESCRIPTION OF INSTITUTION

First State Bank (FSB) is a full-service financial institution headquartered in New London, Wisconsin. The institution is wholly owned by First State Bancshares, Incorporated, a one-bank holding company also located in New London. FSB received a Satisfactory rating at its previous FDIC Performance Evaluation, dated September 20, 2021, based on Interagency Small Institution Examination Procedures.

In addition to its main office, FSB conducts business from seven branch offices located in the communities of Auburndale, Clintonville, Marshfield, Wisconsin Rapids, Manawa, Waupaca and Stevens Point. FSB closed its branch offices in Rudolph, Stratford and Cecil in December 2021, as well as its branch offices in Withee and Greenwood in December 2023. All five closed offices were located in middle-income census tracts (CTs). FSB relocated its Stevens Point branch in April 2022 from Park Ridge Drive to Carrie Frost Drive. The branch office remains in an upper-income CT. FSB also relocated its main office in New London in May 2022 from Water Street to Waupaca Street and closed its drive-up facility located at St. Johns Place, New London, in July 2023. The main office remains in a middle-income CT.

FSB offers a variety of loan and deposit products, with a focus on business, residential and farm lending activities. Customers can access products and services through online, telephone and mobile banking platforms, as well as drive-up facilities at all office locations. Automated teller machines are available at each office location, with exception to the Manawa and Waupaca office locations.

As of June 30, 2024, FSB maintained total assets of \$529 million, total loans of \$339 million and total deposits of \$455 million.

<b>Loan Portfolio Distribution as of 06/30/2024</b>		
<b>Loan Category</b>	<b>\$ (000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	23,706	7.0
Secured by Farmland	37,747	11.1
Secured by 1-4 Family Residential Properties	94,763	28.0
Secured by Multifamily (5 or more) Residential Properties	29,525	8.7
Secured by Nonfarm Nonresidential Properties	102,298	30.2
<b>Total Real Estate Loans</b>	<b>288,039</b>	<b>85.0</b>
Commercial and Industrial Loans	20,689	6.1
Agricultural Production and Other Loans to Farmers	15,507	4.6
Consumer Loans	11,257	3.3
Obligations of State and Political Subdivisions in the U.S.	2,035	0.6
Other Loans	1,301	0.4
<b>TOTAL LOANS</b>	<b>338,828</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Since the previous evaluation, home mortgage loans have increased 5.2 percent, business loans have increased 4.4 percent and small farm loans have decreased 9.2 percent. Despite the decrease, farm loans remain a primary product of FSB.

FSB sells a portion of its home mortgage loans on the secondary market, including loans sold to US Bank, the Federal Home Loan Mortgage Corporation and the Federal Home Loan Bank of Chicago, as well as loans sold to and guaranteed by the Wisconsin Housing and Economic Development Authority (WHEDA). The following table illustrates the secondary market lending activity during the evaluation period

<b>Secondary Market Home Mortgage Lending Activity</b>		
<b>Year</b>	<b>#</b>	<b>\$ (000s)</b>
2021	7	1,218
2022	37	4,700
2023	17	2,395
2024 (YTD)	2	235
<b>TOTAL</b>	<b>63</b>	<b>8,548</b>
<i>Source: Bank Data</i>		

Included above are 43 loans sold to WHEDA totaling \$4.6 million. These WHEDA loans include 32 First Time Home Buyer Advantage program loans totaling \$4.5 million, designed to help first-time home buyers finance the acquisition of a home that will be occupied as their primary residence through lower interest rates and a lower down payment. The table above also includes 11 Easy Close Advantage loans totaling \$73,570. These loans provide borrowers a low-cost, fixed-rate second mortgage loan that can be used as the down payment on the purchase of a residence financed with a WHEDA First Time Home Buyer Advantage loan.

To help meet the credit needs of small businesses, FSB originated business loans guaranteed by the Small Business Administration (SBA). Since the previous evaluation, FSB originated six loans totaling \$2.2 million through the SBA 7(a) loan program. The SBA 7(a) loan program is designed to help finance the establishment of new business or assist in the operation, acquisition or expansion of an existing small business. FSB’s participation in this loan program shows its willingness to assist small businesses obtain the financing they need.

No financial, legal or other impediments limit FSB’s ability to meet the credit needs of its AA.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define one or more AAs within which examiners will evaluate its CRA performance. At the previous evaluation, FSB defined two contiguous AAs, one of which was the Wausau-Weston Metropolitan Statistical Area (MSA) AA, the other the Wisconsin Non-MSA AA. The Wausau-Weston MSA AA consisted of four CTs in southwestern Marathon County, while the Wisconsin Non-MSA AA consisted of eight CTs in eastern Shawano County, six CTs in western Outagamie County and all CTs in Waupaca (12), Wood (17), Portage (14) and Clark (8) Counties.

Since the previous evaluation, FSB closed multiple offices and no longer maintains a facility in the Wausau-Weston MSA. Consequently, FSB's defined AA now consists of one contiguous non-MSA AA consisting of 52 CTs. The newly defined AA includes all CTs in Waupaca (12), Portage (15) and Wood (17) Counties, as well as five CTs in southwestern Marathon County and three CTs in western Outagamie County. Since the previous evaluation, U.S. Census results prompted map revisions that caused a split in CT 9611 in Portage County. Portage County now contains CTs 9611.01 and 9611.02, both of which are middle-income geographies. While the five CTs in Marathon County are located in the Wausau-Weston MSA and the three CTs in Outagamie County are located in the Appleton MSA, examiners included these geographies in the Wisconsin Non-MSA AA, as these CTs are adjacent to and demographically similar to the Wisconsin Non-MSA.

The AA is comprised of whole geographies and includes the CTs in which the main and branch offices are located. The AA does not arbitrarily exclude any low- or moderate-income CTs and conforms to CRA regulatory requirements. The following table provides details of the AA.

<b>Description of Assessment Area</b>			
<b>Counties in AA</b>	<b>CTs (#)</b>	<b>Branches (#)</b>	<b>Deposits (\$ 000s)</b>
Waupaca	12	4	280,080
Portage	15	1	16,840
Wood	17	3	150,770
Marathon	5	0	0
Outagamie	3	0	0

*Source: Bank Data; 06-2023 FDIC Deposit Market Share Report*

FSB maintains six offices in middle-income CTs, two of which boarder moderate-income CTs; one office in a moderate-income CT; and one office in an upper-income CT.

## Economic and Demographic Data

The AA consists of 52 CTs, including 8 moderate-income CTs, 35 middle-income CTs and 9 upper-income CTs. The following table summarizes demographic characteristics of the AA using 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	52	0.0	15.4	67.3	17.3	0.0
Population by Geography	232,241	0.0	13.5	67.5	19.0	0.0
Housing Units by Geography	106,729	0.0	14.1	67.5	18.4	0.0
Owner-Occupied Units by Geography	71,301	0.0	11.6	67.3	21.1	0.0
Occupied Rental Units by Geography	26,321	0.0	22.3	64.9	12.8	0.0
Vacant Units by Geography	9,107	0.0	10.8	76.3	13.0	0.0
Businesses by Geography	19,662	0.0	13.8	66.0	20.1	0.0
Farms by Geography	1,543	0.0	9.5	74.6	15.9	0.0
Family Distribution by Income Level	61,954	16.4	19.4	22.7	41.5	0.0
Household Distribution by Income Level	97,622	20.9	16.7	20.3	42.1	0.0
Median Family Income MSA - 11540 Appleton, WI MSA		\$86,686	Median Housing Value			\$159,597
Median Family Income MSA - 48140 Wausau-Weston, WI MSA		\$77,632	Median Gross Rent			\$753
Median Family Income Non-MSAs - WI		\$71,740	Families Below Poverty Level			5.8%
<i>Source: 2020 U.S. Census and 2023 D&amp;B Data. Due to rounding, totals may not equal 100.0%.</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The table below provides the 2023 median family incomes and corresponding income levels used to analyze home mortgage lending activities in the AA under the Borrower Profile criterion.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Appleton, WI MSA Median Family Income (11540)</b>				
2023 (\$104,400)	< \$52,200	\$52,200 to < \$83,520	\$83,520 to < \$125,280	≥ \$125,280
<b>Wausau-Weston, WI MSA Median Family Income (48140)</b>				
2023 (\$ 97,800)	< \$48,900	\$48,900 to < \$78,240	\$78,240 to < \$117,360	≥ \$117,360
<b>WI NA Median Family Income (99999)</b>				
2023 (\$ 86,000)	< \$43,000	\$43,000 to < \$68,800	\$68,800 to < \$103,200	≥ \$103,200
<i>Source: FFIEC</i>				

The following table reflects the median home sales price in Waupaca, Portage, Wood, Outagamie and Marathon Counties compared to the State of Wisconsin. Since 2021, the sales price of homes in all five Counties in the AA increased approximately 30 percent, like the trend throughout the State of Wisconsin.

<b>Median Home Sales Price</b>					
<b>Area</b>	<b>2021 (\$)</b>	<b>2022 (\$)</b>	<b>2023 (\$)</b>	<b>YTD July 2024 (\$)</b>	<b>% Change</b>
Waupaca County	173,500	195,000	219,900	231,500	33.4
Portage County	219,500	245,000	265,450	282,000	28.5
Wood County	150,000	174,950	179,900	195,000	30.0
Marathon County	197,900	220,000	235,000	255,000	28.9
Outagamie County	234,900	261,239	278,000	305,000	29.8
State of Wisconsin	241,000	265,000	285,000	305,000	26.6

*Source: Wisconsin Realtor's Association*

The following table provides the annual unemployment rates in Waupaca, Portage, Wood, Outagamie and Marathon Counties compared to the State of Wisconsin. The unemployment rate in Wood County was consistently higher than the statewide unemployment rate throughout the evaluation period. In contrast, the unemployment rates in Waupaca, Portage, Marathon and Outagamie Counties more closely mirrored the statewide unemployment rate. Overall, unemployment rates in the AA and the state of Wisconsin remained relatively stable throughout the evaluation period.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>2021 (%)</b>	<b>2022 (%)</b>	<b>2023 (%)</b>	<b>YTD July 2024 (%)</b>
Waupaca County	3.6	3.0	3.0	3.2
Portage County	3.6	2.9	3.0	3.1
Wood County	4.5	3.3	3.5	3.8
Marathon County	3.1	2.5	2.7	3.0
Outagamie County	3.2	2.5	2.6	2.9
State of Wisconsin	3.9	2.9	3.0	3.3

*Source: Bureau of Labor Statistics*

According to 2023 D&B data, there are 19,662 businesses in the AA, of which 85.7 percent reported gross annual revenue (GAR) of \$1 million or less. Additionally, 91.3 percent of area businesses have nine or fewer employees and 90.4 percent operate from a single location. Leading industries in the AA include services, retail trade and non-classifiable establishments. According to the Wisconsin Department of Workforce Development, the largest employers in the AA include Waupaca Foundry Incorporated, Sentry Insurance Group and Marshfield Medical Center.

The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by GARs. According to D&B data, 1,543 farms operate in the AA, of which, 96.2 percent maintain GARs of \$1 million or less.



## **Competition**

The AA is a competitive environment. According to the June 2023 Deposit Market Share Report compiled by the FDIC, 38 financial institutions maintain 134 offices in the combined areas of Waupaca, Portage, Wood, Marathon and Outagamie Counties. FSB ranks 8th with a deposit market share of approximately 3.5 percent. Five large national banks maintain 53.3 percent of the deposit market share. The Deposit Market Share Report does not include data from credit unions in the AA; however, many local and regional credit unions provide additional competition within the AA.

FSB is not required to report home mortgage, small business or small farm data, and it has elected not to do so. Therefore, the analysis of FSB's lending activity does not include direct comparisons to aggregate data. The aggregate data, however, reflects the level of demand for lending. Aggregate home mortgage lending from 2023 shows 300 lenders originated 6,377 home mortgage loans in the AA. Small business and small farm aggregate data from 2022 (the most recent available) shows 96 lenders originated 8,585 small business loans and 20 lenders originated 563 small farm loans in the AA, indicating a considerable degree of competition. Many institutions are not required to report lending data; therefore, competition for lending is greater than that which aggregate data reflects.

## **Community Contacts**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying credit needs. This information helps determine whether local financial institutions are responsive to these needs. Examiners conducted a community contact with a representative from an economic development organization in Portage County. According to the contact, the local economy continues to grow, but at a slower pace than in previous years. With business expansion, there is a pressing need for more workforce housing. The contact noted that while new housing stock is being developed, it is not yet available. Further, new housing is not always affordable, creating a need for more affordable housing in the area.

The contact noted additional needs include financing for new and expanding businesses. Financial institutions offer traditional business financing; however, the guidelines and limitations of traditional financing occasionally limit the amount of funds available to newer businesses. The contact could not identify any unmet credit needs and noted that financial institutions are supportive of the community needs.

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

According to economic and demographic data, as well as information from community contacts and bank management, the primary credit needs of the AA including affordable housing and start-up business financing. Affordable housing stock is limited, making it difficult for individuals to purchase a home. In addition, traditional business financing requirements limit newer businesses from obtaining the financing they need to expand.

## SCOPE OF EVALUATION

### General Information

Examiners prepared the CRA Performance Evaluation using the Interagency Intermediate Small Institution Examination Procedures. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The appendix details the performance criteria related to these tests. Banks must achieve at least a “Satisfactory” rating under each test to obtain an overall Satisfactory rating. This evaluation covers the period from the prior evaluation, dated September 20, 2021, to the current evaluation.

### Activities Reviewed

Business, home mortgage and farm loans continue to represent FSB’s major product lines. Examiners made this determination in considerations of FSB’s business strategy and Call Report data, as well as the number and dollar volume of loans originated during the evaluation period. As of June 30, 2024, business loans represented 36.3 percent of the loan portfolio, home mortgage loans represented 28.0 percent of the loan portfolio and farm loans represented 15.7 percent of the loan portfolio.

Since FSB is not required to report lending data under the Home Mortgage Disclosure Act (HMDA) or the Community Reinvestment Act (CRA), examiners reviewed home mortgage, small business, and small farm loans originated during 2023. Examiners used the universe of loans to determine the AA concentration and reviewed those loans extended in the AA to analyze geographic distribution. Due to the lack of readily available income and revenue data, examiners reviewed a sample of loans extended in the AA for the Borrower Profile review. This lending activity is representative of FSB’s lending activity throughout the evaluation period.

Loan Products Reviewed						
Loan Category	Universe		Geographic Distribution		Borrower Profile	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Home Mortgage	126	18,556	92	13,622	42	4,281
Small Business	130	21,525	72	11,556	40	7,330
Small Farm	110	10,997	58	6,259	40	4,464

*Source: Bank Data*

Examiners placed equal weight on all three loan products, given the number and/or dollar volume of loans extended in each segment of the loan portfolio, as well as the business strategy of the institution. D&B data from 2023 provided a standard of comparison for the bank’s small business and small farm lending activity, while 2020 U.S. Census data provided a standard of comparison for the bank’s home mortgage lending activity.

Bank management provided data on community development loans, qualified investments and community development services for each year since the prior CRA evaluation. Examiners considered qualitative and quantitative factors for these activities based on FSB’s financial capacity, as well as AA needs and opportunities.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

FSB demonstrates reasonable performance under the Lending Test. The bank’s performance under the LTD ratio, AA Concentration and Borrower Profile criterion supports this conclusion.

### Loan-to-Deposit Ratio

FSB’s LTD ratio reflects reasonable performance, given the institution’s size and financial condition, as well as the credit needs within the AA. FSB’s LTD ratio averaged 68 percent over the previous 12 quarters, with a low of 59 percent and a high of 75 percent. This ratio is comparable to that of similarly situated financial institutions whose average LTD ratio ranged from 65 to 81 percent over the same period. Examiners selected the comparable financial institutions based on geographic location, loan portfolio composition and asset size.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2024 (\$ 000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First State Bank</b>	<b>528,806</b>	<b>68.0</b>
Similarly Situated Institution #1	302,023	80.7
Similarly Situated Institution #2	513,728	70.6
Similarly Situated Institution #3	244,758	64.7
Similarly Situated Institution #4	281,254	77.0

*Source: Reports of Condition and Income*

### Assessment Area Concentration

FSB originated a majority of home mortgage, small business and small farm loans within its AA.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$ (000s)</b>				<b>Total \$ (000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage	92	73.0	34	27.0	126	13,622	73.4	4,934	26.6	18,556
Small Business	72	55.4	58	44.6	130	11,556	53.7	9,969	46.3	21,525
Small Farm	58	52.7	52	47.3	110	6,259	56.9	4,738	43.1	10,997

*Source: Bank Data*

**Geographic Distribution**

The overall geographic distribution of home mortgage, small business and small farm loans reflects poor dispersion among moderate-income CTs. While the dispersion of small business loans reflects reasonable performance, the dispersion of home mortgage and small farms reflects poor performance and supports this conclusion. The AA does not contain any low-income CTs.

**Home Mortgage Loans**

The geographic distribution of home mortgage loans reflects poor dispersion throughout the AA.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Moderate Income	11.6	2	2.2	375	2.8
Middle Income	67.3	73	79.3	11,148	81.8
Upper Income	21.1	17	18.5	2,099	15.4
<b>TOTAL</b>	<b>100.0</b>	<b>92</b>	<b>100.0</b>	<b>13,622</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

FSB extended 2.2 percent of home mortgage loans sampled during this evaluation in moderate-income CTs. This performance lags demographic data, which indicates that 11.6 percent of owner-occupied housing units in the AA are located in moderate-income CTs.

Examiners expanded their review to include 2022 home mortgage lending activity and found the bank extended 6.8 percent of all 2022 home mortgage loans in moderate-income CTs. This performance also trails demographic data, demonstrating consistent performance throughout the review period. Further, while not a direct comparison, aggregate 2022 and 2023 HMDA data shows that 11.8 and 14.3 percent of reporting competitors’ home mortgage loans in the AA were extended in moderate-income CTs, indicating a demand for home mortgage loans in the AA. Considering the factors discussed above, the geographic distribution of home mortgage loans in moderate-income CTs is poor.

**Small Business Loans**

The geographic distribution of small business loans is reflective of demographic data and displays reasonable dispersion throughout the AA.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Moderate Income	13.8	11	15.3	2,043	17.7
Middle Income	66.0	55	76.4	7,858	68.0
Upper Income	20.1	6	8.3	1,655	14.3
<b>TOTAL</b>	<b>100.0</b>	<b>72</b>	<b>100.0</b>	<b>11,556</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### Small Farm Loans

The geographic distribution of small farm loans reflects poor dispersion throughout the AA.

<b>Geographic Distribution of Small Farm Loans</b>					
<b>Tract Income Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Moderate Income	9.5	3	5.2	132	2.1
Middle Income	74.6	52	89.7	5,642	90.1
Upper Income	15.9	3	5.2	485	7.7
<b>TOTAL</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>6,259</b>	<b>100.0</b>

*Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

FSB extended 5.2 percent of small farm loans sampled during this evaluation in moderate-income CTs. This performance lags demographic data, which shows that 9.5 percent of reporting farms operating in the AA are located in moderate-income CTs.

Examiners expanded their review to include FSB’s 2022 small farm lending activity, comparing it to D&B data from the same year. In 2022, FSB failed to extend a small farm loan in a moderate-income CT. This performance also trailed demographic data (9.7% of farms in the AA were located in moderate-income CTs), demonstrating consistent performance throughout the review period. Further, aggregate small farm data from 2022 (the most recent available) shows that approximately 13.2 percent of reporting competitors’ small farm loans were extended in moderate-income CTs. This demonstrates a demand for small farm loans in the AA. Considering the factors discussed above, the geographic distribution of small farm loans in moderate-income CTs is poor.

### **Borrower Profile**

The overall distribution of home mortgage, small business and small farm loans reflects reasonable penetration among individuals of different income levels, as well as businesses and farms of difference sizes. Excellent performance in home mortgage lending and reasonable performance in small farm lending supports this conclusion.

### Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration among individuals of different income levels.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Low Income	16.4	5	11.9	472	11.0
Moderate Income	19.4	12	28.6	632	14.8
Middle Income	22.7	9	21.4	952	22.2
Upper Income	41.5	15	35.7	2,115	49.4
Not Available	0.0	1	2.4	110	2.6
<b>TOTAL</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>4,281</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank Data; Due to rounding, totals may not equal 100.0%*

FSB’s distribution of home mortgage loans among low-income borrowers trails demographic data. However, according to US Census Bureau information, approximately 5.8 percent of AA families maintain incomes below the poverty level. The limited financial resources of individuals earning an income below the poverty level, combined with increasing housing values, restricts the demand and opportunity for home mortgage loans to low-income borrowers. Excluding these individuals from the analysis suggests that 10.6 percent of low-income families in the AA have the financial capacity to borrower funds for the purchase or refinance of a dwelling. FSB’s performance slightly exceeds the adjusted number of low-income borrowers and reflects reasonable performance.

FSB’s distribution of home mortgage loans among moderate-income borrowers significantly exceeds demographic data and is considered excellent performance.

Small Business Loans

The distribution of small business loans reflects poor penetration among businesses with GARs of \$1 million or less.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
<= \$1,000,000	85.7	16	40.0	1,136	15.5
> \$1,000,000	4.1	17	42.5	4,234	57.8
Revenue Not Available	10.2	7	17.5	1,960	26.7
<b>TOTAL</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>7,330</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

FSB’s distribution of small business loans to businesses with GARs of \$1 million or less significantly trails demographic data. FSB extended 40 percent of sampled small business loans to businesses with GARs of \$1 million or less. Examiners expanded the review to include all small business loans extended in the AA during 2023. The expanded review reflected similar performance, with FSB extending 43.1 percent of all small business loans to businesses with GAR of \$1 million or less.

While not a direct comparison, aggregate small business data in 2022 (the most recent available) shows that 56.9 percent of reporting competitors’ small business loans in the AA were extended to small businesses with GAR of \$1 million or less.

Examiners noted that at least six loans made to businesses without reported revenues were extended to start-up businesses, reflecting FSB’s willingness to lend to small businesses and meet the needs of the community. However, considering the factors discussed above, the bank’s performance is considered poor.

### Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms with GARs of \$1 million or less.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
<= \$1,000,000	96.2	28	70.0	2,347	52.6
> \$1,000,000	2.5	12	30.0	2,117	47.4
Revenue Not Available	1.3	0	0.0	0	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>4,464</b>	<b>100.0</b>

*Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

FSB's distribution of small farm loans to farms with GARs of \$1 million or less lags demographic data. Nonetheless, the bank's performance is considered reasonable. Demographic data provides the percentage of farms operating in the AA, which does not represent the percentage of farms seeking financing. Many small farms tend to have little to no debt and use other financial resources, such as home equity loans or credit cards, to obtain financing. This limits the demand and opportunity to extend small farm loans to borrowers with GAR of \$1 million or less.

The 2022 small farm aggregate data (the most recent available) shows that 38.9 percent of the reporting competitor banks' small farm loans were extended to farms with GARs of \$1 million or less. While not a direct comparison, the aggregate data illustrates that the demand for small farm loans also trails the demographic data. Further, FSB's performance is comparable to that of two similarly situated financing institutions whose small farm performance under the borrower profile criterion was rated reasonable. Considering the factors discussed above, FSB's performance is considered reasonable.

### Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

FSB's engagement in community development activities reflects an adequate responsiveness to the needs of those residing in the AA. Examiners considered the institution's capacity, as well as the need for and availability of community development opportunities in the AA. The bank's community development performance is generally consistent with the performance of similar banks evaluated by the FDIC using Intermediate Small Institution Examination Procedures.

### Community Development Loans

FSB originated 38 community development loans totaling \$7.7 million during the evaluation period, including 14 community development loans totaling \$4 million originated outside the AA. Community development loans extended outside the AA mostly benefited areas directly adjacent to

the AA, including Marathon, Shawano, Waushara and Winnebago Counties. Examiners considered these loans made in the broader statewide and regional area, as FSB is meeting the community development needs within its AA. The dollar volume of community development loans represents approximately 2.3 percent of net loans and 1.5 percent of total assets. Overall, this level of lending activity is comparable to five similarly situated financial institutions in Wisconsin whose community development lending activity ranged from 0.9 to 6.1 percent of net loans and 0.5 to 4.3 percent of total assets. The table below details FSB’s community development lending activity since the previous evaluation.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>TOTAL</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
2021 (Sept – Dec)	2	665	0	0	2	72	2	1,126	6	1,863
2022	7	1,126	0	0	11	2,836	0	0	18	3,962
2023	4	605	0	0	7	349	0	0	11	954
YTD 2024	0	0	0	0	3	913	0	0	3	913
<b>TOTAL</b>	<b>13</b>	<b>2,396</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>4,170</b>	<b>2</b>	<b>1,126</b>	<b>38</b>	<b>7,692</b>

*Source: Bank Data*

Notable examples of the FSB’s qualified lending activities include:

- Two community development loans totaling approximately \$1.2 million for wastewater improvements in a moderate-income geography in the city of Clintonville.
- Two community development loans to small farms located in Bonduel and Wisconsin Rapids to help continue farm operations in the face of crop spoilage and financial difficulties. These farms are owned by and employ low- and moderate-income individuals.

### **Qualified Investments**

FSB made one qualified equity investment and 20 qualified donations totaling approximately \$1.9 million to organizations with a community development purpose during the evaluation period. Community development investments represent 1.3 percent of total securities and 0.4 percent of total assets. This level of qualified investment activity is comparable to four similar financial institutions in Wisconsin whose investments activities varied from 0.2 to 4.5 percent of total securities and 0.1 to 0.5 percent of total assets.

FSB made one qualifying equity investment during the evaluation period for \$800,000 to support the Kannenberg Plaza Apartment project, located in Wausau. This apartment complex is an approved US Department of Housing and Urban Development Section 8 affordable housing property that offers 106 low-income housing units (100 percent of units available). While this investment is not located in FSB’s AA, it is located in Marathon County, which is immediately adjacent to the AA. Examiners considered this investment because FSB has been responsive to the community development needs of its AA during the evaluation period.



FSB made no qualified equity investments in 2021, 2022, or 2023. The following table illustrates the bank’s equity investments and donations throughout the evaluation period.

Qualified Investments										
Activity	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		TOTAL	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Investments (2024)	1	800	0	0	0	0	0	0	1	800
Donations	0	0	10	5	7	1,078	3	2	20	1,085
<b>TOTAL</b>	<b>1</b>	<b>800</b>	<b>10</b>	<b>5</b>	<b>7</b>	<b>1,078</b>	<b>3</b>	<b>2</b>	<b>21</b>	<b>1,885</b>

*Source: Bank Data*

Notable examples of the bank’s qualified donation activities include:

- In January 2023, FSB donated its former headquarters facility, with an estimated value of approximately \$1 million, to the New London Public Library. The donation provided the library an opportunity to expand its resources and services. Furthermore, the relocation of the library allowed the New London Public Museum to expand into the once shared library facility and increase their resources and programs. Lastly, the donation will free up the property located across the street from the old library, which had been the planned site for an addition to the library prior to the donation. This will allow city leaders to market the property for new commercial development, facilitating additional growth in the area. Overall, the donation will result in the creation of additional low- and moderate-income jobs and facilitate economic development.
- FSB made three \$1,000 donations to the Waupaca County Economic Development Corporation, which assists private and public organizations who strengthen the local economy.

### **Community Development Services**

Employees of FSB provided several community development services that benefited the AA, specifically low- and moderate-income individuals and neighborhoods. The level of these activities was consistent with the capacity of the institution, as well as the need and availability of such activities in the AA. During the evaluation period, employees provided 36 instances of financial expertise to 12 community development organizations. Of the 36 instances provided, three were to an organization outside of FSB’s AA in Outagamie County. Examiners considered these services since Outagamie County is immediately adjacent to the AA and FSB has been responsive to the community development needs of its AA during the evaluation period.

FSB’s performance is comparable to five similarly situated banks that provided qualified services ranging from 17 to 76 instances. The following table illustrates the bank’s community development services throughout the evaluation period.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>TOTAL</b>
2021 (Sept – Dec)	1	5	3	3	<b>12</b>
2022	1	8	1	2	<b>12</b>
2023	1	5	1	2	<b>9</b>
YTD 2024	1	2	0	0	<b>3</b>
<b>TOTAL</b>	<b>4</b>	<b>20</b>	<b>5</b>	<b>7</b>	<b>36</b>
<i>Source: Bank Data</i>					

Notable examples of the bank’s qualified service activities include:

- One employee serves as a Board member for the Washington Center Community Cupboard. This organization, located in New London, supplies food at no cost to low- and moderate-income individuals and families in need.
- One employee serves as a Board member for the New London Housing Authority. This organization provides federally subsidized and state financed housing and housing assistance to low-income families in New London.
- One employee serves as a Board member for the Clintonville Area Foundation. This organization helps attract and retain new and existing businesses and residents in Clintonville, which is located in a moderate-income geography.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners reviewed the bank’s compliance with the laws relating to discriminatory and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the institution’s overall CRA rating.

## 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.