



## **SPRING BANK**

### **WHISTLE-BLOWER POLICY**

#### **I. INTRODUCTION**

It is the policy of Spring Bank, and its subsidiaries (collectively the “Bank”) that its reported financial information be accurate and complete in all material respects. Moreover, illegal or unethical activity, including but not limited to corruption, fraud, criminal activity, abuse and conflict of interest, by the employees of the Bank, will not be permitted, tolerated or condoned. This policy shall encourage proper individual conduct, and provide a means for early detection of problematic situations before they have serious consequences. This policy is intended to ensure that the Bank fulfill its responsibilities under the U.S. whistle-blower laws, including the Sarbanes-Oxley Act of 2002, as amended, the Corporate and Criminal Fraud Accountability Act, as amended, and New York State Labor Law (collectively “applicable law”).

The Audit Committee has adopted the following practices and procedures in furtherance of this policy.

#### **II. SCOPE OF MATTERS COVERED BY THIS POLICY**

This policy provides a process for the anonymous submission of suspected wrongdoing (whistle-blowing) by any employee of the Bank, or any subsidiary, vendor, customer, or other person who may have concerns about illegal or unethical behavior, internal controls or questionable accounting practices, and desires to report these concerns. These procedures relate to concerns and complaints relating to accounting, internal controls, or auditing matters of the Bank (“Complaints”), including without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Bank;
- Fraud or deliberate error in the recordkeeping and maintaining of financial records of the Bank;
- Deficiencies in or noncompliance with the Bank’s internal accounting controls;
- Misrepresentation or false statement to or by an officer of the Bank or an accountant regarding a matter contained in the financial records, financial reports, or audit reports of the Bank; or

- Any deviation from full and fair reporting of the Bank's financial condition as required by applicable laws.

### **III. REPORTING ILLEGAL OR UNETHICAL ACTIVITY**

All Complaints will be kept confidential to the fullest extent reasonably practicable within the legitimate needs of law and any ensuing evaluation or investigation. The Complaint may, at the discretion of the person submitting the Complaint, be submitted anonymously and should be promptly reported directly to either the:

- Bank's Compliance Officer, or
- Chief Executive Officer (CEO)

In the event a Complaint includes both of the above-referenced individuals, the Complainant may submit their complaint to either:

- Any member of the Board of Directors
- Any member of the Audit Committee.

Contact information for the above-referenced individuals is provided in detail on Schedule A and attached hereto. Where appropriate, individuals may also report such activity to governmental authorities having jurisdiction over the illegal or unethical activity. Individuals may contact the New York State Department of Financial Services at (800) 342-3736 or the Federal Deposit Insurance Corporation at (877) 275-3342.

An employee reporting such activity to the Bank may do so orally or in writing, and may do so confidentially or anonymously. While the Bank cannot ensure the confidentiality of such reporting, it will attempt to maintain confidentiality and anonymity as much as reasonably possible.

Each member of the Audit Committee is an independent third party who will coordinate delivery of Complaints to the appropriate Bank personnel. In the event a Complaint includes a Bank officer or senior management, an individual may submit their complaint to any member of the Audit Committee.

### **IV. COMPLAINTS**

To assist the Bank in the response and/or investigation of a Complaint, the Complaint should be factual rather than speculative, and contain as much specific information as possible. These basic requirements will allow the investigator to properly assess the nature, extent and urgency of the matter that is the subject of the Complaint. It is less likely that the Bank will be able to

conduct an investigation based on a Complaint that contains unspecified wrongdoing or broad allegations without verifiable evidentiary support. If possible, Complaints should be submitted using the Spring Bank Whistle-Blower Complaint Form (See Attachment B). Without limiting the foregoing, the Complaint should, to the extent possible, contain the following information:

- The alleged event, matter or issue that is the subject of the Complaint;
- The name(s) of the person(s) involved;
- The approximate time and location of the specific events or events; and
- Any additional information, documentation or other supporting evidence available.

To the extent that it can be provided without compromising the desire for anonymity, a method to respond to the Complaint and/or request additional information should be included.

## **V. RETENTION OF COMPLAINTS**

Each Complaint shall be logged on the Whistle-Blower Tracking Matrix (See Attachment C) by the Compliance Officer (or appropriate designee), unless otherwise instructed by the Audit Committee. The Compliance Officer shall record the date the Complaint was received, date of submission to the Audit Committee and a brief description of the underlying event(s) that lead to the complaint. All Complaints shall be kept in a file under the control of the Compliance Officer or Audit Committee Chairman and maintained in accordance with the Bank's document retention policy.

## **VI. INVESTIGATION OF CLAIMS OF ILLEGAL OR UNETHICAL ACTIVITY**

A copy of all Complaints shall be promptly forwarded to the Audit Committee and reviewed at the next regularly scheduled meeting unless the nature of the Complaint dictates otherwise. Unless otherwise directed by the Audit Committee, based on a finding of special circumstances, all investigations conducted by the Bank in accordance with these practices and procedures shall be conducted under the direction and supervision of the Audit Committee and/or Chief Executive Officer. The Complaint will promptly be investigated in a manner that is as discreet as the circumstances reasonably permit. Generally, the Compliance Officer (or designee) will conduct the investigations concerning these Complaints, however, the Audit Committee reserves the right to designate another individual to perform an investigation if deemed necessary.

The Compliance Officer (or designee) shall gather such documents and materials and interview such individuals as is reasonably necessary to complete the investigation. The results of any investigation conducted pursuant to this policy shall be reported to the Audit Committee and the Chief Executive Officer of the Bank (unless inappropriate due to the nature of the report). The Audit Committee shall have the authority to request a briefing regarding any Complaint investigation and any findings as a result of that investigation.

Upon completion of the investigation, the Audit Committee shall review the results and determine the corrective action, or direct further investigation, if necessary. All documents and

materials compiled during the investigation shall be retained with the Complaint and preserved in accordance with the retention policy of the Bank.

## **VII. INVESTIGATION REPORTS**

The findings of investigations conducted by the Bank hereunder shall, as appropriate, be set forth in a written report which shall include findings of fact, conclusions and recommendations (the "Report"). The Compliance Officer (or designee) shall provide the Audit Committee with a copy of the completed Report. All Reports prepared by outside third-parties, including outside counsel and alike, shall be directed to the Audit Committee as well. A copy of any response letter shall be filed with the Complaint and, if possible, provided to the Complainant. Upon the completion of these procedures, the Whistle-Blower Complaint Form and Whistle-Blower Complaint Matrix will be updated to reflect the disposition of the particular matter.

## **VIII. DISPOSITION OF SUBSTANTIATED CLAIMS**

Upon completion of an investigation, the Audit Committee shall take appropriate action pursuant to these practices and procedures. Appropriate action may include referral to the President or CEO of Spring Bank or New York State Department of Financial Services for recommended disciplinary or administrative action.

## **IX. CONFIDENTIALITY**

Concerns of illegal or unethical behavior may be reported anonymously, at the individual's option. The Bank shall maintain the confidentiality or anonymity of the individual(s) making the Complaint to the fullest extent reasonably practicable within the legitimate needs of law and of any ensuing evaluation or investigation. Legal or business requirements, however, may not allow for complete anonymity. In some cases, it may not be possible to proceed with or properly conduct an investigation unless the complainant reveals their identity. In general, it is less likely that a thorough investigation can be completed in response to an anonymous Complaint due to the difficulty of interviewing anonymous complainants and evaluating the credibility of their Complaints. In addition, individuals making Complaints should be cautioned that their identity might become known for reasons outside the control of the Bank. The identity of other individuals subject to or participating in any inquiry or investigation relating to a Complaint shall be maintained in confidence subject to the same limitations.

## **X. PROHIBITION OF RETALIATION AGAINST WHISTLE-BLOWERS**

It is the policy of the Bank that an employee who, in good faith, has disclosed information relating to a Complaint or otherwise participated in an investigation relating to a complaint concerning inappropriate behavior by another employee, or by the Bank in general shall not suffer reprisal, retaliation or punitive action by the Bank or its respective employees. It is a violation of this policy and applicable law to retaliate or take wrongful punitive action, as

specified in Section 806 of the Sarbanes-Oxley Act of 2002, against any employee for the reporting of such alleged activity (“Protected Whistle-Blower Reporting”). Retaliation and wrongful punitive action may include adverse employment actions such as termination from employment, demotion, and the creation of a hostile work environment. Employees who retaliate or take wrongful punitive action against an employee for Protected Whistle-Blower Reporting shall be subject to disciplinary action, up to and including termination from employment.

## **XI. INVESTIGATING WHISTLE-BLOWER RETALIATION CLAIMS**

Employees who believe that they or another employee has been the subject of illegal retaliation or wrongful punitive action as a result of Protected Whistle-Blower Reporting should report same orally or in writing to either the:

- Bank’s Compliance Officer, or
- Chief Executive Officer (CEO)

In the event a Complaint includes both of the above-referenced individuals, the Complainant may submit their complaint to either:

- Any member of the Board of Directors, or
- Any member of the Audit Committee.

All allegations of retaliation or punitive action will be fully investigated by the Bank in the same manner as set forth above for investigation of claims of illegal or unethical activity. Aggrieved employees may also have rights to pursue claims of illegal retaliation action under state and federal laws prohibiting Protected Whistle-Blower Reporting.

## **XII. ABUSE OF PRACTICES AND PROCEDURES AND MERITLESS CLAIMS**

It shall be a violation of this policy for any employee to report or disclose information covered by this procedure that the employee knows or reasonably should know to be untrue, unfounded or misleading or for which there is no basis for the claim reported in law, rule or regulation. This is not meant to discourage or limit the rights of individuals from making reports of alleged violations relating to illegal or unethical activities. The Bank recognizes that, in some instances, it may not be possible to determine whether a report is warranted. Employees should not be reluctant to report information because they are uncertain or unable to determine the merits of their Complaint.

## **XIII. REPORTING TO THE BOARD OF DIRECTORS**

On a quarterly basis, the Audit Committee shall provide a written summary to the Board of

Directors setting forth the status of pending matters pertaining to these practices and procedures.

#### **XIV. RECORD RETENTION AND ADMINISTRATION**

Unless otherwise directed by the Audit Committee, all information obtained and work product prepared pursuant to these practices and procedures, including but not limited to Reports, statements, physical evidence, memos and notes shall be maintained by the Bank in separate and secure files maintained and administered by the Compliance Officer or Chairman of the Audit Committee.

#### **XV. RECUSAL**

In the event it becomes necessary for an officer or employee to recuse themselves from responsibilities assigned to them under these practices and procedures, these practices and procedures shall be administered with such reasonable adjustments as are necessary in furtherance of their purpose.

#### **XVI. APPLICABILITY AND ACCESSIBILITY**

The practices and procedures herein shall apply to all employees, part-time employees, seasonal employees, temporary employees, officers, directors and interns of the Bank. The term “employee,” for the purposes of these practices and procedure, shall include all of the foregoing positions.

**a. Internally**

Employees shall have access to this policy through the employee website.

**b. Externally**

The policy is accessible through our website at [www.springbankny.com](http://www.springbankny.com). Click on “Terms and Conditions” then click on Whistle-Blower Policy, this page displays a complete copy of the policy.

## SCHEDULE A

### CONTACT INFORMATION

Chief Executive Officer –  
718-879-5191

Demetris Giannoulis  
[DG@SpringBankNY.com](mailto:DG@SpringBankNY.com)

Compliance Officer -  
718-879-5024

Eric Pallas  
[epallas@SpringBankNY.com](mailto:epallas@SpringBankNY.com)

Audit Committee  
Director  
612.824.4429

Aaron Sojourner  
[aaronsojourner@gmail.com](mailto:aaronsojourner@gmail.com)

Director  
203-389-7000

Robert Carter  
[bc.cartercivitello@snet.net](mailto:bc.cartercivitello@snet.net)

Director  
312-283-8615

Endy Zemenides  
[EndyZ@comcast.net](mailto:EndyZ@comcast.net)

**SCHEDULE B**  
**SPRING BANK**  
**WHISTLE-BLOWER COMPLAINT FORM**

Please provide the following information:

Last Name: \_\_\_\_\_ First: \_\_\_\_\_ M.I. \_\_\_\_\_

Home Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Date of Complaint: \_\_\_\_\_ Contact Information: \_\_\_\_\_

Relationship:   Employee                               Customer                               Vendor                               Other: \_\_\_\_\_

Person against whom the complaint is made: \_\_\_\_\_

Date/dates of misconduct: \_\_\_\_\_

Statement of facts: (Please use extra pages if necessary)

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Affirmation

I affirm that I have read the above statement and that it is true to the best of my knowledge, information and belief.

\_\_\_\_\_

\_\_\_\_\_

Signature (if applicable):

Date: \_\_\_\_\_

**For Spring Bank Use Only:**

Date complaint received:

Date presented to Audit Committee:

Date of Closure/Response:



**SCHEDULE C**

**SPRING BANK  
WHISTLE-BLOWER COMPLAINT MATRIX**

<b>Date Complaint Received</b>	<b>Date Submitted to Audit Committee</b>	<b>Brief Description of Complaint</b>	<b>Date of Closure</b>