



January 2020 Customer Letter

It is a pleasure to communicate with our valued clients and business partners and share positive news about Spring Bank. We know and understand that our success is directly tied to the success of each individual client that has chosen to bank with us. I appreciate the trust our new and existing clients have with Spring Bank.

Our dedication to providing our clients the attention you deserve, and prompt answers has resulted in a superior rate of client retention. We continue to grow our client base, and as a bank, by meeting and exceeding the needs of privately-owned businesses located in our market.

Customer Survey Results

Late in 2019 we completed our third customer survey since we began operations 11 years ago. We reached out to over 60 clients and requested them to complete the confidential survey. We received 33 responses. Thank you to our clients that took the time to participate in the survey.

The results of the survey were both gratifying and humbling. I'm pleased to share that the results came back very positive and reflect the results of previous surveys. Results include:

1) 90% of our clients gave a perfect score on the question of "Would you choose Spring Bank again?"

The overall score on this question was 4.91 out of 5

2) 97 % of those responding said they would recommend Spring Bank to others. The overall score was 4.97 out of 5.

3) The issues most important to our clients include access to decision makers, personalized service and my banker understands my business. Scores on these issues each exceeded 4.8 out of 5.

A summary of the survey results is included with this update letter for your review.

Expanding Services/New Products

Our concern over protecting client information in a world of hackers and bad actors remains at a high level. Many of our product or service innovations are driven by security concerns. In 2019 we introduced software tokens for business clients that replaced physical tokens. This change recognizes that each of us always has our mobile phone at hand and eliminates the need to keep track of a physical token.

Coming in February are E-Statements. You will have the choice to receive your monthly statements sooner via electronic delivery or continue to receive mailed paper statements. Later in the second quarter we'll introduce an electronic notification system (Notifi) that will send a text or email to clients for monetary/account change events. This expanded level of service provides an added security feature related to client account activity. Other items on the horizon are electronic signing capability for commercial loans and additional security controls to authenticate online banking/mobile banking users.

Our vision into the future is to invest in people, technology and new/improved products. We remain pleased with our single location in Brookfield and don't have plans to open a second location. However, we are investigating additional space availability within our current location to facilitate our growing business and staff.

Economy

Our local economy is performing well, as is the national economy. Unemployment rates are at historic lows and wages continue to increase. The Federal Reserve is maintaining low short-term interest rates which I believe will continue into the foreseeable future. Long-term rates are also at low levels relative to past experience. The low interest rate environment may negatively impact "savers", but bodes well for commercial borrowers and the likelihood that our economy will grow at reasonable levels.

Spring Bank Results

Thanks to our clients, Spring Bank grew our assets in excess of 9.0 % in 2019. We enjoyed growth in both our loan portfolio and in deposits, which reflects our attention to both borrowers and depositors. Our loan portfolio quality was maintained in 2019. Strong portfolio quality puts us in a great position to meet the growing needs of both our existing client base as well as new clients.

In closing, I again thank you for choosing Spring Bank for your financial service needs. By maintaining a fortress balance sheet, Spring Bank is in position to grow into the future with new clients, offer new services, meet increasing needs of existing clients and invest in people and technology.

Regards,

A handwritten signature in black ink that reads "David L. Schuelke". The signature is written in a cursive, flowing style.

David L. Schuelke
President and CEO