



PUBLIC SUMMARY

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION OF SPRING BANK

AS OF DECEMBER 31, 2023

New York State Department of Financial Services
Consumer Protection and Financial Enforcement Division
One State Street, New York NY 10004

NOTE: This Evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Sections

- I. **General Information**
 - II. **Overview of Institution’s Performance**
 - III. **Performance Context**
 - A. Institution Profile
 - B. Assessment Area
 - C. Demographic & Economic Data
 - D. Community Information
 - IV. **Performance Standards and Assessment Factors**
 - A. Lending Test
 - B. Additional Factors
 - V. **Glossary**
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SPRING BANK – CRA PERFORMANCE EVALUATION

I - GENERAL INFORMATION

This document is an evaluation (the “Evaluation”) of the Community Reinvestment Act (“CRA”) performance of Spring Bank (“SB” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This Evaluation represents the Department’s current assessment and rating of the Bank’s CRA performance based on an evaluation conducted as of December 31, 2023.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Superintendent (“GRS”) implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate institutions’ performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve in meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the Evaluation be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the end of this Evaluation.

SPRING BANK – CRA PERFORMANCE EVALUATION

II - OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated SB according to the small banking institution performance standards pursuant to Sections 76.7 and 76.12 of the GRS. The evaluation period included calendar years 2018, 2019, 2020, 2021, 2022 and 2023 for lending activities. The Department assigned SB a rating of “1” indicating an “**Outstanding**” record of helping to meet community credit needs.

The rating is based on the following factors:

A. Lending Test: Outstanding

1. Loan-to-Deposit Ratio and Other Lending-Related Activities:

SB's average loan-to-deposit (“LTD”) ratio was excellent considering its size, business strategy, financial condition, and peer group activity.

SB's average LTD ratio of 89.6% for the evaluation period significantly exceeded the peer group's average LTD ratio of 76.3%.

2. Assessment Area Concentration:

During the evaluation period, SB originated 94.1% by number and 89.2% by dollar value of its total HMDA-reportable, small business, and consumer loans within the assessment area, demonstrating an excellent concentration of lending.

3. Distribution by Borrower Characteristics:

SB's small business and consumer lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes.

The rating of this criterion is solely based on SB's small business and consumer lending, as all HMDA-reportable loans were made for investment purposes and for which income is not required to be reported.

4. Geographic Distribution of Loans:

SB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

5. Action Taken in Response to Written Complaints with Respect to CRA:

Neither DFS nor SB received any written complaints regarding SB's CRA performance during the evaluation period.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and GRS Part 76.

SPRING BANK – CRA PERFORMANCE EVALUATION

III - PERFORMANCE CONTEXT

A. Institution Profile

Founded in 2007, SB is a New York State chartered commercial bank headquartered in the Bronx, New York. SB is a wholly owned subsidiary of CheckSpring Community Corporation (“CCC”).

SB operates a single banking office located in Bronx County, New York. Supplementing the banking office are two deposit-taking automated teller machines (“ATM”). In addition, SB customers have access to surcharge free ATMs in the MoneyPass network or at any Citibank branch ATM.

SB’s banking office is designated by the Department as a Banking Development District (“BDD”) branch. The BDD program is a program designed to encourage the establishment of banking branches in areas across New York State where there is a demonstrated need for banking services.¹ The Bank has also been designated a Community Development Financial Institution (“CDFI”) by the U.S. Department of the Treasury². SB is also a Certified B Corporation - member of a for-profit, for-mission movement of companies recognized for socially responsible business practices.

The Bank offers a variety of personal and business deposit products, including checking, savings, and money market accounts. Its lending products include commercial mortgage loans, small business loans and personal loans. In addition, SB provides various business and personal banking services such as online and mobile banking, remote deposit services, online bill pay and telebanking.

In its Consolidated Report of Condition (the “Call Report”) as of December 31, 2023, filed with the Federal Deposit Insurance Corporation (“FDIC”), the Bank reported total assets of \$410.7 million, of which \$260.4 million were net loans and lease financing receivables. It also reported total deposits of \$314.1 million, resulting in an LTD ratio of 82.9%. According to the latest available comparative deposit data as of June 30, 2023, SB obtained a market share of 0.01% or \$315.5 million in a market of \$2.1 trillion, ranking it 79th among 119 deposit-taking institutions in the assessment area.

The following is a summary of SB’s loan portfolio, based on Schedule RC-C of the Bank’s December 31, 2018, 2019, 2020, 2021, 2022 and 2023 Call Reports:

¹ Additional information on the Banking Development District Program may be found here: https://www.dfs.ny.gov/apps_and_licensing/banks_and_trusts/bdd_about

² A U.S. Department of the Treasury designated CDFI specializes in providing financial services to low-income and underserved people and communities to empower them and provide them access to affordable financial services and products.

SPRING BANK – CRA PERFORMANCE EVALUATION

| TOTAL GROSS LOANS OUTSTANDING | | | | | | | | | | | | |
|--------------------------------------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|
| Loan Type | 12/31/2018 | | 12/31/2019 | | 12/31/2020 | | 12/31/2021 | | 12/31/2022 | | 12/31/2023 | |
| | \$000's | % | \$000's | % | \$000's | % | \$000's | % | \$000's | % | \$000's | % |
| 1-4 Family Resid. Mortg. Loans | 27,191 | 18.7 | 27,475 | 18.6 | 26,883 | 11.5 | 28,021 | 12.6 | 29,642 | 14.1 | 38,633 | 14.6 |
| Commercial & Industrial Loans | 16,756 | 11.6 | 16,318 | 11.1 | 99,522 | 42.4 | 69,650 | 31.2 | 22,921 | 10.9 | 24,022 | 9.1 |
| Commercial Mortgage Loans | 66,964 | 46.2 | 66,489 | 45.1 | 70,641 | 30.1 | 88,424 | 39.6 | 112,943 | 53.8 | 156,870 | 59.2 |
| Multifamily Mortgages | 20,958 | 14.5 | 22,558 | 15.3 | 24,450 | 10.4 | 25,517 | 11.4 | 31,396 | 15.0 | 32,895 | 12.4 |
| Consumer Loans | 1,378 | 1.0 | 1,542 | 1.0 | 1,322 | 0.6 | 1,879 | 0.8 | 1,800 | 0.9 | 1,810 | 0.7 |
| Construction Loans | 11,791 | 8.1 | 13,021 | 8.8 | 11,890 | 5.1 | 9,775 | 4.4 | 11,084 | 5.3 | 10,917 | 4.1 |
| Other Loans | 0 | 0.0 | 0 | 0.0 | | 0.0 | 0 | 0.0 | 0 | 0.0 | 26 | 0.0 |
| Total Gross Loans | 145,038 | | 147,403 | | 234,708 | | 223,266 | | 209,786 | | 265,173 | |

As illustrated in the above table, SB is primarily a commercial mortgage lender with commercial mortgage loans comprising 59.2% of its gross loan portfolio. The Bank’s one-to-four family residential mortgage loans and multifamily mortgages comprise 14.6% and 12.4% of the portfolio, respectively.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on SB’s ability to meet the credit needs of its community.

B. Assessment Area

The Bank’s assessment area consists of Bronx, Kings, Nassau, New York, Queens, and Westchester counties.

There are 2,728 census tracts in the Bank’s assessment area, of which 302 are low-income, 615 are moderate-income, 880 are middle-income, 774 are upper-income, and 157 are tracts with no income indicated.

| Assessment Area Census Tracts by Income Level | | | | | | | |
|--|------------|------------|------------|------------|------------|--------------|-------------|
| County | N/A | Low | Moderate | Middle | Upper | Total | LMI % |
| Bronx | 21 | 129 | 121 | 65 | 25 | 361 | 69.3 |
| Kings | 46 | 91 | 235 | 263 | 170 | 805 | 40.5 |
| Nassau | 9 | 10 | 31 | 146 | 90 | 286 | 14.3 |
| New York | 23 | 36 | 44 | 32 | 175 | 310 | 25.8 |
| Queens | 52 | 26 | 157 | 325 | 165 | 725 | 25.2 |
| Westchester | 6 | 10 | 27 | 49 | 149 | 241 | 15.4 |
| Total | 157 | 302 | 615 | 880 | 774 | 2,728 | 33.6 |

While the Bank’s assessment area did not change from the prior evaluation period, the number of census tracts increased from 2,564 to 2,728 census tracts. This increase in census tracts was the result of the 2020 census conducted by the U.S. Census Bureau.

SPRING BANK – CRA PERFORMANCE EVALUATION

C. Demographic & Economic Data

The assessment area had a population of 10,708,674 during the evaluation period. Approximately 14.8% of the population was over the age of 65 and 22.3% was under the age of 16.

Of the 2,368,886 families in the assessment area, 27.3% were low-income, 15.7% were moderate-income, 16.6% were middle-income, and 40.4% were upper-income. There were 3,827,983 households in the assessment area, of which 15.4% had income below the poverty level and 4% were on public assistance. The weighted average median family income in the assessment area was \$100,906.

There were 4,188,265 housing units within the assessment area, of which 55.4% were multifamily units and 44.4% were one-to-four family units. A majority (55.2%) of the housing units were rental-occupied units, while 36.2% were owner-occupied units and 8.6% were vacant units..

Of the total 2,312,705 rental-occupied units, 48.2% were in LMI census tracts while 50.3% were in middle- and upper-income census tracts. The weighted average monthly gross rent was \$1,606. Of the 1,515,278 owner-occupied housing units, 17% were in LMI census tracts while 82.4% were in middle- and upper-income census tracts. The median age of the housing stock was 75 years, and the weighted average median home value was \$660,159.

There were 1,825,575 non-farm businesses in the assessment area. Of these, 93.6% were businesses with reported revenues of less than or equal to \$1 million, 2.5% reported revenues of more than \$1 million, and 3.9% did not report their revenues. Of the businesses in the assessment area, 98.1% were businesses with less than fifty employees while 96.2% operated from a single location. The largest industries in the area were Services (32%), Finance, Insurance, and Real Estate (10.7%), and Retail Trade (10.4%); 33.5% of businesses in the assessment area were not classified.

According to New York State Department of Labor unemployment data, the average annual unemployment rates spiked in 2020 for statewide and all counties in the Bank’s assessment area due to the onset of the COVID-19 pandemic. As the pandemic subsided, subsequent years saw the annual average unemployment rates decline from the 2020 high. For each year of the evaluation period, Bronx County consistently had the highest average unemployment rate as compared to the corresponding statewide and other counties’ average unemployment rate. Also, for the total evaluation period Bronx County had the highest average unemployment rate and Nassau County had the lowest average unemployment rate.

| Assessment Area Unemployment Rate | | | | | | | |
|--|-----------|-------|-------|--------|----------|--------|-------------|
| | Statewide | Bronx | Kings | Nassau | New York | Queens | Westchester |
| 2018 | 4.1 | 5.7 | 4.2 | 3.5 | 3.7 | 3.6 | 3.9 |
| 2019 | 3.9 | 5.4 | 4.1 | 3.3 | 3.5 | 3.5 | 3.6 |
| 2020 | 9.8 | 16 | 12.5 | 8 | 9.5 | 12.4 | 8 |
| 2021 | 7.1 | 13.9 | 10.4 | 4.5 | 7.8 | 9.9 | 4.8 |
| 2022 | 4.3 | 7.9 | 5.9 | 2.9 | 4.6 | 5.3 | 3.2 |
| 2023 | 4.2 | 6.8 | 5.5 | 3.1 | 4.6 | 4.6 | 3.4 |
| Average of Years above | 5.6 | 9.3 | 7.1 | 4.2 | 5.6 | 6.6 | 4.5 |

SPRING BANK – CRA PERFORMANCE EVALUATION

D. Community Information

As part of the evaluation, DFS examiners conducted community contact interviews with representatives from two nonprofit organizations within the Bank’s assessment area. These interviews helped examiners to gain additional insight into the credit and banking needs of the assessment area.

The first interview was held with a representative from a nonprofit organization which serves parts of Kings County. The organization connects local businesses and property owners to financial resources for community development and offers initiatives such as refundable grants for storefront improvements. The representative stated that the area served by the organization is underbanked; as a result, many residents rely on check cashers or money transmitters to provide financial services, which are many times more expensive. The representative emphasized the need for increased financial literacy and small business seminars and suggested that financial institutions partner with local nonprofit organizations for providing the same. Since the pandemic, unemployment has risen and housing costs remain high, with most new developments consisting of costly condominiums. The representative emphasized the importance of affordable housing that aligns with the median income in the area, and the need for economic growth programs to stimulate better economic conditions.

The second interview was with a representative of a nonprofit organization that focuses on racial equity in housing, education, and healthcare across parts of the assessment area. This organization advocates for systemic changes and serves marginalized communities. The representative highlighted the reliance of low-income communities on expensive financial services provided by check-cashers. The representative pointed out the need for convenient local access to banking services and products as these are not sufficiently accessible or adequately promoted within the community. The representative also stated that poverty in the area has increased as have housing prices, leading to rising homelessness and causing a housing crisis in some communities. Banks need to do more in addressing these issues of affordable housing, fair and affordable mortgage lending, and providing financial education for young people.

SPRING BANK – CRA PERFORMANCE EVALUATION

V - PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated SB under the small banking institution performance standards in accordance with Sections 76.7 and 76.12 of the GRS, which consist of the following lending test criteria:

1. Loan-to-deposit ratio and other lending-related activities;
2. Assessment area concentration;
3. Distribution of loans by borrower characteristics;
4. Geographic distribution of loans; and
5. Action taken in response to written complaints regarding CRA.

DFS also considered the following factors in assessing the bank's record of performance:

1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;
2. Evidence of practices intended to discourage credit applications;
3. Evidence of prohibited discriminatory or other illegal credit practices;
4. The institution's record of opening and closing offices and providing services at offices; and
5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.

Finally, DFS considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which SB helps meet the credit needs of its entire community.

DFS derived statistics employed in this Evaluation from various sources. SB submitted bank-specific information both as part of the evaluation process and in its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS derived the demographic data referred to in this report from the 2020 U.S. Census and the FFIEC. DFS based business demographic data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually. DFS obtained unemployment data from the New York State Department of Labor.

The evaluation period included calendar years 2018, 2019, 2020, 2021, 2022 and 2023.

Examiners considered SB's small business, HMDA-reportable, and consumer loans in evaluating factors (2), (3), and (4) of the lending test noted above.

HMDA-reportable and small business loan data evaluated in this Evaluation represented actual originations. The Bank's consumer loan data were evaluated based on a sample of 69 loans each for 2022 and 2023, results of which were extrapolated.

SPRING BANK – CRA PERFORMANCE EVALUATION

As SB did not make any small farm loans, DFS based all analyses on small business lending only. The Bank is not required to report small business loan data, so SB's small business lending is not included in the aggregate data. The aggregate data are shown only for comparative purposes.

Consumer loans constituted a substantial majority by number of SB’s business and thus DFS evaluated these loans. Aggregate consumer data are not available for comparative purposes.

In its prior Community Reinvestment Act Performance Evaluation as of December 31, 2017, DFS assigned SB a rating of “1” reflecting an “Outstanding” compliance with regulatory standards.

Current CRA Rating: Outstanding

A. Lending Test: Outstanding

SB’s small business, HMDA-reportable and consumer lending activities were excellent in light of its size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

1. Loan-to-Deposit Ratio and other Lending-Related Activities:

SB’s average LTD ratio was excellent considering its size, business strategy, and financial condition, as well as the lending activity of its peer group and the demographic characteristics and credit needs of its assessment area.

SB’s average LTD ratio of 89.6% for the evaluation period significantly exceeded the peer group’s average ratio of 76.3%. The Bank’s average quarterly LTD ratios fluctuated between a low of 67.3% to a high of 113.3%. It consistently surpassed the peer group’s quarterly average LTD ratios for all quarters of the evaluation period, except for the third quarter of 2022 to the third quarter of 2023.

The decrease in the Bank’s LTD ratio during this period was mainly due to two factors - firstly, by receipt of \$79.8 million in Perpetual Preferred Stock from the US Treasury in June 2022, which resulted in a spike in deposits and secondly, paying down Paycheck Protection Program (“PPP”) loans which were originated by the Bank. The Bank’s PPP loan balance was paid down from \$40 million in June 2022 to \$2 million by December 2022.

The table below shows SB’s LTD ratios in comparison with the peer group’s ratios for the 24 quarters of this evaluation period.

| Loan-to-Deposit Ratios | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------|------|------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|------|------|------|------|------|
| | 2018 | 2018 | 2018 | 2018 | 2019 | 2019 | 2019 | 2019 | 2020 | 2020 | 2020 | 2020 | 2021 | 2021 | 2021 | 2021 | 2022 | 2022 | 2022 | 2022 | 2023 | 2023 | 2023 | 2023 | Avg. |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| Bank | 90.2 | 88.9 | 89.7 | 89.8 | 89.0 | 82.8 | 85.3 | 88.3 | 85.8 | 104.9 | 113.1 | 106.4 | 113.3 | 114.9 | 109.7 | 95.4 | 93.4 | 73.6 | 69.7 | 67.3 | 68.3 | 73.1 | 74.9 | 82.9 | 89.6 |
| Peer | 79.6 | 80.8 | 81.4 | 81.3 | 81.4 | 82.6 | 81.6 | 81.3 | 80.4 | 79.8 | 80.0 | 75.8 | 72.3 | 70.9 | 69.4 | 67.9 | 64.9 | 69.2 | 71.2 | 73.8 | 74.4 | 76.6 | 77.6 | 78.1 | 76.3 |

SPRING BANK – CRA PERFORMANCE EVALUATION

2. Assessment Area Concentration:

During the evaluation period, SB originated 94.1% by number and 89.2% by dollar value of its total HMDA-reportable, small business and consumer loans within the assessment area, demonstrating an excellent concentration of lending.

i. HMDA-Reportable Loans:

SB originated 94.9% by number and 93.5% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

ii. Small Business Loans:

SB originated 91.8% by number and 88.7% by dollar value of its small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending.

iii. Consumer Loans:

During the evaluation period, SB originated 96.5% by number and 96% by dollar value of its consumer loans within the assessment area. This substantial majority of lending inside of its assessment area is an excellent concentration of lending.

The following table shows the percentages of SB’s HMDA-reportable, small business and consumer loans originated inside and outside of the assessment area.

| Distribution of Loans Inside and Outside of the Assessment Area | | | | | | | | | | |
|---|-----------------|--------|---------|-------|-------|---------------------------------|--------|---------|-------|---------|
| Loan Type | Number of Loans | | | | | Loans in Dollars (in thousands) | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | # | % | # | % | |
| HMDA-Reportable | | | | | | | | | | |
| 2018 | 8 | 100.0% | 0 | 0.0% | 8 | 5,352 | 100.0% | 0 | 0.0% | 5,352 |
| 2019 | 7 | 87.5% | 1 | 12.5% | 8 | 8,687 | 97.7% | 200 | 2.3% | 8,887 |
| 2020 | 4 | 100.0% | 0 | 0.0% | 4 | 3,740 | 100.0% | 0 | 0.0% | 3,740 |
| 2021 | 5 | 100.0% | 0 | 0.0% | 5 | 3,950 | 100.0% | 0 | 0.0% | 3,950 |
| 2022 | 5 | 83.3% | 1 | 16.7% | 6 | 8,940 | 78.1% | 2,500 | 21.9% | 11,440 |
| 2023 | 8 | 100.0% | 0 | 0.0% | 8 | 7,963 | 100.0% | 0 | 0.0% | 7,963 |
| Subtotal | 37 | 94.9% | 2 | 5.1% | 39 | 38,632 | 93.5% | 2,700 | 6.5% | 41,332 |
| Small Business | | | | | | | | | | |
| 2018 | 81 | 98.8% | 1 | 1.2% | 82 | 18,649 | 97.3% | 510 | 2.7% | 19,159 |
| 2019 | 54 | 93.1% | 4 | 6.9% | 58 | 17,197 | 82.3% | 3,690 | 17.7% | 20,887 |
| 2020 | 339 | 93.9% | 22 | 6.1% | 361 | 96,550 | 97.0% | 3,023 | 3.0% | 99,573 |
| 2021 | 309 | 88.5% | 40 | 11.5% | 349 | 77,855 | 86.8% | 11,810 | 13.2% | 89,665 |
| 2022 | 90 | 90.0% | 10 | 10.0% | 100 | 36,869 | 72.5% | 13,973 | 27.5% | 50,842 |
| 2023 | 70 | 90.9% | 7 | 9.1% | 77 | 69,473 | 90.3% | 7,450 | 9.7% | 76,923 |
| Subtotal | 943 | 91.8% | 84 | 8.2% | 1,027 | 316,593 | 88.7% | 40,456 | 11.3% | 357,049 |
| Consumer | | | | | | | | | | |
| 2022 | 425 | 95.7% | 19 | 4.3% | 444 | 1,229 | 95.6% | 56 | 4.4% | 1,285 |
| 2023 | 525 | 97.1% | 16 | 2.9% | 541 | 1,604 | 96.3% | 62 | 3.7% | 1,666 |
| Subtotal | 950 | 96.5% | 35 | 3.5% | 985 | 2,833 | 96.0% | 118 | 4.0% | 2,951 |

* For consumer lending, DFS analyzed a sample of 69 loans each in 2022 and 2023. DFS then extrapolated the number and dollar volume of loans from the resulting percentages. DFS based its analysis of HMDA-reportable and small business on actual loans.

SPRING BANK – CRA PERFORMANCE EVALUATION

3. Distribution by Borrower Characteristics:

SB's consumer and small business lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes.

DFS did not evaluate HMDA-reportable loans for this criterion because all the Bank's HMDA-reportable loans were made for investment purposes and for which revenue is not required to be reported.

a. Small Business Loans

SB's small business lending demonstrated a reasonable distribution of loans among businesses of different revenue sizes.

Since PPP loans did not require the collecting and reporting of revenues, DFS excluded PPP loans originated in the Bank's assessment area from this criterion's analysis to avoid skewing the results. The Bank originated 281 PPP loans totaling \$80.7 million in 2020 and 249 PPP loans totaling \$53.2 million in 2021. A majority of PPP loans in both years were in an amount of \$100,000 or less, which generally is an indication that these loans were originated to small businesses with revenue size of \$1 million or less.

SB's average rates of lending to businesses with revenues of \$1 million or less were 25.2% by number and 54.3% by dollar value of loans; compared to the aggregate rates of 44% by number and 25% by dollar value of loans. Aggregate small business loan data was not available for 2023 as of the evaluation. It should be noted that out of the Bank's total 413 small business loans, 261 loans or 63.2% were made to a single borrower with revenues exceeding \$1 million. This significantly impacted the Bank's lending by revenue size of business analysis. Notably, this borrower operates a business that provides jobs for LMI individuals in the Bank's assessment area.

For each year of the evaluation period, both the Bank and the aggregate's average lending rates to small businesses with revenues of \$1 million or less, trailed the percentage of small businesses with revenues of \$1 million or less in the assessment area.

The following table provides a summary of the distribution of SB's small business loans by the revenue size of the business.

SPRING BANK – CRA PERFORMANCE EVALUATION

| Distribution of Small Business Lending by Revenue Size of Business | | | | | | | | | |
|--|------------|-------|----------------|-------|------------------|-------|-------------------|-------|----------|
| 2018 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 20 | 24.7% | 13,733 | 73.6% | 130,599 | 41.7% | 2,580,930 | 28.6% | 86.3% |
| Rev. > \$1MM | 61 | 75.3% | 4,916 | 26.4% | | | | | 6.9% |
| Rev. Unknown | | 0.0% | | 0.0% | | | | | 6.8% |
| Total | 81 | | 18,649 | | 313,501 | | 9,030,674 | | |
| 2019 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 17 | 31.5% | 12,279 | 71.4% | 159,259 | 46.1% | 2,785,599 | 28.8% | 88.1% |
| Rev. > \$1MM | 33 | 61.1% | 4,670 | 27.2% | | | | | 5.8% |
| Rev. Unknown | 4 | 7.4% | 248 | 1.4% | | | | | 6.1% |
| Total | 54 | | 17,197 | | 345,260 | | 9,667,615 | | |
| 2020 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 16 | 27.6% | 10,733 | 67.9% | 128,733 | 36.0% | 3,318,124 | 18.6% | 90.8% |
| Rev. > \$1MM | 42 | 72.4% | 5,082 | 32.1% | | | | | 4.4% |
| Rev. Unknown | | 0.0% | | 0.0% | | | | | 4.8% |
| Total | 58 | | 15,815 | | 357,333 | | 17,817,300 | | |
| 2021 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 14 | 23.3% | 8,770 | 35.6% | 156,154 | 37.7% | 2,771,976 | 18.5% | 91.4% |
| Rev. > \$1MM | 45 | 75.0% | 10,282 | 41.8% | | | | | 3.4% |
| Rev. Unknown | 1 | 1.7% | 5,575 | 22.6% | | | | | 5.2% |
| Total | 60 | | 24,627 | | 413,890 | | 14,989,823 | | |
| 2022 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 17 | 18.9% | 19,639 | 53.3% | 179,511 | 48.9% | 2,977,190 | 32.0% | 91.8% |
| Rev. > \$1MM | 72 | 80.0% | 13,980 | 37.9% | | | | | 3.2% |
| Rev. Unknown | 1 | 1.1% | 3,250 | 8.8% | | | | | 5.1% |
| Total | 90 | | 36,869 | | 367,199 | | 9,312,885 | | |
| 2023 | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 20 | 28.6% | 34,004 | 48.9% | 200,108 | 53.8% | 2,946,877 | 33.9% | 93.6% |
| Rev. > \$1MM | 48 | 68.6% | 35,454 | 51.0% | | | | | 2.5% |
| Rev. Unknown | 2 | 2.9% | 15 | 0.0% | | | | | 3.9% |
| Total | 70 | | 69,473 | | 372,106 | | 8,689,437 | | |
| GRAND TOTAL | | | | | | | | | |
| Rev. Size | Bank | | | | Aggregate | | | | Bus.Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | % |
| Rev. <= \$1MM | 104 | 25.2% | 99,158 | 54.3% | 954,364 | 44.0% | 17,380,696 | 25.0% | |
| Rev. > \$1MM | 301 | 72.9% | 74,384 | 40.7% | | | | | |
| Rev. Unknown | 8 | 1.9% | 9,088 | 5.0% | | | | | |
| Total | 413 | | 182,630 | | 2,169,289 | | 69,507,734 | | |

SPRING BANK – CRA PERFORMANCE EVALUATION

b. Consumer Loans

SB’s consumer lending demonstrated an excellent distribution of loans among borrowers of different income levels.

SB average consumer lending rates of 83.2% by number and 86% by dollar volume of loans to LMI borrowers for the evaluation period, were well above the 43.4% of LMI households in the Bank’s assessment area.

The Bank’s annual consumer lending rates by number and dollar volume of loans were also well above the household demographics for each of the two years analyzed.

The following table provides a summary of the distribution of SB’s consumer loans by borrower income level.

| Distribution of Consumer Lending by Borrower Income | | | | | |
|--|-------------|----------|--------------|----------|----------------|
| 2022 | | | | | |
| Borrower | Bank | | | | HH Dem. |
| Income | # | % | 000's | % | % |
| Low | 245 | 57.6% | 704 | 57.3% | 29.4% |
| Moderate | 122 | 28.8% | 377 | 30.7% | 14.0% |
| LMI | 367 | 86.4% | 1,081 | 88.0% | 43.4% |
| Middle | 13 | 3.0% | 44 | 3.6% | 14.9% |
| Upper | 6 | 1.5% | 22 | 1.8% | 41.6% |
| Unknown | 39 | 9.1% | 81 | 6.6% | |
| Total | 425 | | 1,228 | | |
| 2023 | | | | | |
| Borrower | Bank | | | | HH Dem. |
| Income | # | % | 000's | % | % |
| Low | 251 | 47.8% | 784 | 48.9% | 29.4% |
| Moderate | 172 | 32.8% | 569 | 35.5% | 14.0% |
| LMI | 423 | 80.6% | 1,353 | 84.5% | 43.4% |
| Middle | 39 | 7.5% | 128 | 8.0% | 14.9% |
| Upper | 8 | 1.5% | 30 | 1.9% | 41.6% |
| Unknown | 55 | 10.4% | 91 | 5.7% | |
| Total | 525 | | 1,602 | | |
| GRAND TOTAL | | | | | |
| Borrower | Bank | | | | HH Dem. |
| Income | # | % | 000's | % | % |
| Low | 496 | 52.2% | 1,488 | 52.6% | |
| Moderate | 295 | 31.0% | 946 | 33.4% | |
| LMI | 790 | 83.2% | 2,434 | 86.0% | |
| Middle | 52 | 5.5% | 172 | 6.1% | |
| Upper | 14 | 1.5% | 52 | 1.8% | |
| Unknown | 93 | 9.8% | 172 | 6.1% | |
| Total | 950 | | 2,830 | | |

SPRING BANK – CRA PERFORMANCE EVALUATION

4. Geographic Distribution of Loans:

SB's origination of loans in census tracts of varying income levels demonstrated an excellent distribution of lending.

a. HMDA-Reportable Loans

The distribution of SB's HMDA-reportable loans among census tracts of varying income levels was excellent.

During the evaluation period, SB's average HMDA-reportable lending rates in LMI census tracts were 48.6% by number of loans and 43.5% by dollar value. These rates were well above the aggregate averages of 16.5% and 21.2%, respectively. Furthermore, the Bank's annual lending rates in LMI census tracts surpassed the aggregate lending rates for each year of the evaluation period except in 2023.

The following table provides a summary of the distribution of SB's HMDA-reportable loans by the income level of the geography where the properties were located.

SPRING BANK – CRA PERFORMANCE EVALUATION

| Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract | | | | | | | | | |
|---|-------------|----------|----------------|----------|------------------|----------|--------------------|----------|---------------|
| 2018 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO Hus |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 0 | 0.0% | 0 | 0.0% | 4,651 | 4.6% | 6,177,005 | 8.4% | 3.5% |
| Moderate | 4 | 50.0% | 2,257 | 42.2% | 15,342 | 15.3% | 13,218,680 | 18.1% | 15.6% |
| LMI | 4 | 50.0% | 2,257 | 42.2% | 19,993 | 20.0% | 19,395,685 | 26.5% | 19.1% |
| Middle | 1 | 12.5% | 225 | 4.2% | 35,600 | 35.5% | 16,975,460 | 23.2% | 38.3% |
| Upper | 3 | 37.5% | 2,870 | 53.6% | 44,389 | 44.3% | 36,488,245 | 49.9% | 42.5% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 184 | 0.2% | 329,320 | 0.4% | 0.2% |
| Total | 8 | | 5,352 | | 100,166 | | 73,188,710 | | |
| 2019 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO Hus |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 4 | 57.1% | 5,675 | 65.3% | 3,964 | 3.6% | 6,048,280 | 6.9% | 2.7% |
| Moderate | 3 | 42.9% | 3,012 | 34.7% | 14,600 | 13.1% | 12,881,780 | 14.7% | 13.5% |
| LMI | 7 | 100.0% | 8,687 | 100.0% | 18,564 | 16.7% | 18,930,060 | 21.6% | 16.2% |
| Middle | 0 | 0.0% | 0 | 0.0% | 39,270 | 35.3% | 20,850,520 | 23.7% | 37.6% |
| Upper | 0 | 0.0% | 0 | 0.0% | 53,310 | 47.9% | 47,597,750 | 54.2% | 46.1% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 209 | 0.2% | 460,735 | 0.5% | 0.2% |
| Total | 7 | | 8,687 | | 111,353 | | 87,839,065 | | |
| 2020 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO Hus |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 1 | 25.0% | 350 | 9.4% | 4,237 | 3.0% | 4,958,805 | 5.0% | 2.7% |
| Moderate | 1 | 25.0% | 570 | 15.2% | 16,410 | 11.5% | 13,450,060 | 13.6% | 13.5% |
| LMI | 2 | 50.0% | 920 | 24.6% | 20,647 | 14.5% | 18,408,865 | 18.6% | 16.2% |
| Middle | 1 | 25.0% | 1,350 | 36.1% | 50,415 | 35.4% | 24,504,175 | 24.8% | 37.6% |
| Upper | 1 | 25.0% | 1,470 | 39.3% | 71,159 | 50.0% | 55,752,565 | 56.4% | 46.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 237 | 0.2% | 236,535 | 0.2% | 0.2% |
| Total | 4 | | 3,740 | | 142,458 | | 98,902,140 | | |
| 2021 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO Hus |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 0 | 0.0% | 0 | 0.0% | 5,700 | 3.2% | 6,843,940 | 5.6% | 2.7% |
| Moderate | 2 | 40.0% | 1,350 | 34.2% | 22,530 | 12.6% | 18,617,550 | 15.1% | 13.5% |
| LMI | 2 | 40.0% | 1,350 | 34.2% | 28,230 | 15.8% | 25,461,490 | 20.6% | 16.2% |
| Middle | 2 | 40.0% | 1,100 | 27.8% | 60,887 | 34.1% | 30,949,145 | 25.1% | 37.6% |
| Upper | 1 | 20.0% | 1,500 | 38.0% | 88,919 | 49.9% | 66,717,445 | 54.1% | 46.1% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 303 | 0.2% | 172,125 | 0.1% | 0.2% |
| Total | 5 | | 3,950 | | 178,339 | | 123,300,205 | | |
| 2022 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO Hus |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 0 | 0.0% | 0 | 0.0% | 3,727 | 3.5% | 4,926,585 | 5.3% | 2.9% |
| Moderate | 1 | 20.0% | 2,100 | 23.5% | 13,873 | 13.2% | 13,334,345 | 14.3% | 14.1% |
| LMI | 1 | 20.0% | 2,100 | 23.5% | 17,600 | 16.7% | 18,260,930 | 19.6% | 17.0% |
| Middle | 3 | 60.0% | 6,260 | 70.0% | 35,816 | 34.0% | 21,684,060 | 23.3% | 38.6% |
| Upper | 1 | 20.0% | 580 | 6.5% | 51,240 | 48.6% | 52,122,320 | 56.0% | 43.8% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 788 | 0.7% | 926,710 | 1.0% | 0.6% |
| Total | 5 | | 8,940 | | 105,444 | | 92,994,020 | | |
| 2023 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO Hus |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 0 | 0.0% | 0 | 0.0% | 2,068 | 3.5% | 3,400,850 | 7.3% | 2.9% |
| Moderate | 2 | 25.0% | 1,489 | 18.7% | 7,980 | 13.4% | 6,796,540 | 14.6% | 14.1% |
| LMI | 2 | 25.0% | 1,489 | 18.7% | 10,048 | 16.8% | 10,197,390 | 22.0% | 17.0% |
| Middle | 5 | 62.5% | 5,074 | 63.7% | 21,859 | 36.6% | 12,293,665 | 26.5% | 38.6% |
| Upper | 0 | 0.0% | 0 | 0.0% | 27,415 | 45.9% | 23,579,105 | 50.8% | 43.8% |
| Unknown | 1 | 12.5% | 1,400 | 17.6% | 401 | 0.7% | 379,075 | 0.8% | 0.6% |
| Total | 8 | | 7,963 | | 59,723 | | 46,449,235 | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | OO Hus |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 5 | 13.5% | 6,025 | 15.6% | 24,347 | 3.5% | 32,355,465 | 6.2% | |
| Moderate | 13 | 35.1% | 10,778 | 27.9% | 90,735 | 13.0% | 78,298,955 | 15.0% | |
| LMI | 18 | 48.6% | 16,803 | 43.5% | 115,082 | 16.5% | 110,654,420 | 21.2% | |
| Middle | 12 | 32.4% | 14,009 | 36.3% | 243,847 | 35.0% | 127,257,025 | 24.3% | |
| Upper | 6 | 16.2% | 6,420 | 16.6% | 336,432 | 48.2% | 282,257,430 | 54.0% | |
| Unknown | 1 | 2.7% | 1,400 | 3.6% | 2,122 | 0.3% | 2,504,500 | 0.5% | |
| Total | 37 | | 38,632 | | 697,483 | | 522,673,375 | | |

SPRING BANK – CRA PERFORMANCE EVALUATION

b. Small Business Loans

The distribution of SB's small business loans among census tracts of varying income levels was excellent.

During the evaluation period, SB's average rates of small business lending in LMI census tracts were 56.7% by number and 41.9% by dollar value of loans, which were well above the aggregate's rates of 25.6% and 22% respectively. Furthermore, the Bank's annual small business lending rates in LMI census tracts were well above the aggregate's annual lending rates for each year of the evaluation, except in 2023 for which the aggregate small business loan data was not available.

SB's average rates of small business lending in LMI census tracts also exceeded the percentage (25% - 26.7%) of small businesses located in LMI census tracts for each year of the evaluation period except in 2023.

The following table provides a summary of the distribution of SB's small business loans by the revenue level of the geography where the businesses were located.

SPRING BANK – CRA PERFORMANCE EVALUATION

| Distribution of Small Business Lending by Geographic Income of the Census Tract | | | | | | | | | |
|--|-------------|-------|----------------|-------|------------------|-------|-------------------|-------|------------------|
| 2018 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus. Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 63 | 77.8% | 7,076 | 37.9% | 28,640 | 9.1% | 753,459 | 8.3% | 8.9% |
| Moderate | 8 | 9.9% | 2,925 | 15.7% | 55,271 | 17.6% | 1,443,613 | 16.0% | 17.8% |
| LMI | 71 | 87.7% | 10,001 | 53.6% | 83,911 | 26.8% | 2,197,072 | 24.3% | 26.7% |
| Middle | 6 | 7.4% | 2,458 | 13.2% | 78,919 | 25.2% | 2,080,347 | 23.0% | 25.7% |
| Upper | 4 | 4.9% | 6,190 | 33.2% | 144,652 | 46.1% | 4,440,140 | 49.2% | 45.3% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 6,019 | 1.9% | 313,115 | 3.5% | 2.2% |
| Total | 81 | | 18,649 | | 313,501 | | 9,030,674 | | |
| 2019 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus. Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 34 | 63.0% | 6,094 | 35.4% | 25,613 | 7.4% | 645,067 | 6.7% | 7.0% |
| Moderate | 14 | 25.9% | 7,688 | 44.7% | 60,630 | 17.6% | 1,531,114 | 15.8% | 18.0% |
| LMI | 48 | 88.9% | 13,782 | 80.1% | 86,243 | 25.0% | 2,176,181 | 22.5% | 25.0% |
| Middle | 2 | 3.7% | 25 | 0.1% | 88,789 | 25.7% | 2,262,534 | 23.4% | 26.2% |
| Upper | 4 | 7.4% | 3,390 | 19.7% | 163,124 | 47.2% | 4,830,615 | 50.0% | 46.6% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 7,104 | 2.1% | 398,285 | 4.1% | 2.1% |
| Total | 54 | | 17,197 | | 345,260 | | 9,667,615 | | |
| 2020 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus. Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 88 | 26.0% | 13,315 | 13.8% | 24,658 | 6.9% | 967,647 | 5.4% | 7.1% |
| Moderate | 65 | 19.2% | 27,042 | 28.0% | 60,372 | 16.9% | 2,444,085 | 13.7% | 17.9% |
| LMI | 153 | 45.1% | 40,357 | 41.8% | 85,030 | 23.8% | 3,411,732 | 19.1% | 25.0% |
| Middle | 46 | 13.6% | 8,020 | 8.3% | 91,281 | 25.5% | 3,943,938 | 22.1% | 25.7% |
| Upper | 133 | 39.2% | 47,369 | 49.1% | 173,243 | 48.5% | 9,732,833 | 54.6% | 47.1% |
| Unknown | 7 | 2.1% | 804 | 0.8% | 7,779 | 2.2% | 728,797 | 4.1% | 2.2% |
| Total | 339 | | 96,550 | | 357,333 | | 17,817,300 | | |
| 2021 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus. Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 83 | 26.9% | 21,166 | 27.2% | 30,553 | 7.4% | 879,389 | 5.9% | 7.7% |
| Moderate | 49 | 15.9% | 10,754 | 13.8% | 78,062 | 18.9% | 2,273,057 | 15.2% | 19.0% |
| LMI | 132 | 42.7% | 31,920 | 41.0% | 108,615 | 26.2% | 3,152,446 | 21.0% | 26.7% |
| Middle | 57 | 18.4% | 12,734 | 16.4% | 112,743 | 27.2% | 3,498,575 | 23.3% | 26.5% |
| Upper | 113 | 36.6% | 32,264 | 41.4% | 184,226 | 44.5% | 7,763,312 | 51.8% | 44.9% |
| Unknown | 7 | 2.3% | 937 | 1.2% | 8,306 | 2.0% | 575,490 | 3.8% | 1.9% |
| Total | 309 | | 77,855 | | 413,890 | | 14,989,823 | | |
| 2022 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus. Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 5 | 5.6% | 9,300 | 25.2% | 28,087 | 7.6% | 699,366 | 7.5% | 8.2% |
| Moderate | 73 | 81.1% | 11,649 | 31.6% | 64,628 | 17.6% | 1,497,055 | 16.1% | 17.7% |
| LMI | 78 | 86.7% | 20,949 | 56.8% | 92,715 | 25.2% | 2,196,421 | 23.6% | 25.9% |
| Middle | 6 | 6.7% | 7,250 | 19.7% | 103,796 | 28.3% | 2,255,758 | 24.2% | 27.1% |
| Upper | 6 | 6.7% | 8,670 | 23.5% | 156,719 | 42.7% | 4,295,382 | 46.1% | 43.1% |
| Unknown | 0 | 0.0% | 0 | 0.0% | 13,969 | 3.8% | 565,324 | 6.1% | 3.8% |
| Total | 90 | | 36,869 | | 367,199 | | 9,312,885 | | |
| 2023 | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus. Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 6 | 8.6% | 1,815 | 2.6% | 31,035 | 8.3% | 690,405 | 7.9% | 8.4% |
| Moderate | 47 | 67.1% | 13,980 | 20.1% | 68,593 | 18.4% | 1,437,306 | 16.5% | 17.7% |
| LMI | 53 | 75.7% | 15,795 | 22.7% | 99,628 | 26.8% | 2,127,711 | 24.5% | 26.1% |
| Middle | 10 | 14.3% | 22,335 | 32.1% | 105,411 | 28.3% | 2,139,996 | 24.6% | 27.2% |
| Upper | 6 | 8.6% | 24,343 | 35.0% | 154,139 | 41.4% | 3,907,998 | 45.0% | 42.8% |
| Unknown | 1 | 1.4% | 7,000 | 10.1% | 12,928 | 3.5% | 513,732 | 5.9% | 3.8% |
| Total | 70 | | 69,473 | | 372,106 | | 8,689,437 | | |
| GRAND TOTAL | | | | | | | | | |
| Geographic Income | Bank | | | | Aggregate | | | | Bus. Dem. |
| | # | % | \$000's | % | # | % | \$000's | % | |
| Low | 279 | 29.6% | 58,766 | 18.6% | 168,586 | 7.8% | 4,635,333 | 6.7% | |
| Moderate | 256 | 27.1% | 74,038 | 23.4% | 387,556 | 17.9% | 10,626,230 | 15.3% | |
| LMI | 535 | 56.7% | 132,804 | 41.9% | 556,142 | 25.6% | 15,261,563 | 22.0% | |
| Middle | 127 | 13.5% | 52,822 | 16.7% | 580,939 | 26.8% | 16,181,148 | 23.3% | |
| Upper | 266 | 28.2% | 122,226 | 38.6% | 976,103 | 45.0% | 34,970,280 | 50.3% | |
| Unknown | 15 | 1.6% | 8,741 | 2.8% | 56,105 | 2.6% | 3,094,743 | 4.5% | |
| Total | 943 | | 316,593 | | 2,169,289 | | 69,507,734 | | |

SPRING BANK – CRA PERFORMANCE EVALUATION

c. Consumer Loans

The distribution of SB’s consumer loans by the income level of the geography where the borrower was located was excellent.

During the evaluation period, SB’s average consumer lending rates in LMI census tracts were 63.3% by number and 62.7% by dollar volume, which were well above the 35.8% of households that lived in LMI census tracts in 2022 and 2023. Furthermore, the Bank’s annual lending rates by number and dollar volume of loans in LMI census tracts were well above the 35.8% of households living in LMI census tracts within the Bank’s assessment area for each of the two years analyzed.

The following table provides a summary of the distribution of SB’s consumer loans by the income level of the geography where the borrower was located.

| Distribution of Consumer Lending by Geographic Income of the Census Tract | | | | | |
|--|------------|-------|--------------|-------|---------|
| 2022 | | | | | |
| Geographic | Bank | | | | HH Dem. |
| Income | # | % | 000's | % | % |
| Low | 161 | 37.9% | 440 | 35.8% | 13.3% |
| Moderate | 103 | 24.2% | 319 | 26.0% | 22.5% |
| LMI | 264 | 62.1% | 759 | 61.8% | 35.8% |
| Middle | 122 | 28.8% | 378 | 30.8% | 30.3% |
| Upper | 26 | 6.1% | 57 | 4.6% | 32.8% |
| Unknown | 13 | 3.0% | 34 | 2.8% | 1.1% |
| Total | 425 | | 1,228 | | |
| 2023 | | | | | |
| Geographic | Bank | | | | HH Dem. |
| Income | # | % | 000's | % | % |
| Low | 204 | 38.9% | 614 | 38.3% | 13.3% |
| Moderate | 133 | 25.4% | 403 | 25.1% | 22.5% |
| LMI | 338 | 64.3% | 1,017 | 63.4% | 35.8% |
| Middle | 55 | 10.4% | 157 | 9.8% | 30.3% |
| Upper | 62 | 11.9% | 196 | 12.2% | 32.8% |
| Unknown | 70 | 13.4% | 234 | 14.6% | 1.1% |
| Total | 525 | | 1,604 | | |
| GRAND TOTAL | | | | | |
| Geographic | Bank | | | | HH Dem. |
| Income | # | % | 000's | % | % |
| Low | 365 | 38.5% | 1,054 | 37.2% | |
| Moderate | 236 | 24.9% | 722 | 25.5% | |
| LMI | 602 | 63.3% | 1,776 | 62.7% | |
| Middle | 177 | 18.6% | 535 | 18.9% | |
| Upper | 88 | 9.3% | 253 | 8.9% | |
| Unknown | 83 | 8.7% | 268 | 9.5% | |
| Total | 950 | | 2,832 | | |

5. Action Taken in Response to Written Complaints with Respect to CRA:

Neither DFS nor SB received any written complaints during the evaluation period regarding SB's CRA performance.

SPRING BANK – CRA PERFORMANCE EVALUATION

B. Additional Factors

1. The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The Board of Directors (the “Board”) reviews and approves SB’s CRA Plan and Policy annually. In addition, the Board receives and reviews a monthly CRA report which shows the Bank’s performance in meeting its CRA obligation within the assessment area.

The Board is assisted in its oversight of the Bank’s CRA compliance and performance by the Bank’s Community Development and Reinvestment Committee (the “committee”), which meets periodically and includes the CRA officer, members of management and the Board. The committee is responsible for the implementation of the CRA policy, day-to-day compliance with the policy, reviewing and approving potential CRA activities and for periodically reviewing the bank’s CRA performance. The committee also periodically reviews the Bank’s assessment area to assess if a revision is needed and if the Bank is meeting the credit needs of its community.

2. Discrimination and other illegal practices

- Any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA Public File.

DFS examiners did not note practices by SB intended to discourage applications for the types of credit offered by SB.

- Evidence of prohibited discriminatory or other illegal credit practices.

DFS examiners did not note evidence by SB of prohibited discriminatory or other illegal practices.

3. Record of opening and closing offices and providing services at offices

In 2023, the Bank closed one branch located in an upper-income census tract in Central Harlem, New York County. The branch closure did not adversely affect the accessibility of its delivery systems to LMI geographies and/or LMI individuals, as there are 12 other banks with 33 branches within one mile of the closing branch.

The Bank operates one branch which is located in a low-income census tract in Bronx County and is designated as a BDD branch. Branch hours are Monday through Friday, from 9:00 am to 5:00 pm. The branch also contains two deposit taking ATMs that are accessible daily from 6:00 am to 9:00 pm, seven days per week.

SPRING BANK – CRA PERFORMANCE EVALUATION

| Distribution of Branches within the Assessment Area | | | | | | | |
|---|----------|----------|---------------|-------------|------------|------------|----------|
| County | N/A # | Low # | Moderate # | Middle # | Upper # | Total # | LMI % |
| Bronx | | 1 | | | | 1 | 100% |
| Kings | | | | | | | |
| New York | | | | | | | |
| Queens | | | | | | | |
| Westchester | | | | | | | |
| Nassau | | | | | | | |
| Total | - | 1 | - | - | - | 1 | 100% |

4. Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution’s efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

SB ascertains the credit needs of its community through ongoing involvement with various nonprofit community organizations. This involvement helps SB management to develop relevant credit services and also communicate with members of its community regarding the credit services being provided.

The Bank also provides credit to businesses that may not have a traditional credit profile or meet the predetermined lending criteria of other banks.

- *The extent of the banking institution’s marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.*

SB markets its credit products and services through in-branch marketing, website, social media, emails, and blogs. The Bank’s ongoing involvement with community organizations also helps to make residents including LMI residents of the community aware of the credit services and products offered by SB.

5. Other factors that in the judgment of the Superintendent bear upon the extent to which SB is helping to meet the credit needs of its entire community.

In January 2025 (outside the current evaluation period), DFS approved a new BDD branch in Kings county. This new branch will help serve the needs of underserved residents and small businesses.

Bank staff participate in various events hosted by community organizations. These events enable SB to showcase its consumer and small business products aimed at LMI individuals. The Bank’s Employee Opportunity Program provides employees of partner organizations access to loans and credit counselling.

SPRING BANK – CRA PERFORMANCE EVALUATION

During the COVID-19 pandemic SB also participated in the PPP loan program helping small businesses overcome difficult economic conditions.

SB has partnered with the NYC Financial Empowerment Center (“NYC FEC”) which provides free one-on-one financial counseling and coaching. SB also has a full-time NYC FEC professional financial counselor onsite at its branch location. The counselor provides free financial counseling that includes creating a budget, setting up a spending plan, reducing debt or lowering payments, establishing or improving credit, and opening an affordable bank account. In 2023, the NYC FEC counselor(s) conducted over 400 financial counseling sessions for approximately 300 clients.

The Bank also partners with a nonprofit corporation that provides free tax preparation onsite at SB’s branch in the Bronx. In 2023, approximately 2700 tax returns totaling more than \$4 million were filed by the nonprofit at this location.

In addition, the Bank partners with many other organizations that are involved in - qualified community development activities, promoting financial education, and fostering economic stability in the South Bronx.

V - GLOSSARY

Aggregate Lending

“Aggregate lending” means the number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Banking Development District (“BDD”) Program

The BDD Program is a program designed to encourage the establishment of bank branches in areas across New York State where there is a demonstrated need for banking services, in recognition of the fact that banks can play an important role in promoting individual wealth, community development, and revitalization. Among others, the BDD Program seeks to reduce the number of unbanked and underbanked New Yorkers and enhance access to credit for consumers and small businesses. More information about the program, may be found at <https://www.dfs.ny.gov> and search for the BDD Program.

Community Development

“Community development” means:

- Affordable housing (including multifamily housing) for LMI individuals;
- Community services targeted to LMI individuals;
- Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
- Activities that revitalize or stabilize LMI geographies, designated disaster areas, or distressed or underserved metropolitan middle-income geographies designated by the Board of Governors of the federal Reserve System, FDIC, and the Office of Comptroller of the Currency; and
- Activities that seek to prevent defaults and/or foreclosures in loans included in the first and third bullet points above.

Community Development Loan

“Community development loan” means a loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving LMI persons ([DFS multifamily industry letter](#));
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community

SPRING BANK – CRA PERFORMANCE EVALUATION

loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;

- Local, state, and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

“Community development service” means a service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning, or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops, and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting, or arranging investments.

Community Development Financial Institution (“CDFI”)

A CDFI is a financial institution that provides credit and financial services to underserved markets and populations and has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified as such by United States Treasury Department’s CDFI Fund.

SPRING BANK – CRA PERFORMANCE EVALUATION

Fair Market Rents (“FMRs”)

Fair Market Rents are published and developed annually by the US Department of Housing and Urban Development (“HUD”) and used to determine rent payments for affordable housing projects such as Section 8 contracts in defined metropolitan statistical areas (“MSAs”) nationwide. For easy reference of annual FMRs in New York MSAs or counties, go to www.huduser.gov/portal/datasets/fmr.html

Geography

“Geography” means a census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area (“MSA”) or statewide nonmetropolitan median income.

| Income level of individual or geography | % of the area median income |
|--|------------------------------------|
| Low-income | Less than 50 |
| Moderate-income | At least 50 and less than 80 |
| Middle-income | At least 80 and less than 120 |
| Upper-income | 120 or more |

LMI Geographies

“LMI geographies” means those census tracts or block numbering areas where, according to the most current U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of Block Numbering Areas (“BNAs”) and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

SPRING BANK – CRA PERFORMANCE EVALUATION

LMI Borrowers

“LMI borrowers” means borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the Federal Financial Institutions Examination Council (“FFIEC”).

LMI Individuals/Persons

“LMI individuals” or “LMI persons” means individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. The area median family incomes used to measure individual income levels are updated annually by the FFIEC.

LMI Penetration Rate

“LMI penetration rate” means the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, if a bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers, the penetration rate would be 20%.

Low-Income Housing Tax Credit (“LIHTC”)

LIHTC were created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The tax credits provide a dollar-for-dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

Minority Depository Institutions (“MDIs”)

An MDI is defined as a federal insured depository institution for which (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the board of directors is minority and the community that the institution serves is predominantly minority. For more of MDIs, go to FDIC.gov (Minority Depository Institutions Program) including list of MDIs.

New Markets Tax Credit (“NMTC”)

The NMTC Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (“CDEs”). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer’s investments to make qualified investments in low-income communities. The Fund is administered by the CDFI Fund, an agency of the United States Department of the Treasury.

SPRING BANK – CRA PERFORMANCE EVALUATION

Paycheck Protection Program (“PPP”) Loans

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) temporarily permits the U.S. Small Business Administration (“SBA”) to guarantee 100% of 7(a) loans under a new program titled the “Paycheck Protection Program”. The intent of the PPP is to help small business cover payroll costs providing for forgiveness of up to the full principal of qualifying loans guaranteed under the PPP subject to certain rules including how much or percentage of the loan proceeds a borrower spends on payroll costs. A small business owner can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Any amount of the PPP loan that is not forgiven shall be repaid over a 5-year term at a fixed interest rate of 1%. The program officially ended May 31, 2021.

Qualified Investment

“Qualified investment” means a lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.