

# **PUBLIC DISCLOSURE**

October 27, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Crest Savings Bank  
Certificate Number: 28818

3301 Pacific Avenue  
Wildwood, New Jersey 08260

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

120 Park Avenue  
New York, New York 10117

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

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

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

**The Lending Test is rated Outstanding.**

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

**The Community Development Test is rated Satisfactory.**

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

## DESCRIPTION OF INSTITUTION

### **Background**

Crest Savings Bank (CSB) is a \$557 million community bank headquartered in Wildwood, New Jersey (NJ). CSB is wholly owned by Crest Savings Bancorp, Inc., which is wholly owned by Crest Savings Bancorp, MHC, a mutual holding company. CSB has one subsidiary, Crest Wealth Management, which offers non-deposit investment and insurance products.

CSB received an “Outstanding” Community Reinvestment Act (CRA) rating from the Federal Deposit Insurance Corporation during its prior evaluation dated September 7, 2022, using Intermediate Small Institution Examination Procedures.

### **Operations**

CSB operates eight full-service branches in Cape May County, NJ. Six branches are in middle-income census tracts, one branch is in an upper-income census tract, and one branch is in a moderate-income census tract. CSB did not open or close any branches or engage in merger or acquisition activities since the previous evaluation.

CSB offers a variety of residential, commercial, and consumer loan products with a focus on residential real estate lending. Deposit products include consumer and business checking, savings, money market, certificates of deposit, and retirement savings. Alternative banking services include online and mobile banking, electronic bill payment, mobile check deposit, peer-to-peer payments, and nine automated teller machines (ATMs).

### **Ability and Capacity**

As of June 30, 2025, bank assets totaled \$568.1 million, loans totaled \$458.3 million, securities totaled \$52.4 million, and deposits totaled \$494.9 million. Since the previous evaluation, total assets decreased 8.2 percent, total loans increased 9.0 percent, total securities decreased 50.2 percent, and total deposits decreased 8.0 percent.

The following table illustrates CSB’s loan portfolio composition as of June 30, 2025.

<b>Loan Portfolio Distribution as of 06/30/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	14,589	3.2
Secured by Farmland	228	<0.1
Secured by 1-4 Family Residential Properties	305,920	66.8
Secured by Multifamily (5 or more) Residential Properties	1,668	0.4
Secured by Nonfarm Nonresidential Properties	106,725	23.3
<b>Total Real Estate Loans</b>	<b>429,130</b>	<b>93.7</b>
Commercial and Industrial Loans	3,899	0.9
Consumer Loans	24,562	5.4
Obligations of State and Political Subdivisions in the U.S.	376	<0.1
Other Loans	330	<0.1
<b>Total Loans</b>	<b>458,297</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect CSB’s ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. CSB designated one assessment area consisting of all 33 census tracts in Cape May County, NJ. While CSB did not change its assessment area during the review period, on July 21, 2023, the United States Office of Management and Budget (OMB) revised delineations for the nation’s Metropolitan Statistical Areas (MSAs), Micropolitan Statistical Areas, Combined Statistical Areas, and Metropolitan Divisions. The OMB revisions moved Cape May County from the Ocean City, NJ MSA (36140) to the Atlantic City-Hammonton, NJ MSA (12100).

### **Economic and Demographic Data**

The assessment area’s 33 census tracts reflected the following income designations according to 2020 U.S. Census data:

- 1 low-income census tract,
- 2 moderate-income census tracts,
- 15 middle-income census tracts,
- 14 upper-income census tracts, and
- 1 census tract with no income designation.

Effective on January 1, 2024, the above-referenced OMB revisions included the redesignation of the assessment area’s sole low-income census tract to a moderate-income tract. Following the 2024 OMB revisions, the assessment area’s tracts reflect the following income designations:

- 0 low-income census tracts,
- 3 moderate-income census tracts,
- 13 middle-income census tracts,
- 16 upper-income census tracts, and
- 1 census tract with no income designation.

There are three municipalities within the assessment area that participate in the NJ Urban Enterprise Zone (UEZ) Program. The UEZ program helps stimulate and revitalize the local economy of distressed areas in NJ by offering various tax benefits to businesses and residents.

There are also two municipalities within the assessment area that are designated as Opportunity Zones. The Opportunity Zone program encourages investments in low-income and rural communities by offering private investors various capital gains tax benefits. Investors can support investments in these communities by participating in Qualified Opportunity Funds.

The following table presents select demographic, housing, and economic information for the assessment area based on the current data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	33	0.0	9.1	39.4	48.5	3.0
Population by Geography	95,263	0.0	9.6	49.9	40.5	0.0
Housing Units by Geography	99,394	0.0	9.5	41.5	49.1	0.0
Owner-Occupied Units by Geography	31,723	0.0	7.8	49.1	43.1	0.0
Occupied Rental Units by Geography	8,947	0.0	16.8	53.8	29.3	0.0
Vacant Units by Geography	58,724	0.0	9.2	35.5	55.3	0.0
Businesses by Geography	15,686	0.0	9.5	42.2	48.3	0.0
Farms by Geography	144	0.0	4.9	41.0	54.2	0.0
Family Distribution by Income Level	27,085	17.8	15.9	21.5	44.8	0.0
Household Distribution by Income Level	40,670	22.3	14.4	17.6	45.7	0.0
Median Family Income MSA - 12580 Baltimore-Columbia-Towson, MD MSA		\$81,039	Median Housing Value			\$486,874
			Median Gross Rent			\$1,170
			Families Below Poverty Level			7.5%

*Source: 2020 Census And 2024 D&B Data (\*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.*

The Geographic Distribution criterion compares the distribution of home mortgage loans to the distribution of owner-occupied housing units. Of the 99,394 housing units in the assessment area, 31.9 percent are owner-occupied, 9.0 percent are occupied rental units, and 59.1 percent are vacant. The high vacancy rate reflects the large percentage of seasonal vacation homes in Cape May

County. Only 7.8 percent of the area’s 31,723 owner-occupied housing units and 9.2 percent of the 58,724 vacant units are in moderate-income census tracts. This data reflects the limited opportunity for home mortgage lending in moderate-income tracts.

The Geographic Distribution criterion for small business lending compares the distribution of small business loans to the distribution of businesses by tract income level. According to 2024 D&B data, only 9.5 percent of the area’s 15,686 businesses are in moderate-income census tracts. This data reflects limited opportunity for small business lending in these tracts.

The Borrower Profile criterion for home mortgage lending compares home mortgage loans to the percentage of low- and moderate-income families in the assessment area. As shown in the table above, 17.8 percent of the assessment area families are low-income, including 7.5 percent living below the poverty level, and 15.9 percent are moderate-income. Considering the area’s median housing value of \$486,874, it would be difficult for the area’s low- and moderate-income population to qualify for a home mortgage loan or to support a monthly mortgage payment.

The analysis of small business lending under the Borrower Profile criterion compares the distribution of loans to businesses by gross annual revenue (GAR) level. According to 2024 D&B data, 15,686 non-farm businesses operate in the assessment area. GARs for these businesses are as follows:

- 91.7 percent have GARs of \$1.0 million or less,
- 2.1 percent have GARs of more than \$1.0 million, and
- 6.2 percent have unknown revenues.

According to 2024 D&B data, the area’s largest industries are non-classifiable establishments (26.9 percent), followed by construction (10.8 percent), retail trade (8.4 percent), accommodation and food services (8.0), and other non-public administration services (7.2 percent). Of the assessment area businesses, 61.1 percent have four or fewer employees and 93.8 percent operate from a single location.

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC)-updated median family income data to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects the median family income ranges for the low-, moderate-, middle-, and upper-income categories in the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Atlantic City-Hammonton, NJ MSA Median Family Income</b>				
2022 (\$100,800)	<\$50,400	\$50,400 to <\$80,640	\$80,640 to <\$120,960	≥\$120,960
2023 (\$103,700)	<\$51,850	\$51,850 to <\$82,960	\$82,960 to <\$124,440	≥\$124,440
2024 (\$103,900)	<\$51,950	\$51,950 to <\$83,120	\$83,120 to <\$124,680	≥\$124,680
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics show that unemployment rates at the county, state, and national levels generally increased throughout the evaluation period. As a result of the

seasonality of business in the county, unemployment rates in Cape May County were significantly higher than the State of NJ and national unemployment rates during the evaluation period. The following table illustrates unemployment rates for Cape May County at the state and national levels.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Cape May County	7.1	7.9	8.0
State of New Jersey	3.9	4.3	4.5
National Average	3.6	3.6	4.0
<i>Source: Bureau of Labor Statistics</i>			

### **Competition**

There is a relatively high level of competition for financial services in the assessment area. According to FDIC Deposit Market Share data as of June 30, 2025, 11 banks operated 40 branches throughout the assessment area. Of these institutions, CSB ranked 4<sup>th</sup> in total deposits, with a 12.4 percent deposit market share.

Aggregate lending data reveals a high level of competition for home mortgage loans in the assessment area. Based on 2024 market share data, 321 lenders originated or purchased 4,061 home mortgage loans in the assessment area. CSB ranked 8<sup>th</sup> with a 2.5 percent market share. The top five lenders, consisting of large national banks and internet lenders, accounted for 22.4 percent of the market share.

There is a high level of competition for small business loans in the assessment area. CSB is not required to report small business lending data and has not elected to do so; therefore, examiners do not present aggregate lending data for comparison purposes. To gauge the level of competition and demand for small business loans within the assessment area, examiners reviewed the most recent aggregate data that reflects small business lending activity by entities that report small business loan data. According to 2023 market share data, 70 lenders originated 3,452 small business loans in the assessment area. The top five lenders, consisting of large national banks and business credit card issuers, accounted for 64.8 percent of the market share based on the number of loans originated.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active within the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to those needs. It also highlights what types of credit and community development opportunities may be available.

Examiners contacted a government official in Cape May County. The contact identified an ongoing need for small business loans and loans for construction projects. The contact specifically mentioned CSB as one of only two local banks that actively serve those needs. Finally, the contact noted that the area needs more affordable housing given rapid increases in local housing prices over the last several years.

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

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and economic development are primary community development needs, and flexible consumer and small business loan programs are the primary credit needs in this assessment area. The increased housing costs during the evaluation period contributes to the need for additional affordable housing in the assessment area. Additionally, innovative programs offering down payment assistance or mortgage modifications would benefit low- and moderate-income individuals and families within the assessment area. Small business loans with flexible terms would support local businesses' continuous working capital needs, particularly during the off seasons.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated September 7, 2022, to the current evaluation dated October 27, 2025. Examiners used the Intermediate Small Bank Examination Procedures to evaluate the bank's CRA performance. These procedures include the Lending Test and the Community Development Test. Please refer to the Appendix for details on the Lending Test and Community Development Test criteria.

### **Activities Reviewed**

CSB's major product lines, considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period, are home mortgage and small business loans. Home mortgage lending received more weight when developing overall conclusions due to the larger volume of loans originated during the review period. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products. Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period.

Examiners analyzed loans that CSB reported on its 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers to evaluate the bank's home mortgage lending performance. CSB reported 221 home mortgage loans totaling \$67.1 million in 2022, 224 home mortgage loans totaling \$70.3 million in 2023, and 138 home mortgage loans totaling \$40.5 million in 2024. Examiners used aggregate HMDA data and 2020 U.S. Census data for comparison purposes.

Due to its asset size, CSB is not required to report small business lending data; however, the bank opted to collect this information. Examiners used bank records to analyze CSB's 2022, 2023, and 2024 small business lending. CSB originated 15 small business loans totaling \$5.4 million in 2022, 43 small business loans totaling \$9.9 million in 2023, and 30 small business loans totaling \$7.6 million in 2024. Examiners used D&B demographic data for comparison purposes.

This evaluation presents the number and dollar volume of loans. Examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

For the Lending Test, the Assessment Area Concentration criterion includes loan data for each of the three years analyzed; however, the other rating criteria only present loan data for 2023 and 2024, as the bank’s performance throughout the rating period was consistent between 2022 and 2023.

For the Community Development Test, management provided information on community development loans, qualified investments, and community development services since the prior CRA evaluation.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

CSB demonstrated excellent responsiveness to assessment area credit needs. The bank’s performance under each criterion supports this conclusion.

#### Loan-to-Deposit Ratio

The bank’s LTD ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s LTD ratio, calculated from Call Report data, averaged 92.1 percent over the 12 calendar quarters from September 30, 2022, through June 30, 2025. The ratio generally increased from a low of 68.9 percent as of September 30, 2022, to a high of 102.4 percent as of March 31, 2024. The June 30, 2025 LTD ratio of 92.1 percent is identical to the average net LTD ratio during the evaluation period.

Examiners compared CSB’s average net LTD ratio to that of similarly situated institutions based on asset size, geographic location, and lending focus. As shown in the following table, the bank’s average net LTD ratio exceeded two of the three similarly situated institutions.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2025</b>	<b>Average Net LTD Ratio</b>
	<b>(\$000s)</b>	<b>(%)</b>
<b>Crest Savings Bank</b>	<b>568,108</b>	<b>92.1</b>
1 <sup>st</sup> Bank of Sea Isle City	303,600	107.2
The First National Bank of Absecon	195,948	68.6
Sturdy Savings Bank	1,130,011	63.6
<i>Source: Reports of Condition and Income 09/30/2022 – 06/30/2025</i>		

**Assessment Area Concentration**

As shown in the following table, CSB made a substantial majority of its loans, by number and dollar volume, inside its assessment area. Please refer to the following table for details.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars 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										
2022	178	80.5	43	19.5	221	63,386	94.4	3,792	5.6	<b>67,178</b>
2023	178	79.5	46	20.5	224	65,254	92.8	5,043	7.2	<b>70,297</b>
2024	102	73.9	36	26.1	138	36,852	90.8	3,734	9.2	<b>40,586</b>
<b>Subtotal</b>	<b>458</b>	<b>78.6</b>	<b>125</b>	<b>21.4</b>	<b>583</b>	<b>165,492</b>	<b>92.9</b>	<b>12,569</b>	<b>7.1</b>	<b>178,061</b>
Small Business										
2022	15	100.0	0	0.0	15	5,408	100.0	0	0.0	<b>5,408</b>
2023	42	97.7	1	2.3	43	9,210	93.2	675	6.8	<b>9,885</b>
2024	30	100.0	0	0.0	30	7,671	100.0	0	0.0	<b>7,671</b>
<b>Subtotal</b>	<b>87</b>	<b>98.9</b>	<b>1</b>	<b>1.1</b>	<b>88</b>	<b>22,289</b>	<b>97.1</b>	<b>675</b>	<b>2.9</b>	<b>22,964</b>
<b>Total</b>	<b>545</b>	<b>81.2</b>	<b>126</b>	<b>18.8</b>	<b>671</b>	<b>187,781</b>	<b>93.4</b>	<b>13,244</b>	<b>6.6</b>	<b>201,025</b>

*Source: HMDA Reported Data; Bank Data*

**Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank’s excellent home mortgage and small business lending performance supports this conclusion. Examiners focused on the bank’s lending in low- and moderate-income census tracts.

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank’s performance in the low-income census tract in 2023 and in the moderate-income census tracts in 2024 primarily supports this conclusion.

CSB’s lending in the area’s low-income census tract in 2023 significantly exceeded aggregate performance and area demographics. The bank’s performance in moderate-income census tracts trailed aggregate lenders and area demographics in 2023. However, lending in these tracts increased to well above aggregate performance and area demographics in 2024.

Market share data supports the bank’s excellent dispersion. The 2023 HMDA market share data shows that CSB’s 12.2 percent market share in the low-income census tract ranked first out of 78 lenders that reported loans in that tract. Overall, these trends, comparisons, and market share data reflect excellent performance.

The following table illustrates the distribution of home mortgage loans by census tract income level for 2023 and 2024.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2023	2.2	6.4	31	17.4	9,622	14.8
2024	--	--	--	--	--	--
<b>Moderate</b>						
2023	5.6	4.7	4	2.3	811	1.2
2024	7.8	10.9	15	14.7	3,819	10.4
<b>Middle</b>						
2023	52.5	46.8	110	61.8	38,888	59.6
2024	49.1	44.3	73	71.6	23,884	64.8
<b>Upper</b>						
2023	39.8	42.1	33	18.5	15,933	24.4
2024	43.1	44.7	14	13.7	9,149	24.8
<b>Not Available</b>						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>	<b>65,254</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>102</b>	<b>100.0</b>	<b>36,852</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census, Bank Data, and 2023 &amp; 2024 HMDA Aggregate Data.</i>						
<i>"--" Not applicable. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. In 2023, the bank significantly exceeded area demographics in the low-income census tract. In 2023 and 2024, the bank’s performance of lending in moderate-income census tracts exceeded area demographics. Furthermore, the bank originated over three times more loans in moderate-income census tracts in 2024 when compared to 2023. Overall, these trends and comparisons reflect excellent dispersion.

The following table illustrates the distribution of small business loans by census tract income level for 2023 and 2024.

<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>
Low					
2023	5.8	9	21.4	1,660	18.0
2024	--	--	--	--	--
Moderate					
2023	3.0	2	4.8	362	3.9
2024	9.5	7	23.3	925	12.1
Middle					
2023	45.5	25	59.5	5,813	63.2
2024	42.2	19	63.4	6,146	80.1
Upper					
2023	45.7	6	14.3	1,375	14.9
2024	48.3	4	13.3	600	7.8
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>9,210</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>7,671</b>	<b>100.0</b>
<i>Source: D&amp;B Data; Bank Data. "--"Not applicable.</i>					

## **Borrower Profile**

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and businesses of different sizes. The bank's excellent home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects excellent penetration among borrowers of different income levels. In 2023, the bank's lending to low-income borrowers trailed the aggregate data and area demographics. However, CSB outperformed the aggregate in 2024. In 2023, the bank's performance of lending to moderate-income borrowers was slightly below aggregate data. Despite a lower number of home mortgage loans in 2024 overall, the bank increased its number and percentage of originations to moderate-income borrowers, which was in-line with demographic data and significantly exceeded aggregate performance.

Market share data further supports excellent performance. In 2024, CSB was one of only 60 lenders that made home mortgage loans to low-income borrowers in the assessment area. CSB ranked 4<sup>th</sup> among this group, with a 3.7 percent market share which exceeded the bank's overall rank of 8<sup>th</sup> and market share of 2.5 percent. Also in 2024, CSB was among only 89 lenders that made home mortgage loans to moderate-income borrowers in the assessment area. CSB ranked 5<sup>th</sup> with a 4.6 percent market share among this group, which also exceeded the bank's overall rank and market share. These comparisons reflect excellent performance.

The following table illustrates the distribution of home mortgage loans by borrower income level.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2023	19.7	3.9	1	0.6	42	<0.1
2024	17.8	3.3	5	4.9	352	1.0
<b>Moderate</b>						
2023	18.1	9.6	13	7.3	1,233	1.9
2024	15.9	8.6	16	15.7	2,037	5.5
<b>Middle</b>						
2023	21.7	13.1	23	12.9	4,457	6.8
2024	21.5	12.5	10	9.8	924	2.5
<b>Upper</b>						
2023	40.5	59.5	130	73	55,235	84.7
2024	44.8	59.8	66	64.7	32,654	88.6
<b>Income Not Available</b>						
2023	0	13.9	11	6.2	4,297	6.6
2024	0	15.8	5	4.9	885	2.4
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>	<b>65,254</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>102</b>	<b>100.0</b>	<b>36,852</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Bank Data, 2023 &amp; 2024 HMDA Aggregate Due to rounding, totals may not equal 100.0%</i>						

***Small Business Loans***

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The following table reflects that the bank’s performance lending to businesses with GARs less than \$1.0 million trailed area demographics in both 2024 and 2025. However, as previously stated, market share data reveals a high level of competition for making small business loans within the assessment area. Specifically, 2024 market share data shows that the top five institutions, all national banks and business credit card issuers, accounted for 64.8 percent of all small business loans made in the assessment area. CSB does not offer business credit cards. Furthermore, CSB’s performance is comparable to the other FDIC-supervised institution headquartered in Cape May County. Considering the significant degree of competition and the limited market for small business loans beyond business credit cards, these trends and comparisons reflect reasonable performance.

The following table illustrates the distribution of small business loans by GAR category.

<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					
2023	92.0	25	59.5	4,322	46.9
2024	91.7	12	40.0	2,666	34.7
> \$1,000,000					
2023	2.3	16	38.1	4,788	52.0
2024	2.1	16	53.3	4,578	59.7
Revenue Not Available					
2023	5.7	1	2.4	100	1.1
2024	6.2	2	6.7	427	5.6
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>9,210</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>7,671</b>	<b>100.0</b>
<i>Source: D&amp;B Data; Bank Data</i>					

### **Response to Complaints**

CSB did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

### **COMMUNITY DEVELOPMENT TEST**

CSB’s community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities in the institution’s assessment area.

### **Community Development Loans**

CSB originated 60 community development loans totaling \$31.4 million during the evaluation period. This level of activity represents 6.9 percent of average total loans and 5.4 percent of average total assets since the prior evaluation. Furthermore, community development loans decreased 56.8 percent by number and 48.9 percent by dollar volume when compared to the previous evaluation, where CSB made 139 community development loans totaling \$61.6 million. CSB attributes the decrease in community development lending to a trend that has continued since the previous evaluation, where all bank lending year over year has seen a decline. Despite the decrease in volume, CSB’s level of community development lending activity exceeded that of a larger institution serving the same assessment area. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	0	0	0	0	8	1,496	0	0	8	1,496
2023	1	200	0	0	16	7,690	3	1,303	22	13,907
2024	1	400	0	0	17	7,235	1	240	20	10,985
YTD 2025	3	1,760	0	0	7	3,300	0	0	10	5,060
<b>Total</b>	<b>5</b>	<b>2,360</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>27,545</b>	<b>4</b>	<b>1,543</b>	<b>60</b>	<b>31,448</b>
<i>Source: Bank Data</i>										

The following points illustrate examples of the bank’s community development loans.

- A \$350,000 loan in 2023 to finance the purchase of a retail store in a low-income census tract in Wildwood, which is also a designated UEZ. The financing serves to stabilize this low-income geography by retaining an existing business.
- A \$1.9 million loan in 2024 to finance the purchase of a retail outlet in a low-income census tract in North Wildwood. This loan is to a business that meets the SBA’s small business size standards and supports economic development by creating permanent jobs.
- A \$2.0 million loan in 2025 to provide working capital to the owner of a 40-unit motel in a UEZ in Wildwood Crest. This loan is to a business that meets the SBA’s small business size standards and supports economic development by creating permanent jobs.

**Qualified Investments**

CSB’s qualified investments totaled approximately \$5.5 million, including 33 investments totaling \$5.4 million and 69 donations totaling \$52,000. The bank’s qualified investments represent 6.9 percent of average total securities and 0.9 percent of average total assets since the prior evaluation. Qualified investments increased by 7.6 percent by number and 243.8 percent by dollar volume when compared to the prior evaluation. The increase in qualified investments was driven by the purchase of \$5.4 million in certificates of deposit from various Minority Depository Institutions (MDIs), Community Development Financial Institutions (CDFIs), and Low-Income Credit Unions (LICUs) outside the assessment area. The increasing ratio of qualified investments to average total securities is due, in part, to the decrease in total securities since the prior evaluation. CSB’s level of community development investment activity fell below the performance of a larger institution serving the same assessment area.

The following table reflects the bank’s community development investment activity by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2022	0	0	2	499	0	0	0	0	2	499
2023	0	0	6	1,500	0	0	0	0	6	1,500
2024	0	0	9	600	1	100	0	0	10	700
YTD 2025	0	0	10	1,800	5	949	0	0	15	2,749
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>4,399</b>	<b>6</b>	<b>1,049</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>5,448</b>
Qualified Grants & Donations	0	0	40	26	0	0	29	26	69	52
<b>Total</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>4,425</b>	<b>6</b>	<b>1,049</b>	<b>29</b>	<b>26</b>	<b>102</b>	<b>5,500</b>
<i>Source: Bank Data</i>										

Notable examples of the bank’s qualified investments and donations include:

- In 2023, the bank purchased six CDs from MDIs and LICUs totaling \$1.5 million. Although these institutions are located outside of the bank’s assessment area, the investments benefit credit needs of the local communities in which they are chartered.
- In 2023, the bank made two donations totaling \$2,500 to a nonprofit organization that provides a variety of services to needy children and families living in Cape May County.
- In 2024, the bank made a \$1,200 donation to an organization that helps families who are experiencing homelessness. The organization partners with volunteers to provide temporary housing and meals for up to three families at a time.

### **Community Development Services**

Since the prior evaluation, bank staff provided 58 instances of financial expertise and/or technical assistance to 11 community organizations in the assessment area. Qualified services primarily supported community services for low- and moderate-income individuals and economic development efforts. CSB’s community development service activity was relatively consistent with the prior evaluation period, during which time bank employees provided 56 instances of financial expertise and/or technical assistance. In addition, the bank’s level of community development services was below that of a larger institution serving the same assessment area.

The following table reflects the bank’s community development services by year and purpose.

<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>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022	0	5	0	1	<b>6</b>
2023	0	17	1	1	<b>19</b>
2024	0	14	4	1	<b>19</b>
YTD 2025	1	9	3	1	<b>14</b>
<b>Total</b>	<b>1</b>	<b>45</b>	<b>8</b>	<b>4</b>	<b>58</b>
<i>Source: Bank Data</i>					

The following points illustrate the bank’s community development services:

- In 2024, two bank employees administered a financial literacy presentation for 40 students at a high school located in Cape May County. The presentation provided students with a range of budgeting resources, savings tips, and an introduction on building credit. The high school is located in a moderate-income census tract within the assessment area, and over 71 percent of students qualify for the free or reduced-price lunch program.
- In 2024 and 2025, a bank Senior Vice President served on the Board and finance committee for an economic development organization managed by a group of business and community leaders. The organization’s mission is to sustain economic growth and support small businesses operating in Wildwood, NJ. The organization is located in a moderate-income census tract within a municipality that participates in the NJ Urban Enterprise Zone (UEZ) Program. The UEZ program helps stimulate and revitalize the local economy of distressed areas in NJ by offering various tax benefits to businesses and residents.
- In 2025, a bank Vice President provided financial expertise while serving on the Board of a local community service organization that provides temporary housing and a variety of support programs for families experiencing homelessness in Cape May County.

In addition to community development services, the bank offers a variety of retail banking services that benefit low- and moderate-income individuals. For example, the bank’s Freedom Account is a free checking account featuring a low opening balance and no monthly maintenance fees. The bank’s various alternative banking services further improve access to financial services for low- and moderate-income individuals, including mobile and online banking, electronic bill payment, bank-to-bank transfers, and peer-to-peer payments through Zelle. CSB also partners with The Cape May County Coast Guard Community Foundation to offer an Active Military Assistance Program. This program helps low- and moderate-income active-duty personnel living or working in Cape May County during payroll disruptions. Finally, CSB participates in the Federal Housing Finance Agency’s *Homebuyer Dream Program* (HDP). The HDP assists low- and moderate-income first-time homebuyers by providing grants for downpayments and closing cost assistance. Loan products of this type were identified as a credit need in the assessment area.

CSB also operates eight branches, including three branches in UEZs, two of which are in moderate-income census tracts. The bank's branch presence in these areas provides banking services to these underserved communities.

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

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

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

#### **Community Development Test**

The Community Development Test considers the following criteria:

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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