

# **PUBLIC DISCLOSURE**

December 12, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Spring Bank  
Certificate Number: 58668

69 East 167<sup>th</sup> 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 following points summarize the bank's performance.

- 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 excellent penetration among borrowers of different incomes.
- The institution's performance in making qualified investments and providing branches and other services and delivery systems enhances credit availability in the assessment area.
- The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this criterion did not affect the CRA rating.

## SCOPE OF EVALUATION

### *General Information*

This evaluation covers the period from the prior evaluation dated October 9, 2012, to the current evaluation dated December 12, 2018. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate Spring Bank's performance. These procedures include the CRA Small Institution Lending Test.

The Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Examiners used full-scope procedures to evaluate Spring Bank's performance in its single assessment area in New York.

### *Loan Products Reviewed*

Examiners determined that the bank's major product lines are small business loans, non-owner occupied home mortgage loans, and consumer loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank does not offer a small farm loan product; therefore, this evaluation does not present any small farm loan analysis.

To evaluate Spring Bank's small business lending, examiners considered all small business loans originated by the bank in 2016 and 2017. (Spring Bank is not required to collect and report small business loan data. However, the bank voluntarily collected the data, though it opted not to report the data.) The institution originated 11 small business loans totaling \$1.2 million in 2016, and 18 loans totaling \$3.4 million in 2017. The evaluation used Dun & Bradstreet (D&B) demographic data for comparison purposes for 2016 and 2017 data. Examiners did not compare the bank's lending to aggregate small business loan data, since Spring Bank does not report information concerning its small business lending.

To evaluate Spring Bank's home mortgage lending, examiners reviewed the home loan data reported by the bank pursuant to the Home Mortgage Disclosure Act (HMDA) in 2016, and the loan data collected by the bank for its home lending in 2017. (The bank was subject to HMDA reporting in 2016, but did not meet the HMDA reporting threshold requirement for 2017.) The institution originated or purchased 16 HMDA-reportable loans totaling \$11.7 million in 2016, including 10 multifamily mortgage loans totaling \$9 million and 6 1-4 family home mortgage loans totaling \$2.7 million. During 2017, Spring Bank originated or purchased 14 home mortgage loans totaling \$11.7 million, including 4 multifamily mortgage loans totaling \$4.3 million and 10 1-4 family home mortgages totaling \$7.4 million. Examiners also analyzed the bank's Consolidation, Extension, and Modification Agreements (CEMAs), which represented non-HMDA reportable residential real estate transactions in 2016 and 2017. The CEMAs

include 1-4 family and multifamily loans. The bank originated seven CEMAs totaling \$7.5 million in 2016, including five multifamily CEMAs totaling \$6.6 million and two 1-4 family CEMAs totaling \$863,000. The bank made ten CEMAs totaling \$13 million in 2017, including four multifamily CEMAs totaling \$6.5 million and six 1-4 family CEMAs totaling \$6.5 million. Examiners used 2010 U.S. Census data and 2016 aggregate HMDA data for comparison purposes for the bank's 2016 lending. Examiners used 2015 American Community Survey (ACS) data for comparison purposes for the bank's 2017 lending. Examiners did not compare the bank's home mortgage lending in 2017 to aggregate HMDA data, since it did not report HMDA data in 2017.

Examiners reviewed Spring Bank's consumer lending for 2016 and 2017, as the bank opted to collect data for its consumer loans. Spring Bank originated 292 consumer loans totaling \$1.2 million in 2016, and 427 loans totaling \$800,000 in 2017. The evaluation used 2010 U.S. Census data for comparison purposes for the bank's 2016 consumer lending data, and 2015 ACS data for comparison purposes for the bank's 2017 consumer lending data. Lenders are not required to report consumer loan data, so no aggregate consumer loan data was available for comparison purposes.

The bank's record of originating small business loans contributed most weight to the overall conclusions, followed by multifamily mortgage loans, non-owner occupied 1-4 family mortgage loans, and consumer loans. Examiners based this weighting on the dollar volume and number of loans originated during the evaluation period. Furthermore, while the evaluation presents the number and dollar volume for the loan types reviewed, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

### ***Investments and Services***

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

## DESCRIPTION OF INSTITUTION

### ***Background***

Spring Bank is headquartered in Bronx County, New York, and operates in the New York City metropolitan area. The bank is wholly owned by CheckSpring Community Corporation, a single-entity holding company. Spring Bank does not have any subsidiaries or other affiliates. The institution received an “Outstanding” rating at its previous FDIC Performance Evaluation dated October 9, 2012, 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. The bank is a designated Community Development Financial Institution (CDFI).

### ***Operations***

Spring Bank operates two branch locations in the New York City area. The bank’s main branch is located in a low-income geography in Bronx County, New York. In December 2012, the bank opened an additional branch in a middle-income geography in New York County, New York. Spring Bank did not close any branches during the evaluation period, and did not engage in any merger or acquisition activity.

Spring Bank offers a wide range of loan and deposit products for both commercial and retail customers. However, the 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 positive credit history. Spring Bank does not offer consumer home mortgage loan products.

Deposit products include checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include internet and mobile banking, electronic bill pay, direct deposit, and remote deposit capture. Banking hours allow reasonable access to bank services, and include Saturday hours at the main branch location. Each branch is equipped with an automated teller machine (ATM).

### ***Ability and Capacity***

Spring Bank’s assets totaled approximately \$177 million as of September 30, 2018, and included total loans of \$139.7 million and securities of \$26.9 million. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 09/30/2018</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	9,542	6.8
Secured by Farmland	0	0.0
1-4 Family Residential	25,025	17.9
Multifamily (5 or more) Residential	23,282	16.7
Commercial Real Estate	66,660	47.7
<b>Total Real Estate Loans</b>	<b>124,509</b>	<b>89.1</b>
Commercial and Industrial	14,695	10.5
Agricultural	0	0.0
Consumer	1,428	1.0
Less: Unearned Income	(978)	(0.6)
<b>Total Loans</b>	<b>139,654</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment areas credit needs.

## 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.

Spring Bank's assessment area changed during the evaluation period due to the nationally revised metropolitan area delineations published by the Federal Financial Institutions Examination Council (FFIEC), effective February 2017. The revisions were based on information from the 2015 ACS. Although the number of census tracts did not change, the revisions affected the income classification of some of the census tracts. Specifically, the low-income category increased by 10 tracts, the moderate-income category decreased by 19 tracts, the middle-income category decreased by 25 tracts, the upper-income category increased by 32 tracts, and the areas with no income designation increased by 2 tracts. Notably, the median housing value in the assessment area increased 0.6 percent to \$534,095, and the median gross rent increased 19.0 percent to \$1,358. Because these changes occurred during the evaluation period, examiners analyzed the 2016 lending data using the existing delineations for that year, and the 2017 lending data using the revised delineations.

### *Economic and Demographic Data*

According to the 2015 ACS, the assessment area has 2,564 census tracts with the following income designations:

- 357 (13.9 percent) are low-income tracts,
- 657 (25.6 percent) are moderate-income tracts,
- 799 (31.2 percent) are middle-income tracts,
- 674 (26.3 percent) are upper-income tracts, and
- 77 (3.0 percent) are census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area using 2015 ACS data.



Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,564	13.9	25.6	31.2	26.3	3.0
Population by Geography	10,276,189	17.2	26.7	28.8	26.9	0.4
Housing Units by Geography	4,081,377	15.7	24.9	27.5	31.6	0.3
Owner-Occupied Units by Geography	1,441,322	3.5	15.6	38.3	42.4	0.2
Occupied Rental Units by Geography	2,288,935	23.8	30.9	21.4	23.6	0.3
Vacant Units by Geography	351,120	12.8	23.8	23.0	40.1	0.3
Businesses by Geography	674,496	9.0	17.8	25.9	45.0	2.3
Family Distribution by Income Level	2,318,101	29.6	16.0	16.1	38.3	0.0
Household Distribution by Income Level	3,730,257	30.3	14.5	15.4	39.8	0.0
Median Family Income: Nassau County-Suffolk County, NY MD 35004		\$108,193	Median Housing Value			\$534,095
Median Family Income: New York-Jersey City-White Plains, NY-NJ MD 35614		\$72,047	Median Gross Rent			\$1,358
			Families Below Poverty Level			14.9%

*Source: 2010 U.S. Census, 2015 ACS, and 2017 D&B Data.  
 (\*) The NA category consists of geographies that have not been assigned an income classification.*

The demographics reflect comparatively lower levels of owner-occupied housing units in the low- and moderate-income geographies, and slightly higher concentrations of rental units in those areas. The lower level of owner occupied housing in these areas indicates that rental housing is more prevalent, and that there is likely a higher demand for non-owner occupied real estate financing in those tracts.

The analysis under the Geographic Distribution criterion compares the distribution of small business loans by geography to the percentage of businesses located in each geography. According to the 2017 D&B data, 674,496 businesses operated in the assessment area. Only 9.0 percent of the businesses are located in low-income census tracts and 17.8 percent are located in moderate-income census tracts. This data highlights some of the challenges financial institutions might face in originating small business loans in these geographies.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of the bank’s small business loans by the gross annual revenues (GARs) of the business to the distribution of businesses by GAR. The GARs of businesses operating in the assessment area in 2017 are as follows:

- 86.3 percent report GARs of \$1 million or less
- 6.9 percent report GARs greater than \$1 million
- 6.8 percent did not report revenues

Service industries represent the largest portion of businesses in the assessment area at 46.3 percent, followed by retail trade (14.6 percent); finance, insurance, and real estate (9.5 percent); construction (5.0 percent); and wholesale trade (4.5 percent). In addition, 67.5 percent of the businesses have four or fewer employees, and 91.4 percent operate from a single location.

Examiners used the 2016 and 2017 FFIEC-updated median family income data to analyze consumer loans under the Borrower Profile criterion. The following table contains information on the median family incomes ranges for the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Nassau County-Suffolk County, NY MD 35004</b>				
2016 (\$106,200)	<\$53,100	\$53,100 to <\$84,960	\$84,960 to <\$127,440	≥\$127,440
2017 (\$110,800)	<\$55,400	\$55,400 to <\$88,640	\$88,640 to <\$132,960	≥\$132,960
<b>New York-Jersey City-White Plains, NY-NJ MD 35614</b>				
2016 (\$72,600)	<\$36,300	\$36,300 to <\$58,080	\$58,080 to <\$87,120	≥\$87,120
2017 (\$73,700)	<\$36,850	\$36,850 to <\$58,960	\$58,960 to <\$88,440	≥\$88,440
<i>Source: FFIEC</i>				

Data obtained from the Bureau of Labor Statistics shows that unemployment rates decreased during the review period. The 2017 average unemployment rate was 4.7 percent statewide. The 2017 year-end unemployment rate was 4.5 percent for the New York-Jersey City-White Plains, NY-NJ MD, and 4.4 percent for the Nassau County-Suffolk County, NY MD.

**Competition**

The assessment area is a highly competitive market for financial services. According to the June 30, 2018 FDIC Deposit Market Share Report, there were 201 financial institutions operating 5,509 offices within the assessment area. Spring Bank had a less than 0.1 percent deposit market share in the assessment area, ranking it 154<sup>th</sup> among all institutions. Large national and regional financial institutions operating offices within the assessment area hold the majority of the market share.

The bank is not required to report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, aggregate small business lending data provides insight into the level of demand for small business loans within the assessment area. The 2017 aggregate data shows that 244 lenders reported 306,989 small business loans in the assessment area, indicating a high level of competition for this product.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2017, 508 lenders reported 103,467 residential mortgage loans originated or purchased. The three most prominent home mortgage lenders accounted for 27.2 percent of total market share.

### ***Community Contact***

As part of the evaluation process, examiners reviewed a recent community contact interview with representatives from a local organization to help identify the assessment area's credit and community development needs. This information provides examiners insight regarding the opportunities available and assists in determining whether institutions are responsive to the credit and community development needs of the assessment area. The contact identified a need for small business financing and financial education. The contact stated that the lack of small business financing is a significant disadvantage to entrepreneurs in low- and moderate-income areas, as a lack of funding often means small business owners need to maintain separate employment while simultaneously running their own small business. This may inhibit the business's ability to grow.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Spring Bank demonstrated outstanding performance under the Lending Test. The bank's performance under the Geographic Distribution and Borrower Profile criteria primarily supports this conclusion. Additionally, the bank's qualified donations and service activities enhanced the bank's overall rating.

### Loan-to-Deposit 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 89.6 percent over the past 24 calendar quarters from September 30, 2012 to September 30, 2018. During this period, the ratio ranged from a low of 84.3 percent as of March 31, 2013, to a high of 96.5 percent as of September 30, 2015. The ratio gradually increased during the evaluation period and is above its performance at the previous evaluation.

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 but one of the similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 09/30/2018 \$(000s)	Average Net LTD Ratio (%)
Spring Bank	177,031	89.6
Similarly-Situated Institution #1	233,281	113.4
Similarly-Situated Institution #2	190,793	73.4
Similarly-Situated Institution #3	130,130	88.7

*Source: Reports of Condition and Income, 09/30/12 through 09/30/18.*

### 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 Areas										
Loan Type	Number of Loans					Dollars in Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2016	10	90.9	1	9.1	11	930	75.6	300	24.4	1,230
2017	17	94.4	1	5.6	18	2,688	79.3	700	20.7	3,388
<b>Subtotal</b>	<b>27</b>	<b>93.1</b>	<b>2</b>	<b>6.9</b>	<b>29</b>	<b>3,618</b>	<b>78.3</b>	<b>1,000</b>	<b>21.7</b>	<b>4,618</b>
Multifamily Home Mortgage										
2016	9	90.0	1	10.0	10	8,268	91.7	750	8.3	9,018
2017	4	100.0	0	0.0	4	4,300	100.0	0	0.0	4,300
<b>Subtotal</b>	<b>13</b>	<b>92.9</b>	<b>1</b>	<b>7.1</b>	<b>14</b>	<b>12,568</b>	<b>94.4</b>	<b>750</b>	<b>5.6</b>	<b>13,318</b>
Multifamily CEMA										
2016	5	100.0	0	0.0	5	6,600	100.0	0	0.0	6,600
2017	4	100.0	0	0.0	4	6,520	100.0	0	0.0	6,520
<b>Subtotal</b>	<b>9</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>9</b>	<b>13,120</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>13,120</b>
1-4 Family Home Mortgage										
2016	3	50.0	3	50.0	6	1,765	65.1	947	34.9	2,712
2017	9	90.0	1	10.0	10	7,070	95.3	350	4.7	7,420
<b>Subtotal</b>	<b>12</b>	<b>75.0</b>	<b>4</b>	<b>25.0</b>	<b>16</b>	<b>8,835</b>	<b>87.2</b>	<b>1,297</b>	<b>12.8</b>	<b>10,132</b>
1-4 Family CEMA										
2016	2	100.0	0	0.0	2	863	100.0	0	0.0	863
2017	6	100.0	0	0.0	6	6,460	100.0	0	0.0	6,460
<b>Subtotal</b>	<b>8</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>8</b>	<b>7,323</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>7,323</b>
Consumer										
2016	276	94.5	16	5.5	292	510	41.0	734	59.0	1,244
2017	412	96.5	15	3.5	427	738	92.2	62	7.8	800
<b>Subtotal</b>	<b>688</b>	<b>95.7</b>	<b>31</b>	<b>4.3</b>	<b>719</b>	<b>1,248</b>	<b>61.1</b>	<b>796</b>	<b>38.9</b>	<b>2,044</b>
<b>Total</b>	<b>757</b>	<b>95.2</b>	<b>38</b>	<b>4.8</b>	<b>795</b>	<b>46,712</b>	<b>92.4</b>	<b>3,843</b>	<b>7.6</b>	<b>50,555</b>

Source: 1/1/2016 - 12/31/2017 HMDA and Bank Data

### Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The excellent dispersion of the bank's small business, home mortgage, and consumer loans supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income geographies. Examiners did not identify conspicuous gaps in the geographic distribution of loans.

***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.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>		<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
	2016	8.6	2	20.0	60	6.4
	2017	9.0	3	17.6	680	25.3
<b>Moderate</b>						
	2016	19.4	4	40.0	260	28.0
	2017	17.8	5	29.4	143	5.3
<b>Middle</b>						
	2016	27.4	1	10.0	250	26.9
	2017	25.9	8	47.1	1,265	47.1
<b>Upper</b>						
	2016	42.2	3	30.0	360	38.7
	2017	45.0	1	5.9	600	22.3
<b>Not Available</b>						
	2016	2.4	0	0.0	0	0.0
	2017	2.3	0	0.0	0	0.0
<b>Totals</b>						
	<b>2016</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>930</b>	<b>100.0</b>
	<b>2017</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>2,688</b>	<b>100.0</b>

*Source: 2016 and 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Small Business Loan Data.*

In 2016, the bank’s level of small business lending in the low-income geographies, at 20.0 percent of total loans, was significantly above the demographics of 8.6 percent. In 2017, the bank’s performance by percentage of total loans decreased slightly to 17.6 percent, but remained well above the demographics of 9.0 percent.

In 2016, the bank’s small business lending to businesses in moderate-income geographies, at 40.0 percent of total loans, was significantly above the demographics of 19.4 percent. In 2017, the bank’s performance by percentage of loans decreased to 29.4 percent; however, it remained well above the demographics of 17.8 percent.

Considering the strong performance in the low- and moderate-income geographies compared to the demographics, the bank’s geographic distribution of small business loans is excellent.

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

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank's home mortgage lending consists primarily of investment-purpose loans secured by non-owner occupied 1-4 family and multifamily properties. To provide a clearer analysis of the bank's home mortgage lending performance, this evaluation presents the home mortgage loans separately by property type, and compares the lending to the appropriate demographic and aggregate lending data. Additionally, since the bank originated too few CEMAs to analyze separately, the evaluation combines these transactions with the 1-4 family and multifamily loans for analysis purposes.

### ***Multifamily Loans***

The geographic distribution of multifamily loans reflects excellent dispersion throughout the assessment area. The following table details the distribution of the bank's multifamily loans in the assessment area by geography.

<b>Geographic Distribution of Multifamily Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Multifamily Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2016	20.8	16.7	3	21.4	4,700	31.6
2017	22.7	--	1	12.5	1,700	15.7
<b>Moderate</b>						
2016	29.8	36.0	9	64.3	7,468	50.2
2017	25.9	--	5	62.5	6,400	59.2
<b>Middle</b>						
2016	18.7	20.2	2	14.3	2,700	18.2
2017	17.3	--	1	12.5	1,000	9.2
<b>Upper</b>						
2016	30.6	27.1	0	0.0	0	0.0
2017	33.7	--	1	12.5	1,720	15.9
<b>Not Available</b>						
2016	<0.1	0.0	0	0.0	0	0.0
2017	0.4	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2016</b>	<b>100.0</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>14,868</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>--</b>	<b>8</b>	<b>100.0</b>	<b>10,820</b>	<b>100.0</b>

Source: 2010 U.S. Census and 2015 ACS data; 1/1/2016 - 12/31/2017 HMDA and Bank Multifamily Loan Data. "--" not available

In 2016, Spring Bank’s multifamily lending performance in the low-income geographies, at 21.4 percent of total loans, was above the aggregate performance of 16.7 percent and the percentage of multifamily units of 20.8 percent. The bank’s multifamily lending declined to 12.5 percent of total loans in 2017, which was below the demographics of 22.7 percent.

In 2016, the bank’s level of multifamily lending in the moderate-income geographies, at 64.3 percent, was significantly above the aggregate performance of 36.0 percent and the percentage of multifamily units of 29.8 percent. In 2017, the bank’s performance decreased slightly to 62.5 percent of total loans, but remained well above the percentage of multifamily units at 25.9 percent.

Considering the bank’s strong performance in the moderate-income tracts compared to aggregate data in 2016 and to demographic data for both years, its performance is excellent.

Non-Owner Occupied 1-4 Family Loans

The geographic distribution of non-owner occupied 1-4 family home mortgage loans reflects excellent dispersion throughout the assessment area. The following table details the distribution of these loans in the assessment area by geography.

Geographic Distribution of Non-Owner Occupied 1-4 Family Home Mortgage Loans							
Tract Income Level		% of Occupied Rental Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2016	21.8	3.8	1	20.0	348	13.2
	2017	23.8	--	3	20.0	1,922	14.2
Moderate							
	2016	34.3	15.3	1	20.0	515	19.6
	2017	30.9	--	4	26.7	4,185	30.9
Middle							
	2016	22.7	38.6	3	60.0	1,765	67.2
	2017	21.4	-	6	40.0	5,210	38.5
Upper							
	2016	21.2	42.3	0	0.0	0	0.0
	2017	23.7	--	2	13.3	2,213	16.4
Not Available							
	2016	0.0	0.0	0	0.0	0	0.0
	2017	0.3	--	0	0.0	0	0.0
<b>Totals</b>							
	<b>2016</b>	<b>100.0</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>2,628</b>	<b>100.0</b>
	<b>2017</b>	<b>100.0</b>	<b>--</b>	<b>15</b>	<b>100.0</b>	<b>13,530</b>	<b>100.0</b>

Source: 2010 U.S. Census and 2015 ACS data; 1/1/2016 - 12/31/2017 HMDA and Bank 1-4 Family Loan Data. "--" not available



In 2016, the bank’s lending performance in the low-income geographies, at 20.0 percent of total loans, was significantly above aggregate performance of 3.8 percent, but slightly below the percentage of occupied rental units of 21.8 percent. In 2017, the bank’s performance in the low-income geographies remained at 20.0 percent of total loans despite an increase in the number of loans, and was again slightly below demographics.

Similarly, in 2016 the bank’s level of lending in the moderate-income geographies, at 20.0 percent of total loans, was above aggregate performance of 15.3 percent, but below demographics of 34.3 percent. In 2017, the bank’s performance displayed an increasing trend to 26.7 percent of total loans, but was still below the demographics of 30.9 percent.

Overall, considering competition, lending opportunities, the bank’s capacity, and its strong performance compared to the aggregate data, Spring Bank’s performance is excellent.

**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					
2016	14.3	120	43.5	233	45.7
2017	15.9	201	48.8	346	46.9
Moderate					
2016	26.9	94	34.1	172	33.7
2017	25.0	125	30.3	228	30.9
Middle					
2016	29.6	48	17.4	82	16.1
2017	27.9	71	17.2	137	18.6
Upper					
2016	29.2	13	4.7	21	4.1
2017	30.9	15	3.6	27	3.6
Not Available					
2016	0.0	1	0.4	2	0.4
2017	0.3	0	0.0	0	0.0
<b>Totals</b>					
<b>2016</b>	<b>100.0</b>	<b>276</b>	<b>100.0</b>	<b>510</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>412</b>	<b>100.0</b>	<b>738</b>	<b>100.0</b>

Source: 2010 U.S. Census and 2015 ACS data; 1/1/2016 - 12/31/2017 Bank Consumer Loan Data

In 2016, the bank’s consumer lending in the low-income geographies, at 43.5 percent of total loans, significantly exceeded the demographics of 14.3 percent. In 2017, the bank’s consumer lending performance increased to 48.8 percent of total loans, and remained well above the demographics of 15.9 percent.

In 2016, the bank’s consumer lending in the moderate-income tracts, at 34.1 percent, significantly exceeded the demographics of 26.9 percent. In 2017, the bank’s consumer lending decreased slightly to 30.3 percent, but remained above the demographics of 25.0 percent.

Considering the bank’s strong distribution of consumer loans in the low- and moderate-income geographies compared to the demographics, its performance is excellent.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area(s), excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Examiners only considered Spring Bank’s small business and consumer lending in assessing the bank’s performance under this criterion, since borrower income information was unavailable for the multifamily and 1-4 family loans. Specifically, the bank did not collect and/or report borrower income data for the 1-4 family and multifamily loans, because it extended these loans to a corporation, partnership, or other entity that is not a natural person.

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

The distribution of small business loans reflects excellent penetration among businesses with GARs of \$1 million or less. The following table shows the distribution of small business loans by the GAR of the businesses compared to the demographics.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2016	85.9	10	100.0	930	100.0
2017	86.1	17	100.0	2,688	100.0
<b>&gt;\$1,000,000</b>					
2016	7.2	0	0.0	0	0.0
2017	7.1	0	0.0	0	0.0
<b>Revenue Not Available</b>					
2016	6.9	0	0.0	0	0.0
2017	6.8	0	0.0	0	0.0
<b>Totals</b>					
2016	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>930</b>	<b>100.0</b>
2017	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>2,688</b>	<b>100.0</b>

*Source: 2016 and 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Small Business Loan Data.*

The analysis shows that Spring Bank made 100.0 percent of its small business loans to businesses with GARs of \$1 million or less in 2016 and 2017. The bank's excellent penetration is due to its small business loan product and its overall lending focus.

### **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.

<b>Distribution of Consumer Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Households</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2016	29.6	135	48.9	231	45.3
2017	30.3	192	46.6	366	49.5
<b>Moderate</b>					
2016	15.3	108	39.1	210	41.2
2017	14.5	127	30.8	268	36.3
<b>Middle</b>					
2016	16.1	18	6.5	41	8.0
2017	15.4	20	4.9	44	5.9
<b>Upper</b>					
2016	39.0	5	1.8	21	4.1
2017	39.8	3	0.7	5	0.7
<b>Not Available</b>					
2016	0.0	10	3.6	7	1.4
2017	0.0	70	17.0	56	7.6
<b>Totals</b>					
<b>2016</b>	<b>100.0</b>	<b>276</b>	<b>100.0</b>	<b>510</b>	<b>100.0</b>
<b>2017</b>	<b>100.0</b>	<b>412</b>	<b>100.0</b>	<b>738</b>	<b>100.0</b>

*Source: 2010 U.S. Census and 2015 ACS data; 1/1/2016 - 12/31/2017 Bank Consumer Loan Data*

In 2016, the bank's lending performance to low-income borrowers, at 48.9 percent of total loans, significantly exceeded the percentage of low-income households in the assessment area by 19.3 percentage points. In 2017, the bank's performance to low-income borrowers was 46.6 percent, and remained above the demographics of 30.3 percent.

Similarly, in 2016 the bank's level of lending to moderate-income borrowers, at 39.1 percent of total loans, was significantly above the demographics of 15.3 percent. In 2017, the bank's lending to moderate-income borrowers dropped to 30.8 percent of total loans; however, its performance remained above demographic data by 16.3 percentage points.

Based on the bank's strong performance compared to demographics, its consumer loan penetration among individuals of different income levels demonstrates excellent performance.

### **Response to Complaints**

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

### **Community Development Investments and Services**

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

#### ***Community Development Investments***

Since the previous CRA evaluation, the bank made 47 grants and donations to various community based organizations totaling \$233,825. The following are notable examples of the qualified grants and donations:

- In 2017, the bank donated \$7,000 to a community-based organization that provides various homelessness prevention services to low- and moderate-income individuals in the Bronx.
- In 2015, the bank made \$5,000 in donations to a public school located in a low- and moderate-income geography. The school used the funds to provide free lunches to all students, including additional meals for students enrolled in after school programs.
- In 2013, the bank donated \$2,500 to a local community-based organization that provides various economic development services to low- and moderate-income individuals and small businesses in Bronx County. The services provided by the organization are designed to foster and sustain economic development and job growth in northern Bronx County.

#### ***Community Development Services***

Spring Bank organizes and participates in workshops, expositions, and other programs that provide various community development services to low- and moderate-income individuals and small businesses within the assessment area. Through partnerships with community-based organizations, the bank furthers its stated goal of providing financial services to underserved communities within the assessment area.

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

- The bank partners with a local community-based organization that provides training and support for small business startups. The organization provided small business loans of \$2,500 to childcare providers participating in the program.

- The bank partners with a nonprofit 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. Additionally, through the partnership, the organization has helped clients open bank accounts at Spring Bank to aid them in receiving their tax refund electronically.

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 bank members are involved with.

- Spring Bank's chief executive officer is a board member of an organization that supports CDFI certified banks in their effort to serve low- and moderate-income consumers and small businesses, and engage in community development activities.
- The bank's chief operating officer is a board member for the Bronx YMCA. The Bronx YMCA primarily serves low- and moderate-income children in the area. The services include financial education courses.
- Spring Bank's CRA officer is a board member for the South Bronx Overall Economic Development Corporation. This organization promotes economic development and supports small businesses by providing SBA 504 loans. The organization focuses its lending in Bronx County, New York.

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## GLOSSARY

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

**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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**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 (for example, 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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**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.

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

**Nonmetropolitan Area:** 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.