

PUBLIC DISCLOSURE

September 9, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Spring Bank
Certificate Number: 58668

69 East 167th Street
Bronx, New York 10452

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

350 Fifth Avenue, Suite 1200
New York, New York 10118

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 loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the institution's assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the CRA rating.
- The institution's performance in making qualified investments and providing branches and other services and delivery systems enhances credit availability in the assessment area.

DESCRIPTION OF INSTITUTION

Spring Bank is a Community Development Financial Institution (CDFI) that serves low- and moderate-income communities in the New York City area. The bank is wholly owned by CheckSpring Community Corporation, a one-bank holding company. The bank has two wholly-owned subsidiaries, CheckSpring Financial Services and Spring Somerset Holding, LLC. Spring Bank received an “Outstanding” rating at the previous CRA evaluation performed by the FDIC as of December 12, 2018, based on Interagency Small Institution CRA Examination Procedures.

Spring Bank is a community bank that focuses on serving the unbanked population, those with limited access to financial services, and small businesses whose credit needs are not served by larger banks. Notably, despite a population of approximately 1.5 million in Bronx County, the bank is one of only two banks headquartered in the county.

Spring Bank operates one branch office, which is located in a low-income geography in Bronx County. The bank closed its Harlem Branch located in New York County, in November 2023. The branch office was situated in an upper-income tract, and its closing had minimal impact on low- and moderate-income areas. Spring Bank did not open any branches during the evaluation period; however, it opened a loan production office in Astoria (Queens County) in February 2023.

Spring Bank is primarily a commercial and small business lender. Commercial loan products include loans secured by non-owner occupied real estate, including both multifamily and mixed-use properties. Small business loan products include working capital loans and lines of credit. Spring Bank also offers unsecured consumer loan products designed to provide an alternative to payday loans and to help customers establish a positive credit history. Spring Bank does not offer consumer home mortgage loan products.

Spring Bank offers a variety of deposit products, including checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include internet and mobile banking, electronic bill pay, and direct deposit.

As of June 30, 2024, the bank had assets totaling \$452.1 million and total deposits of \$357 million, which increased by approximately 155.4 percent and 125.1 percent, respectively, since the prior evaluation. Loans are the bank’s primary asset at \$274.4 million, while securities total \$106.8 million. The loan portfolio composition is relatively unchanged from the prior evaluation and is primarily composed of loans secured by commercial real estate, 1-4 family residential properties, and multifamily properties. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	\$ (000s)	%
Construction and Land Development	12,136	4.4
Secured by Farmland	0	0.0
1-4 Family Residential	40,208	14.7
Multifamily (5 or more) Residential	32,508	11.9
Commercial Real Estate	164,744	60.0
Total Real Estate Loans	249,596	91.0
Commercial and Industrial	24,146	8.8
Agricultural	0	0.0
Consumer	2,134	0.8
Less: Unearned Income	(1,508)	(0.6)
Total Loans	274,368	100.0
<i>Source: Reports of Condition and Income</i>		

There are no financial, legal, or other impediments affecting the bank’s ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Spring Bank designated a single assessment area composed of six contiguous counties: Bronx, Kings, New York, Queens, and Westchester Counties, which are located in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD) #35614; and Nassau County, which is located in the Nassau County-Suffolk County, NY MD # 35004. Both of these MDs are part of the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area (MSA) #35620.

According to the 2020 U.S. Census Data, the assessment area has 2,728 census tracts with the following income designations:

- 302 (11.1 percent) are low-income tracts,
- 615 (22.5 percent) are moderate-income tracts,
- 880 (32.3 percent) are middle-income tracts,
- 774 (28.4 percent) are upper-income tracts, and
- 157 (5.8 percent) are census tracts with no income designation.

This assessment area changed since the prior evaluation due to the nationally revised metropolitan area delineations published by the United States Office of Management and Budget (OMB), effective February 2023. The OMB published revised demographic data based on the 2020 U.S. Census. Census tract changes in the 2020 census data resulted in an increase of 164 total tracts, as well as some changes to existing geographic income classifications. As a result, the revised delineation reflects an increase of 81 middle-, 100 upper-, and 80 NA-income tracts; and a decrease of 55 low- and 42 moderate-income tracts.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area using 2020 U.S. Census and 2023 D&B Data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,728	11.1	22.5	32.3	28.4	5.8
Population by Geography	10,708,674	13.6	24.3	31.4	29.6	1.2
Housing Units by Geography	4,188,265	12.9	22.2	29.8	33.9	1.1
Owner-Occupied Units by Geography	1,515,278	2.9	14.1	38.6	43.8	0.6
Occupied Rental Units by Geography	2,312,705	20.1	28.1	24.8	25.6	1.5
Vacant Units by Geography	360,282	8.6	19.1	24.6	46.3	1.4
Businesses by Geography	1,825,575	8.4	17.7	27.2	42.8	3.8
Farms by Geography	11,484	5.3	14.8	30.9	46.7	2.4
Family Distribution by Income Level	2,368,886	27.3	15.6	16.6	40.4	0.0
Household Distribution by Income Level	3,827,983	29.4	14.0	14.9	41.6	0.0
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$85,483	Median Housing Value			\$660,159
Median Family Income MSA - 35004 Nassau County-Suffolk County, NY		\$130,301	Median Gross Rent			\$1,606
			Families Below Poverty Level			11.9%
<i>Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The table below provides the median family income ranges for the assessment area, which are based on FFIEC-updated median family income data.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Nassau County-Suffolk County, NY Median Family Income (35004)				
2022 (\$146,400)	<\$73,200	\$73,200 to <\$117,120	\$117,120 to <\$175,680	≥\$175,680
2023 (\$156,300)	<\$78,150	\$78,150 to <\$125,040	\$125,040 to <\$187,560	≥\$187,560
New York-Jersey City-White Plains, NY-NJ Median Family Income (35614)				
2022 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800
2023 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
<i>Source: FFIEC</i>				

According to 2023 D&B data, there are 1,825,575 non-farm businesses operating in the assessment area. The following reflects the gross annual revenue (GAR) for these businesses:

- 1,707,927, or 93.6 percent, have GARs of \$1 million or less,
- 45,821, or 2.5 percent, have GARs greater than \$1 million, and
- 71,972, or 3.9 percent, did not report revenues.

Non-classifiable establishments represent the greatest percentage (33.5 percent) of businesses in the assessment area, followed by service industries (32.0 percent) and finance, insurance and real estate businesses (10.7 percent).

According to Moody's Analytics, the New York-Jersey City-White Plains, NY-NJ MD portion of the bank's assessment area is considered the financial capital of the world, with economic strengths that include high per capita income, low exposure to manufacturing, and strong international immigration. Economic weaknesses in the area stem from high costs, including taxes, housing, office rents and energy, rapidly aging infrastructure, and troubled fiscal health made worse by population losses.

According to Moody's Analytics, the Nassau County-Suffolk County, NY MD portion of the assessment area is currently struggling. Its economic strengths include a robust healthcare sector, linkages with New York City that contribute to high per capita income, and a highly skilled workforce. Payrolls have risen modestly, with strength in lower-wage industries such as healthcare and leisure/hospitality holding back wage growth. The area struggles from elevated house prices, lack of developable land, persistent out-migration, and a rapidly aging population.

According to Moody's Analytics, the top employers in the New York-Jersey City-White Plains, NY-NJ MD portion of the bank's assessment area are Montefiore Health System, Mount Sinai Health System, JP Morgan Chase & Company, Bank of America, and New York-Presbyterian Health Care System. The top employers in the Nassau County-Suffolk County, NY MD portion of the bank's assessment area are Northwell Health, Henry Schein, Inc., Volt Information Sciences, Inc., JetBlue Airways, and Altice USA.

According to the United States Bureau of Labor Statistics, the July 2024 unemployment rate in the New York-Newark-Jersey City, NY-NJ-PA MSA was 5.3 percent, which is a slight increase from the 2023 rate of 4.6 percent. The July 2024 unemployment rate for this MSA is slightly higher than the national unemployment rate of 4.5 percent.

Competition

The assessment area is a highly competitive market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, there were 119 financial institutions operating within the assessment area. Spring Bank had a less than 0.1 percent deposit market share in the assessment area, ranking it 79th among all institutions. The five institutions with the highest deposit market share were JP Morgan Chase Bank, N.A., Goldman Sachs Bank USA, The Bank of New York Mellon, Morgan Stanley Private Bank, N.A., and Citibank, N.A., with a combined market share of 70.8 percent.

There is a high level of competition for small business loans among banks, credit unions, and non-depository mortgage lenders. According to the 2022 aggregate small business loan data, 298 lenders originated 383,250 small business loans in the assessment area, indicating a high degree of competition for this product. The three most prominent small business lenders accounted for 68.4 percent of total market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to the 2023 aggregate Home Mortgage Disclosure Act data, 441 lenders reported 80,760 residential mortgage loans originated or purchased. The three most prominent home mortgage lenders accounted for 34.0 percent of total market share.

Community Contact

Examiners reviewed a recent community contact with an economic development corporation that serves Bronx County, New York. The organization provides outreach assistance for businesses and residents in the Hunts Point, Longwood, Port Morris, and adjacent neighborhoods. The contact indicated that the South Bronx area remains underbanked, with limited branch locations available to consumers and business owners. Additionally, the contact noted that financial literacy remains a big challenge in the area with a need to assist start-ups and smaller businesses on understanding the financial industry. The contact also stated that few financial institutions are willing to lend to and work with start-ups and new businesses, since they often do not meet the traditional loan and underwriting guidelines used by lenders.

Credit Needs

Considering the information from the community contact, bank management, and the demographic and economic data, examiners determined that small business lending represents a primary credit need in the assessment area.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate Spring Bank's performance since the previous evaluation dated December 12, 2018, to the current evaluation date of September 9, 2024. The procedures consist of the Lending Test (see Appendices).

Activities Reviewed

Examiners reviewed Spring Bank's small business and consumer loans to evaluate its lending performance, as these loan types represent the bank's primary loan products. The bank does not offer a small farm loan product; therefore, this evaluation does not present any small farm loan analysis.

Examiners analyzed small business loan data for 2022 and 2023. Spring Bank is not required to collect or report small business loan data pursuant to CRA due to its asset size; however, the bank voluntarily collected the small business loan data for consideration in the performance evaluation. Since the bank does not report the data, the analysis of small business loans presented in the Lending Test does not include comparisons to aggregate small business lending data. Spring Bank originated 85 small business loans totaling \$10.7 million in 2022, and 87 loans totaling \$89.8 million in 2023. Examiners analyzed the bank's universe of small business loans from 2022, and a sample of 36 small business loans totaling \$7.1 million from 2023. Examiners compared the bank's record of small business lending to D&B demographic data.

Examiners reviewed Spring Bank's consumer lending for 2022 and 2023, as the bank opted to collect data for its consumer loans. Spring Bank originated 483 consumer loans totaling \$1.4 million in 2022, and 575 loans totaling \$1.7 million in 2023. Examiners analyzed a sample of 56 consumer loans totaling \$158,000 from 2022, and the bank's universe of consumer loans from 2023. Examiners compared the bank's record of consumer lending to U.S. Census data.

Examiners reviewed the bank's home mortgage loans for 2022 and 2023, which included loans subject to the Home Mortgage Disclosure Act's (HMDA) data reporting requirements. The HMDA-reportable loans include 1-4 family and multifamily (five or more unit) properties. The bank's HMDA activity during the review period included 15 1-4 family mortgage loans totaling \$20.5 million and 6 multifamily loans totaling \$10.1 million inside its assessment area. Given this nominal volume, this evaluation presents the bank's 1-4 family mortgage and multifamily lending within the Assessment Area Concentration criteria only, since it did not affect the bank's overall performance and rating.

Under the Lending Test, examiners placed the most weight on the consumer loans based on the number of loans originated. The lending review included originations only, as the bank does not purchase loans. While the evaluation analyzes and presents the number and dollar volume of consumer and small business 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.

Spring Bank elected to have its qualified services considered as part of the evaluation. Performance with respect to qualified services may be used to enhance the overall rating. Examiners considered information provided by the bank for activities occurring since the prior evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Spring Bank demonstrated excellent performance under the Lending Test. The bank's performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Geographic Distribution criteria primarily supports this conclusion. Additionally, the bank's qualified donations and service activities enhanced the bank's overall rating.

Loan-to-Deposit (LTD) Ratio

The 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 88.8 percent over the past 23 calendar quarters from December 31, 2018, to June 30, 2024. During this period, the ratio ranged from a high of 114.9 percent as of June 30, 2021, to a low of 67.3 percent as of December 31, 2022. The bank's LTD ratio was 78.1 percent, as of June 30, 2024.

Spring Bank's LTD ratio decreased significantly following the second quarter of 2022, from 93.4 percent as of March 31, 2022, to 73.6 percent as of June 30, 2022, and continued to decline for the remainder of the year. According to management, the downward trend was due to the bank receiving \$79.8 million in funding from the U.S. Department of Treasury (U.S. Treasury) for the Emergency Capital Investment Program (ECIP). The majority of these funds, at approximately \$70 million, were deposited into the holding company's checking account, which significantly increased the deposits reflected on the bank's consolidated balance sheet. The U.S. Treasury established the ECIP to make capital investments in low- and moderate-income community financial institutions to support the efforts of these institutions to provide loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities that were disproportionately impacted by the economic effects of the COVID-19 pandemic. The bank's participation in the Paycheck Protection Program (PPP) also impacted its LTD ratio in 2022. The PPP was a federal loan program created to help businesses keep their workforce employed during the COVID-19 crisis. As of June 2022, the bank had approximately \$40 million in outstanding PPP loans; however, by December of 2022, borrowers had paid off PPP loans by \$38 million, leaving approximately \$2 million in PPP loans on the bank's books. The increase in deposits from ECIP and the declining PPP loan balances significantly impacted the bank's LTD ratio during 2022; however, the bank has since increased the number of loans originated and the LTD ratio has gradually increased.

Examiners compared Spring Bank's average net LTD ratio to that of several similarly situated institutions based on asset size, geographic location, and lending focus. As shown in the table below, Spring Bank's ratio was higher than all of the similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 06/30/2024 \$(000s)	Average Net LTD Ratio (%)
Spring Bank	452,139	88.8
Similarly-Situated Institution #1	368,035	74.1
Similarly-Situated Institution #2	584,949	57.7
Similarly-Situated Institution #3	549,535	73.2
<i>Source: Reports of Condition and Income, 12/31/18 through 06/30/24.</i>		

Assessment Area Concentration

Spring Bank made a substantial majority of its loans and other lending related activities inside its assessment area by both number and dollar volume. The following table shows the distribution of the bank's loans inside and outside the assessment area by year and loan type.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2022	83	97.6	2	2.4	85	9,829	91.7	890	8.3	10,719
2023	35	97.2	1	2.8	36	6,060	85.8	1,000	14.2	7,060
Subtotal	118	97.5	3	2.5	121	15,889	89.4	1,890	10.6	17,779
1-4 Family Home Mortgage										
2022	4	66.7	2	33.3	6	6,590	88.1	890	11.9	7,480
2023	9	100.0	0	0.0	9	13,894	100.0	0	0.0	13,894
Subtotal	13	86.7	2	13.3	15	20,484	95.8	890	4.2	21,374
Multifamily Home Mortgage										
2022	4	100.0	0	0.0	4	7,650	100.0	0	0.0	7,650
2023	2	100.0	0	0.0	2	2,450	100.0	0	0.0	2,450
Subtotal	6	100.0	0	0.0	6	10,100	100.0	0	0.0	10,100
Consumer										
2022	52	92.9	4	7.1	56	147	93.4	10	6.6	157
2023	510	88.7	65	11.3	575	1,466	84.1	277	15.9	1,743
Subtotal	562	89.1	69	10.9	631	1,613	84.9	287	15.1	1,900
Total	699	90.4	74	9.6	773	48,086	94.0	3,067	6.0	51,153
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The excellent dispersion of the bank’s consumer and small business loans supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income geographies.

Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion throughout the assessment area. The following table shows the distribution of consumer loans by the income level of the geography.

Geographic Distribution of Consumer Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2022	13.3	20	38.5	50	33.9
2023	13.3	187	36.7	525	35.8
Moderate					
2022	22.5	12	23.1	38	25.6
2023	22.5	161	31.6	477	32.5
Middle					
2022	30.3	14	26.9	45	30.8
2023	30.3	106	20.8	300	20.4
Upper					
2022	32.8	4	7.7	9	6.1
2023	32.8	51	10.0	150	10.2
Not Available					
2022	1.1	2	3.8	5	3.7
2023	1.1	5	1.0	14	1.0
Totals					
2022	100.0	52	100.0	148	100.0
2023	100.0	510	100.0	1,466	100.0

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

The bank’s percentage of consumer loan in the low-income geographies far exceeded the demographics in 2022 and 2023. The bank’s percentage of loans in the moderate-income geographies exceeded the demographic measure for both years, with an increasing trend and particularly strong performance in 2023. Considering the bank’s strong distribution of consumer loans in the low- and moderate-income geographies compared to the demographics, Spring Bank’s performance is excellent.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table shows the distribution of small business loans by the income level of the geography.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	8.2	5	6.0	1,065	10.8
2023	8.4	5	14.3	425	7.0
Moderate					
2022	17.7	69	83.1	2,989	30.4
2023	17.7	25	71.4	3,061	50.5
Middle					
2022	27.1	4	4.8	2,895	29.5
2023	27.2	4	11.4	2,524	41.6
Upper					
2022	43.1	4	4.8	2,280	23.2
2023	42.8	1	2.9	50	0.8
Not Available					
2022	3.8	1	1.2	600	6.1
2023	3.8	0	0.0	0	0.0
Totals					
2022	100.0	83	100.0	9,829	100.0
2023	100.0	35	100.0	6,060	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

As shown in the table above, the bank’s percentage of loans in the low-income census tracts was lower than the demographic data in 2022; however, the bank’s percentage of loans in these tracts improved in 2023 and exceeded the demographic data for the year. The bank’s percentage of loans in the moderate-income census tracts significantly exceeded demographic data in 2022. Although the bank’s percentage of loans in the moderate-income census tracts declined in 2023, the performance continued to significantly exceed the demographic data.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The bank’s performance of consumer lending supports this conclusion.

Consumer Loans

The distribution of consumer loans reflects excellent penetration among individuals of different income levels. The following table illustrates the distribution of consumer loans by borrower income during the review period.

Distribution of Consumer Loans by Borrower Income Level					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2022	29.4	31	59.6	89	60.2
2023	29.4	310	60.8	884	60.3
Moderate					
2022	14.0	13	25.0	41	27.9
2023	14.0	139	27.3	431	29.4
Middle					
2022	14.9	2	3.8	7	4.7
2023	14.9	29	5.7	95	6.5
Upper					
2022	41.6	1	1.9	4	2.4
2023	41.6	3	0.6	11	0.7
Not Available					
2022	0.0	5	9.6	7	4.7
2023	0.0	29	5.7	46	3.1
Totals					
2022	100.0	52	100.0	148	100.0
2023	100.0	510	100.0	1,466	100.0

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

As shown in the table above, the bank’s percentage of loans to low-income borrowers exceeded the percentage of low-income households by over 30 percentage points during both 2022 and 2023, which is significant. The bank’s percentage of loans to moderate-income borrowers also significantly exceeded the demographic measure for both years.

Given the favorable comparison to demographic data, the bank’s consumer loan penetration among individuals of different income levels demonstrates excellent performance during both years.

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different sizes. The following table shows the distribution of small business loans by the GAR of the businesses compared to the demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	91.7	14	16.9	5,819	59.2
2023	93.6	11	31.4	5,093	84.0
>\$1,000,000					
2022	3.2	69	83.1	4,010	40.8
2023	2.5	23	65.7	962	15.9
Revenue Not Available					
2022	5.1	0	0.0	0	0.0
2023	3.9	1	2.9	5	0.1
Totals					
2022	100.0	83	100.0	9,829	100.0
2023	100.0	35	100.0	6,060	100.0

Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%

As shown in the table above, the bank made a majority of its small business loans, by number, to businesses with GARs greater than \$1 million in 2022 and 2023. This distribution was due mainly to the bank’s active lending relationship with a taxi company located in a moderate-income census tract in the Bronx that has GARs greater than \$1 million. In 2022, the bank made 64 loans, or 77.1 percent of total loans, to this business. For 2023, the loans sampled by examiners included 22 loans, or 62.8 percent, to this business. The bank’s active relationship with this borrower skewed the percentage of loans in the GARs greater than \$1 million category up significantly. According to bank management, the loans to this company ranged from \$23,000 to \$30,000 and were utilized to purchase taxis for its drivers, which helped create jobs for low- and moderate-income individuals who could not otherwise afford to operate a taxi business.

The data in the table above also shows that the bank’s percentage of loans to businesses with GARs of \$1 million or less is lower than the demographic measure. However, Spring Bank originated the majority of its dollar volume of small business loans to businesses with GARs of \$1 million or less, with particularly strong performance in 2023. While this performance is still lower than the demographic measure, the aggregate small business loan data for 2022 provides some additional context. Specifically, this data shows that just 32.0 percent of all reported small business loans, by dollar volume, were to businesses with GARS of \$1 million or less. Considering Spring Bank’s dollar volume distribution in the context of the demand reflected in the aggregate data, the area’s strong competition, and the bank’s financial capacity and resources, its distribution of small business loans by business size is reasonable.

Response to Complaints

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

QUALIFIED INVESTMENTS AND SERVICES

Spring Bank opted to provide for consideration information regarding its community development services since the prior evaluation. Overall, these activities enhanced credit availability in the bank's assessment area.

Below are notable examples of the bank's community development initiatives:

- The bank partners with a non-profit organization that provides free personal income tax preparation services to low- and moderate-income individuals. The bank provides office space for the organization in its main branch location at no cost. In 2023, 2,747 tax returns were filed at the branch.
- The bank partners with a non-profit organization to provide on-site counseling sessions at the branch to low- and moderate-income individuals. Topics include improving credit scores, money management, opening a bank account, and strategies to minimize debt. In 2023, the bank held 422 individual financial counseling sessions at the branch.

Additionally, bank management and staff provide financial expertise as board members of various community development organizations focused on financial empowerment of low- and moderate-income individuals and the growth of small businesses. Below are examples of some of the organizations the bank's members were involved with.

- The bank's chief operations officer is a board member for the Bronx YMCA. The Bronx YMCA primarily serves low- and moderate-income individuals in the area.
- The bank's CRA officer serves on the board of a community development organization focused on providing capital for economic development, small business expansion, and job creation in low-income communities.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

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).

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.

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.

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.

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.

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 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.

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.