



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

March 30, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sterling Bank and Trust, FSB
Charter Number 708028

One Towne Square Southfield, MI 48076

Office of the Comptroller of the Currency

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NOTE: 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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING 2

SCOPE OF EXAMINATION..... 2

DESCRIPTION OF INSTITUTION 3

SELECTION OF AREAS FOR FULL-SCOPE REVIEW..... 5

RATINGS 5

LOAN-TO-DEPOSIT RATIO 5

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW..... 6

STATE RATING 7

 STATE OF CALIFORNIA..... 7

STATE RATING 18

 STATE OF MICHIGAN 18

APPENDIX A: SCOPE OF EXAMINATION.....A1

APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGSB1

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting this bank's rating include:

- The loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance.
- The bank originated a substantial majority of home mortgage loans within its assessment areas (AA) and exceeds the standard for satisfactory performance.
- The distribution of home mortgage loans in low- and moderate-income geographies is reasonable and meets the standards for satisfactory performance.
- The distribution of home mortgage loans to low- and moderate-income borrowers is reasonable and meets the standard for satisfactory performance.
- The bank's performance under the community development (CD) test reflects adequate responsiveness to the community development needs of the assessment areas in both California and Michigan.
- Sterling has not received any written complaints during the evaluation period related to its performance in meeting the credit needs of their AA.

Scope of Examination

We evaluated Sterling Bank and Trust, FSB's (Sterling or bank) performance in relation to the Community Reinvestment Act (CRA) using CRA intermediate small bank (ISB) procedures. As described in the *Description of Institution's Operations* section for each state of this Public Evaluation, Sterling had two primary designated AA for 2012-2013. The AA included the San Francisco and San Mateo AA in California and the Oakland County AA in Michigan. In 2014, Sterling opened a new branch in Marin County, CA, resulting in a new AA. Therefore, to conduct the evaluation, we used full-scope CRA ISB procedures to evaluate Sterling's performance within the San Francisco and San Mateo AA and Oakland County AA and limited scope procedures to evaluate its performance within the Marin County AA. However, when determining the CRA rating, we placed most weight on Sterling's performance in the San Francisco and San Mateo AA. The San Francisco and San Mateo AA is where a majority of Sterling's banking activities occur, see *Description of Institution* below for further details. The bank is headquartered in the Oakland County AA. However, as described in the *Description of Institution* section below, Sterling has a limited presence in Oakland County. Additionally, Sterling is not increasing its deposit base or focusing on lending within the Oakland County AA.

The procedures used to assess Sterling's performance focused on the bank's primary lending products as well as community development (CD) activities. Based on the bank's lending activities over the review period, Report of Condition and Income, and discussions with senior management, we determined the bank's primary lending focus was home mortgage loans. We found home improvement and commercial loans were not a lending focus during our evaluation period and the bank does not offer consumer or farm loans. Therefore, we assessed Sterling's performance based on home purchase and home refinance lending. We did not include home improvement, consumer, commercial or farm lending as part the lending evaluation because an analysis of this data would not be meaningful.

We evaluated the bank's lending activities based on its net loan-to-deposit ratio (NLTD), AA concentration, geographic distribution of loans, lending to borrowers of different incomes, and compliance with anti-discrimination laws and regulations. In addition, we evaluated the bank's CD activities relative to its qualified CD loans, investments and services. The prior CRA exam was as of July 23, 2012 and used lending data through year-end 2011 and CD activities through July 23, 2012. The evaluation period for assessing Sterling's lending activities for this examination covered January 1, 2012 through December 31, 2014. The evaluation period for assessing Sterling's CD activities covered July 24, 2012 through March 30, 2015. In addition, we utilized other supporting information while evaluating the bank's CRA performance. The information included 2010 Census Data, bank records, FDIC deposit market share data, and information from governmental web sites regarding the characteristics and economy of the bank's AA. We also conducted interviews with community contacts during the evaluation, one in the Oakland County AA and one in the San Francisco and San Mateo AA.

In 2013, the Office of Management and Budget (OMB) revised the delineations of metropolitan statistical areas (MSA) and metropolitan divisions. The new delineations applied as of January 1, 2014. The OMB changes affected both the bank's California and Michigan AAs. As a result, we assessed Sterling's lending performance in each AA by analyzing 2014 lending data separately from 2012 and 2013.

Prior to the examination, we tested the accuracy of the bank's reported Home Mortgage Disclosure Act (HMDA) data and determined the data to be reliable for this examination. During the evaluation, we reviewed CD loans, investments, and services to ensure they met regulatory requirements for CD.

Description of Institution

The Bank's operations began in 1984 as Sterling Savings and Loan Association in the state of Michigan. In 1988, the bank obtained a federal charter, eventually becoming Sterling Bank and Trust, FSB. Initially, Sterling's sole presence was in Michigan; however, it began expanding to California in 1996. In the face of a deteriorating economy, Sterling sold all but one of its Michigan branches in 2004 and expanded its California operations. Sterling maintains its corporate headquarters in Southfield, Michigan, which includes a small branch to accommodate existing customers and

employees. The branch is located in a multi-tenant office building with very limited foot traffic. Management's plan is to not increase deposits within the Michigan market. The bank is simply maintaining the remaining deposits generated when Sterling had an active Michigan branch network. As of the evaluation, the Michigan branch had 189 customers and deposits have decreased from \$12.7 million at December 31, 2013 to \$10.7 million at December 31, 2014. As such, the bank has limited lending in the Oakland County AA, which includes originating home loans through Habitat for Humanity of Oakland County.

Sterling's main retail presence is in the San Francisco, California area, where it operates eighteen branches and is primarily focused and engaged in home mortgage lending. California banking activities account for over 98 percent of customer deposits and 95 percent of lending activity. As of December 31, 2013, Sterling's assets totaled \$981 million, which increased to \$1.24 billion as of December 31, 2014.

Sterling does provide a wide variety of banking solutions for individuals and businesses. For individuals, this includes checking accounts, money market accounts, savings accounts, certificates of deposit and individual retirement accounts, along with home equity loans and home mortgage loans. Sterling also offers a Sterling Senior Club for senior citizens over age 55. Free services include online banking, voice banking, mobile banking and bill pay. For businesses, Sterling offers checking accounts, money market accounts, savings accounts, and certificates of deposit, with free online banking, along with merchant services. In addition, the bank offers commercial and industrial loans, commercial real estate loans, business lines of credit and term loans, and medical practice lines and term loans.

As a thrift institution, the bank has focused on home mortgage lending. San Francisco is consistently one of the highest cost housing markets in the United States. In addition, many of the bank's branches are located in areas comprised largely of Chinese-Americans, many of whom are new to the United States, and have limited or no credit history or an annual income that is difficult to verify. As a result, these applicants are often subject to credit denials for home mortgage real estate loans under the underwriting guidelines of most banking institutions, which include Sterling's standard underwriting criteria. Due to the high housing cost and underserved Chinese-American population in the California market, Sterling created two niche loan products: Sterling Advantage Home Loans and Tenants-in-Common (TIC) loans.

The bank primarily markets the Sterling Advantage Home Loan product to the Asian population within the California AAs. The loan product is specifically designed without balloon payments, negative amortization, or other terms. Sterling's desires to assure fairness to these borrowers as they build credit histories in an effort to qualify for conforming mortgage financing.

The phrase TIC refers to an arrangement whereby two or more people co-own real estate without the right of survivorship, and they each own an agreed-upon percentage of the property. In San Francisco, TIC is most often used to refer to a special arrangement whereby two individuals own a unit in a building before that building

converts to a condominium (condo). As the Bay Area is one of the highest-cost markets in the nation, buyers entering the market for the first time naturally turn to condos, which traditionally cost less than a single family home. However, the scarcity of available condos in San Francisco worked to increase prices. To overcome the limited supply, many investors and homebuyers bought homes that they then converted to condos, using San Francisco's condominium conversion lottery process. However, San Francisco replaced that process with far more restrictive hurdles, which make conversion permits significantly more difficult to obtain. That left the first-time homebuyer with few affordable options. Offering the TIC loan product, Sterling has been able to provide these buyers with an affordable option to enter the market, especially for homeowners who ultimately wish to own a condo.

Selection of Areas for Full-Scope Review

In California and Michigan, we selected the San Francisco and San Mateo AA and Oakland County AA for full-scope evaluations. Sterling opened a branch in San Rafael, CA, on February 4, 2014. This branch is located in a second California AA, Marin County. Sterling did not actively market this new AA during the timeframe of our public evaluation; therefore, we performed a limited scope review of the Marin County AA.

Ratings

The bank's overall rating is a blend of the state ratings. In drawing conclusions for the overall rating, performance in the state of California received the greatest weight. California is the state that represents the substantial majority of Sterling's deposits, loan activity, and office locations. We placed the least weight on the bank's performance in the Oakland County AA and Marin County AA.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the *Scope of Evaluation* section under each *State Rating* section for details regarding how the areas were weighted in arriving at the respective ratings. When drawing conclusions for the lending test in each AA, loan products were weighted according to their relative percentage of volume within that AA. This approach provided consideration to the varied presence of the bank within the individual AAs.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

Sterling's NLTD ratio is more than reasonable given the bank's size, financial condition, and credit needs of the communities they serve. The bank's NLTD ratio average over the previous 12 quarters starting from March 31, 2012 through December 31, 2014 is 107.4 percent. The ratio has been trending up from 96 percent as of March 31, 2012 to 118 percent at December 31, 2014. We analyzed Sterling's performance against five banks that we determined to be similarly situated institutions. We selected the five similar banks based on their location in the same AA as Sterling and total asset size,

including assets in the market. In addition, we determined the banks to be actual competitors of Sterling from discussions with management and peer analysis reports. The average NLTD ratio for the five banks used in our peer analysis ranged from a low of 46.4 percent to a high of 86.2 percent.

Lending in Assessment Area

Sterling’s record of lending in the AA exceeds the standard for satisfactory performance, as a substantial majority of the bank’s home purchase and refinance loans were made within their California and Michigan AAs. As shown in Table 1 below, the bank originated a combined total of 84.4 percent of both its home purchases and refinances by number and 87.8 percent by dollar amount in 2012, 2013, and 2014 from their AAs.

Table 1 - Lending in Sterling Bank & Trust, FSB Assessment Areas

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	1,461	83.5	288	16.5	1,749	753,111	86.5	95,600	13.5	870,517
Home Refinance	398	87.5	57	12.5	455	172,806	93.6	11,825	6.4	184,631
Totals	1,859	84.4	345	15.6	2,204	925,917	87.8	107,425	12.2	1,055,148

Source: 2012-2014 Bank HMDA Data.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.2(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or Federal Savings Association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal practices in any geography by the bank or FSA. In addition, the OCC considers these same factors in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices with respect to this institution and their helping to meet community needs.

State Rating

State of California

CRA Rating for California: Satisfactory.

The Lending test is rated: Satisfactory.

The Community development test is rated: Satisfactory.

Major factors supporting this bank's rating include:

- The distribution of home mortgage loans in low- and moderate-income geographies is reasonable and meets the standards for satisfactory performance.
- The distribution of home mortgage loans to low- and moderate-income borrowers is reasonable and meets the standard for satisfactory performance.
- The bank's performance under the CD test reflects satisfactory responsiveness to the CD needs of the assessment area.
- Sterling has not received any written complaints during the evaluation period related to its performance in meeting the credit needs of their AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

Sterling has two AAs in California. San Francisco and San Mateo Counties comprise the bank's primary AA. The bank opened a branch in San Rafael, CA, on February 4, 2014. The addition of this branch expanded their footprint into Marin County, which resulted in the second AA. The AAs consist of contiguous geographies, and low and moderate-income areas are not arbitrarily excluded. Each AA is described below.

San Francisco and San Mateo AA

The San Francisco and San Mateo AA is within the San Francisco-San Mateo-Redwood City Metropolitan Division (MD) of the San Francisco-Oakland-Fremont, CA Metropolitan Statistical Area (MSA). As indicated in Table 2, the AA consisted of 355 census tracts (CT) in 2012-2013. Within the AA, there were 45 low-income tracts, 68 moderate-income tracts, 126 middle-income tracts, 111 upper-income tracts, and 5 non-designated tracts. Sterling has 18 full-service branches operating in the AA. The bank has two branches in low-income census tracts, five branches in moderate-income tracts, six branches in middle-income tracts, and five branches in upper-income tracts.

Table 2 - Demographic Information for the San Francisco and San Mateo AA 2012-13						
	#	% Low	% Moderate	% Middle	% Upper	% NA
Geographies (Census Tracts)	355	12.68	19.15	35.49	31.27	1.41
Population by Geography	1,523,686	12.12	21.02	38.07	28.77	0.01
Owner-Occupied Housing by Geography	282,177	3.93	16.07	41.42	38.57	0.00
Businesses by Geography	172,204	18.75	13.99	29.33	37.81	0.12
Farms by Geography	1763	10.44	15.31	33.07	41.12	0.06
Family Distribution by Income Level	322,846	24.87	16.63	18.62	39.87	0.00
Census Median Family Income (MFI)		97,831	Median Housing Value			\$769,464
FFIEC Estimated MFI: 2012		\$103,000	Families Below the Poverty Level			9.40%
FFIEC Estimated MFI: 2013		\$101,200	Unemployment Rate – Seasonal Unadjusted December 2013			4.8%

Source: 2010 U.S. Census data and 2013 Moody's Analytics and Dun & Bradstreet data.

The San Francisco and San Mateo AA has one of the strongest economies in the country. Technology and tourism are key contributors to the economy. Closely tied to Silicon Valley, San Francisco also hosts some prominent technology companies, such as Genentech, Sales Force, Twitter, Zynga, and Wikimedia. Several technology companies provide shuttle bus services between San Francisco and Silicon Valley, as their employees prefer to live in San Francisco. In addition, San Francisco receives 16 million visitors annually, injecting billions into the economy.

According to the U. S. Bureau of Labor Statistics data, the seasonally unadjusted unemployment rate for San Francisco decreased from 6.2 percent on December 31, 2012 to 4.8 percent December 31, 2013. This compares favorably to state average of 8.2 percent and the national average 7.1 percent for December 31, 2013, respectively.

The top employers in the San Francisco Bay area are led by the city and county of San Francisco with over 26 thousand employees. The remaining top four employers consist of University of California, Kaiser Permanente, University of California Berkeley, and the state of California. San Francisco is also the principal financial center of the west coast, with Bank of America, Wells Fargo, U.S. Bank, JP Morgan Chase and 30 other international financial institutions having operations there. Seven Fortune 500 companies are headquartered in the city.

Competition from other financial institutions in the AA is strong. In addition to the financial institutions noted above, local community banks to large regional banks make the San Francisco market challenging even for niche product banks. Based on the FDIC Deposit Market Share data as June 30, 2014, there were 58 depository institutions operating 554 offices within the AA with a population of 1,843,200 and over 4 million in the surrounding metro area. The data also showed that Sterling ranked number 18 of 58 financial institutions in the AA, with 0.34 percent of the deposits. The combined market share of Bank of America and Wells Fargo is 64.28 percent.

In assessing the bank’s performance, we used OCC and bank information to identify the needs of the community. We also contacted an official from a local non-profit and technical education assistance agency. They extend loan capital and financial training to organizations that create affordable housing, promote economic development, and provide a wide range of human services to Northern California’s neediest individuals and families.

The city of San Francisco is unable to meet residents’ demand for affordable housing. Many of the city’s most vulnerable populations, including families with children, seniors and adults with disabilities, and other public service recipients, are often at risk for homelessness. Single residence occupancy (SRO) hotels account for a substantial portion of San Francisco’s affordable housing stock, as they provide housing for more low-income people than the entire city’s public housing developments.

Most of San Francisco’s SRO hotels were built in the early decades of the 20th century. Most of these buildings have less than 40 units, and average monthly rents range from \$800 and \$900. These hotels are concentrated in four neighborhoods, which include the Tenderloin, Chinatown, South of Market, and Mission neighborhoods. While these neighborhoods differ across many dimensions, they all have lower median household incomes, higher proportions of residents in poverty, more racial and ethnic diversity, and higher unemployment rates than citywide measures.

An estimated 18,500 people live in the 530 buildings classified as SROs by the Planning Department. The city works closely with 46 of these hotels through the Human Service Agency (HSA)’s Single Adult Supportive Housing program, including Care Not Cash, and the Department of Public Health’s Direct Access to Housing program. Sixty-six are owned by non-profits. The remaining hotels represent opportunities for mutually beneficial partnerships between service providers and hotel owners.

	#	% Low	% Moderate	% Middle	% Upper	% NA
Geographies (Census Tracts)	355	11.27	16.62	37.18	33.52	1.41
Population by Geography	1,523,686	10.76	18.22	39.96	31.05	0.01
Owner-Occupied Housing by Geography	282,177	3.25	12.32	42.73	41.70	0.00
Businesses by Geography	155,105	17.89	11.11	31.77	39.13	0.11
Farms by Geography	1,648	7.34	14.26	35.68	42.66	0.06
Family Distribution by Income Level	322,846	23.72	16.23	18.15	41.91	0.00
Census Median Family Income (MFI)		93,987	Median Housing Value			769,464
FFIEC Estimated MFI: 2014		94,800	Families Below the Poverty Level			9.40
Unemployment Rate – Seasonal Unadjusted December 2014						3.9%

Source: 2010 U.S. Census data and 2014 Moody’s Analytics and Dun & Bradstreet data.

The San Francisco and San Mateo County economy continued to prosper in 2014. However, the FFIEC Estimated Mean Family Income (MFI) declined to \$94,800. Unemployment continued to decline, as it dropped under 4 percent to 3.9 percent as of December 31, 2014. This is far below the state unemployment rate of 7.1 percent as of the same date.

As indicated in Table 3, in 2014, changes to CT occurred due to the economic prosperity in the San Francisco and San Mateo AA. The total number of CT in the AA remained unchanged; however, the demographics of CT in each income category were altered. The low-income category declined from 45 to 40 CT and the moderate-income category declined from 68 to 59 CT. As a result, the middle-income census tract increased from 126 to 132 and the upper-income census tract increased from 111 to 199, respectively.

Marin County AA

The AA is comprised of Marin County, which is part of the San Francisco-Oakland-Hayward MSA. The branch was new in February 2014 and the bank has a limited presence within Marin County with a single branch office located in San Rafael, CA, a middle-income census tract. Marin County is bordered on the north and northeast by Sonoma County and on the west by the Pacific Ocean. Linked to San Francisco by the Golden Gate Bridge and to the east bay by the Richmond San Rafael Bridge, it is one of nine counties which significantly contribute to the economy of the San Francisco Bay area as an urban center. As identified in Table 4, Marin has 56 CT, of which two are considered low-income tracts, 11 moderate-income tracts, 28 middle-income tracts, 13 upper-income tracts, and two non-designated CT.

Table 4 - Demographic Information for the Marin County AA 2014						
	#	% Low	% Moderate	% Middle	% Upper	% NA
Geographies (Census Tracts)	56	3.57	19.64	50.00	23.21	3.57
Population by Geography	252,409	4.76	17.32	53.03	22.96	1.92
Owner-Occupied Housing by Geography	65,720	6.51	22.22	52.25	19.01	0.00
Businesses by Geography	33,506	4.06	14.25	54.70	26.99	0.00
Farms by Geography	702	4.56	17.38	59.40	18.66	0.00
Family Distribution by Income Level	62,241	22.40	16.40	20.36	40.84	0.00
Census Median Family Income (MFI)	112,911	Median Housing Value				816,933
FFIEC Estimated MFI: 2014	104,100	Families Below the Poverty Level				6.36
Unemployment Rate – Seasonal Unadjusted December 2014						3.4

Source: 2010 U.S. Census data and 2014 Moody's Analytics and Dun & Bradstreet data.

According to the U. S. Bureau of Labor Statistics data, the seasonally unadjusted unemployment rate for Marin County is 3.4 percent as of December 31, 2014. This compares favorably to state average of 7.1 and the national average of 5.6 percent as of December 31, 2014, respectively. The Median Housing value as of December 31, 2014 is \$816,933. The top five employers in Marin County include Kaiser Permanente,

Marin General Hospital, Fireman's Fund Insurance Company, Autodesk, and BioMarin Pharmaceutical.

SCOPE OF EVALUATION IN CALIFORNIA

Sterling has two AAs in California. San Francisco and San Mateo Counties make up one AA. The second AA includes Marin County, after Sterling opened a new branch in San Rafael in early 2014. Given the recent opening of the new branch, we performed a full-scope evaluation of the bank's San Francisco and San Mateo AA and a limited-scope evaluation of the Marin County AA. Based on the bank's activities, branch network, and market focus, we placed more weight on Sterling's performance within the San Francisco and San Mateo AA. Our evaluation is based on the bank's primary loan products of home purchase and home refinance mortgage loans. In drawing our overall conclusions, we placed equal weight on the bank's lending to borrowers of different incomes and its geographic distribution of loans. We also considered the bank's overall lending record as reflected by its NLTD ratio, lending in the assessment area, and records of CRA related complaints.

As part of this public evaluation, our analysis took into consideration information obtained from a community contact in the San Francisco and San Mateo AA. The community contact specifically indicated that the primary need is for affordable housing. Specifically, SRO units in this market are very important for low- or moderate-income residents.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA

LENDING TEST

The bank's performance under the lending test in California is rated Satisfactory. To derive our conclusions for the lending test, we considered factors affecting Sterling's ability to lend, such as the significant competition and high housing costs within the AAs. In addition, we also considered the reduction in low- and moderate-income census tracts in 2014 and percentage of households below the poverty level at 9.4 percent. We also gave consideration Sterling's newness and limited presence in the Marin County AA.

Lending to Borrowers of Different Incomes

San Francisco and San Mateo AA

Sterling's lending to borrowers of different income levels is reasonable and meets the standard for satisfactory performance.

Table 5 and Table 6 show Sterling's distribution of home mortgage loans made within the bank's AA during 2012-2014. Table 5 reflects 2012-2013 lending data, while Table 6 shows data for 2014.

Table 5 - Borrower Distribution of Home mortgage Real Estate Loans in San Francisco and San Mateo AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	2.17	1.06	8.64	13.74	16.83	30.34	62.61	52.54
Home Refinance	4.95	0.38	12.10	10.65	19.96	22.43	56.18	63.50
Total	4.41	0.91	11.43	13.01	19.35	28.50	57.43	54.70

Source: 2014 Bank HMDA Data; 2014 Peer Mortgage Aggregate Data. Total bank and peer loans without reported income equals 2.88 and 7.38 percent respectively.

The bank's lending to borrowers of different incomes in 2012-2013 is reasonable. As shown in Table 5, the bank's percentage of lending is significantly below the peer mortgage aggregate percentage for home refinance loans. However, the bank's percentages for home purchase loans are consistent with peer for lending to low-income borrowers and exceed the peer percentage for moderate-income borrowers. Additionally, the bank's percentage of lending to moderate-income borrowers is near the peer percentage for home refinance loans. From an aggregate perspective, the bank's percentages are consistent with peer mortgage aggregate percentages throughout the AA.

Table 6 - Borrower Distribution of Home mortgage Real Estate Loans in San Francisco and San Mateo AA 2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	.66	0.40	3.97	3.36	10.75	17.00	71.97	77.67
Home Refinance	3.64	3.39	8.59	8.47	15.99	16.95	60.50	68.64
Total	2.47	0.96	6.77	4.31	13.92	16.93	65.02	75.72

Source: 2014 Bank HMDA Data; 2014 Peer Mortgage Aggregate Data. Total bank and peer loans without reported income equals 2.08 and 11.82 percent respectively.

The bank's lending to borrowers of different incomes in 2014 is reasonable. As shown in Table 6, the bank's percentages are consistent with the peer mortgage aggregate percentages for both home purchase and home refinance loans to low- and moderate-

income borrowers. In aggregate, the bank’s lending is also consistent with peer mortgage aggregate percentages.

Marin County AA (Limited Scope)

Sterling’s lending to borrowers of different income levels is reasonable and meets the standard for satisfactory performance.

The following table shows Sterling’s distribution of HMDA reportable loans made during 2014 based on borrower income.

Table 7 - Borrower Distribution of Home mortgage Real Estate Loans in Marin County AA 2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	1.33	0.00	5.60	12.50	11.72	37.50	66.98	50.00
Home Refinance	3.83	0.00	7.82	20.00	14.47	20.00	60.10	60.00
Total	2.81	0.00	6.91	15.38	13.35	30.77	62.92	53.85

Source: 2014 Bank HMDA Data; 2014 Peer Mortgage Aggregate Data. Total bank and peer loans without reported income equals .00 and 14.01 percent respectively.

As table 7 above depicts, the bank did not originate or purchase any home purchase or home refinance loans to low-income borrowers in 2014. However, the bank’s percentage of lending exceeds peer for both home purchase and home refinance lending to moderate-income borrowers. As noted, Sterling recently opened its San Rafael branch in February 2014, creating this new AA. Therefore, the level of expected lending within the AA to borrowers of different incomes is reasonable.

Geographic Distribution of Loans

San Francisco and San Mateo AA

Sterling’s geographic distribution of loans provides excellent distribution and exceeds the standard for satisfactory performance.

Tables 8 and 9 show the bank’s overall geographic distribution of home purchase and home refinance mortgage loans made during 2012-2014. Table 8 is for 2012-2013, while Table 9 shows data for 2014.

Table 8 - Geographic Distribution of Home mortgage Real Estate Loans in San Francisco and San Mateo AA 2012-2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	6.33	8.46	14.70	27.17	39.37	41.01	39.60	23.36
Home Refinance	3.75	13.68	13.37	8.75	39.28	32.70	43.60	44.87
Total	4.25	9.56	13.63	23.06	39.30	39.13	42.82	28.25

Source: 2012-2013 Bank HMDA Data; 2012-2013 Peer Mortgage Aggregate Data.

The bank's geographic distribution of home mortgage loans originated or purchased in 2012-2013 is reasonable. As shown in Table 8 above, the percentage of the bank's home purchase and home refinance loans to low-income borrowers exceeds the peer mortgage aggregate percentages. In addition, the bank exceeds peer for home purchases in the moderate-income census tracts and is below peer for home refinance loans. From an aggregate perspective, the bank significantly exceeds peer for both home purchase and home refinance in the low- and moderate-income census tracts.

Table 9 - Geographic Distribution of Home mortgage Real Estate Loans in San Francisco and San Mateo Counties AA 2014								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	6.73	6.52	11.54	18.38	40.53	48.22	41.20	26.88
Home Refinance	4.28	7.62	12.64	11.02	41.34	46.61	41.74	34.75
Total	5.24	6.73	12.21	16.99	41.02	47.91	41.53	28.37

Source: 2014 Bank HMDA Data; 2014 Peer Mortgage Aggregate Data.

The bank's geographic distribution of home mortgage loans originated or purchased in 2014 is reasonable. As Table 9 above reveals, the percentage of the bank's home purchase loans is near the peer mortgage aggregate percentage in low-income tracts and exceeds the peer percentage for loans in the moderate-income tracts. Conversely, the percentage of the bank's lending in low-income tracts exceeds the peer mortgage aggregate percentage and is near peer for lending in moderate-income tracts. In total, the bank is near the peer mortgage aggregate percentage for lending in low-income CT and exceeds peer for lending in moderate-income CT.

Marin County AA

Sterling's geographic distribution of home loans reflects a reasonable distribution and meets the standard for satisfactory performance.

Table 10 shows the bank's geographic distribution of home loans within the AA originated or purchased during 2014.

Table 10 - Geographic Distribution of Home mortgage Real Estate Loans in Marin County AA 2014								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	1.46	0.00	16.87	0.00	53.84	75.00	27.84	25.00
Home Refinance	.92	20.00	16.33	20.00	56.12	40.00	26.64	20.00
Total	1.14	7.69	16.55	7.69	55.18	61.54	27.13	23.08

Source: 2014 Bank HMDA Data; 2014 Peer Mortgage Aggregate Data.

As shown in Table 10, the percentage of the bank's home refinance loans exceeded the peer percentage level in both the low- and moderate-income census tracts. However, the bank did not originate or purchase any home purchase loans. From an aggregate perspective, the bank exceeds peer in low-income census tracts and is below peer in the moderate-income census tracts. While the percentage of home purchase loans in low- and moderate income geographies is significantly lower than peer and the percentage of home refinance exceeds peer, the level of performance is considered reasonable as the bank recently opened its San Rafael branch in early 2014.

Responses to Complaints

The bank has not received any written complaints during the evaluation period related to its performance in meeting the credit and deposit needs of their assessment areas.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in California is rated Satisfactory.

Number and Amount of Community Development Loans

San Francisco and San Mateo AA

The bank originated 31 CD loans totaling \$56 million during the evaluation period. Specifically, the bank originated 21 loans in the SRO market, with the remaining 10 loans in TIC and the low- to moderate-income apartment markets. Sterling provided the loans to operators of SRO Hotels, TIC, and apartment housing organizations whose primary purposes is to provide subsidized or affordable housing to low- and moderate-income individuals.

Marin County AA

The bank was new to the Marin County AA in 2014. As such, Sterling did not originate any CD loans within this AA during the period of review.

Number and Amount of Qualified Investments

San Francisco and San Mateo AA

The bank was responsive to the CD needs of the AAs by making qualified investments in the form of donations to different non-profit organizations throughout the AA. In addition, the bank contributed to a CRA Investment Fund. During the evaluation period, Sterling made 35 qualified CD investments totaling \$1.6 million. The donations were provided to a wide-range of CD organizations involved in supporting job skills, affordable housing, economic development, and social service organizations, providing services, which benefited low- and moderate-income individuals and families.

Marin County AA

The bank has not been operating in the Marin County market for very long. However, Sterling made two qualifying CD investments totaling \$4,000 in the form of donations during the evaluation period. One donation was for economic development and another for social services.

Extent to Which the Bank Provides Community Development Services

San Francisco and San Mateo AA

The bank's level of CD services over the evaluation period reflects an adequate level of responsiveness to CD service needs. Sterling offers a full range of consumer and commercial banking products and services throughout all of its branch offices. The distribution of Sterling's branches throughout their AA is good, which offers accessibility to the bank's financial services to low- and moderate-income individuals, as well as, businesses located throughout the AA. As of the period of evaluation, Sterling had 18 branches in California. All branches are full service facilities and 14 have ATM's. Seven of the 18 branches are located in low- or moderate-income census tracts.

During the evaluation period, bank employees were involved with organizations or programs that provide financial services or education to low- and moderate-income individuals and families. In addition, bank employees served on the Board or finance committees of organizations that provide services to low- and moderate-income individuals or families. Examples of various CD services are detailed in the following paragraphs.

Bank employees serve on four Boards of non-profit organizations, two as Chairman, one as Vice-Chairman. One non-profit provides professional clothing and image counseling to low-income men, women, and young adults. A second non-profit targets the needs of low- and moderate-income children by offering after school and summer programs, as well as providing meal programs for seniors.

A total of 32 bank employees, including directors and senior management, have provided CD services to 26 organizations specializing affordable housing, economic development, revitalization, and stabilization of businesses for low- and moderate-income individuals and families. These organizations include Habitat for Humanity, Northern California Community Loan Fund and child and family service groups in the greater San Francisco area. Additionally, numerous California branches feature multi-lingual employees speaking languages such as Cantonese, Mandarin, Tagalog, Russian, Vietnamese, and Spanish. This helps the bank reach out to immigrants new to the United States, which may find communicating in English to be difficult.

Marin County AA

Sterling provides limited qualified CD services in the Marin County AA. This had a neutral impact on the service test conclusion as the bank has a limited presence and is new to the AA.

Responsiveness to Community Development Needs

The bank's CD performance is satisfactory. Responsiveness to CD needs of the AAs through CD loans, qualified investments, and qualified services is reasonable.

State Rating

State of Michigan

CRA Rating for (Michigan): Satisfactory.

The Lending test is rated: Satisfactory.

The Community development test is rated. Satisfactory.

Major factors supporting this bank's rating include:

- The distribution of home mortgage loans to low- and moderate-income borrowers is reasonable and meets the standard for satisfactory performance.
- The distribution of home mortgage loans in low- and moderate-income geographies is reasonable and meets the standards for satisfactory performance.
- The bank's performance under the CD test reflects adequate responsiveness to the community development needs of the AA.
- Sterling has not received any written complaints during the evaluation period related to its performance in meeting the credit needs of their AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MICHIGAN

Sterling has one AA in Michigan. The AA is Oakland County AA within the Detroit-Livonia-Dearborn Metropolitan Division (MD) of the Detroit-Warren-Dearborn, MI Metropolitan Statistical Area (MSA). As described in the *Description of Institution* section of this Public Evaluation, previously Sterling's sole presence was in Michigan; however, it began expanding to California in 1996. In the face of the deteriorating economy, Sterling sold all but one of its Michigan branches in 2004 and expanded its California operations. Sterling maintains its corporate headquarters in Southfield, Michigan, which includes a small branch to accommodate existing customers and employees. The branch is located in a multi-tenant office building with very limited foot traffic outside of the tenants occupying the building. Additionally, the bank does not have a loan officer in the AA and does not market in the AA for deposits or loans. Management's plan is not to increase deposits within the Michigan market. The bank is simply maintaining the remaining deposits generated when Sterling had an active Michigan branch network. As of the evaluation, the Michigan branch had 189 customers and deposits have decreased from \$12.7 million at December 31, 2013 to \$10.7 million at December 31, 2014. As such, the bank has limited lending in its Oakland County AA.

Tables 11 and 12 highlight the demographic information of the AA.

Table 11 - Demographic Information for the Oakland County AA 2012-2013						
	#	% Low	% Moderate	% Middle	% Upper	N/A
Geographies (Census Tracts)	338	5.33	14.79	36.98	42.60	0.30
Population by Geography	1,202,362	4.75	14.62	36.73	43.90	0.00
Owner-Occupied Housing by Geography	358,624	2.42	12.77	37.34	47.47	0.00
Businesses by Geography	127,603	3.56	15.08	33.81	47.55	0.00
Farms by Geography	2,676	3.44	13.98	40.88	41.70	0.00
Family Distribution by Income Level	319,254	17.80	15.97	19.61	46.62	0.00
Census Median Family Income (MFI)		75,314	Median Housing Value			\$213,702
FFIEC Estimated MFI: 2012		\$74,800	Families Below the Poverty Level			8.47%
FFIEC Estimated MFI: 2013		\$72,400	Unemployment Rate – Seasonal Unadjusted December 2013			7.1%

Source: 2010 U.S. Census data and 2013 Moody's Analytics and Dun & Bradstreet data.

Table 12 - Demographic Information for the Oakland County AA 2014						
	#	% Low	% Moderate	% Middle	% Upper	% NA
Geographies (Census Tracts)	338	5.33	14.79	36.98	42.60	0.30
Population by Geography	1,202,362	4.75	14.62	36.73	43.90	0.00
Owner-Occupied Housing by Geography	358,624	2.42	12.77	37.34	47.47	0.00
Businesses by Geography	105,959	3.44	14.98	33.49	48.09	0.00
Farms by Geography	2,301	3.13	13.86	40.90	42.11	0.00
Family Distribution by Income Level	319,254	17.80	15.97	19.61	46.62	0.00
Census Median Family Income (MFI)		75,314	Median Housing Value			213,702
FFIEC Estimated MFI: 2014		73,800	Families Below the Poverty Level			8.47
Unemployment Rate – Seasonal Unadjusted December 2014						5.4%

Source: 2010 U.S. Census data and 2014 Moody's Analytics and Dun & Bradstreet data.

As shown in Table 11, the AA consists of 338 census tracts. This is an increase from 331 census tracts as of the prior CRA examination. Within the AA, there are 18 low-income tracts, 50 moderate-income tracts, 125 middle-income tracts, 144 upper-income tracts and one non-designated census tract. The Southfield branch is located in a moderate-income census tract. Low- and moderate-income census tracts represent a combined 17.53 percent of the bank's AA, the number of households below the poverty level is 8.47 percent.

The AA's economy has remained relatively flat during this exam period. However, the AA has improved in several economic areas since the recession in the previous decade. Unemployment is down and home prices have started to rebound. However, the AA lags behind the majority of the country in several economic measures. The auto industry remains the primary driver of the regional economy. Unfortunately, improved

sales for the auto industry no longer directly translates to improved hiring as the industry continues to become less labor intensive.

According to the U. S. Bureau of Labor Statistics data, the 2013 and 2014 seasonally unadjusted unemployment rate for Oakland County was 7.1 and 5.4 percent, respectively. These compare favorably to the state average of 7.7 and 5.6 percent for 2013 and 2014. Economic conditions in Detroit and contiguous Wayne County are not strong with unemployment at 9.5 percent, as of December 31, 2013, and 7.2 percent, as of December 31, 2014. As a result, Wayne County's economic conditions have an indirect negative effect on the Oakland County AA. Automobile manufacturing and healthcare provide for a majority of the employment opportunities in the area. Beaumont Hospital is the county's largest employer as of 2013. Other major employers in the AA include Chrysler Group, LLC, General Motors Co., Trinity Health, and Henry Ford Health System. Those top five employers translate to 51.78 percent of the top 25 employers in the county. Within the AA, the highest population and economic activity centers are the cities of Troy, Farmington Hills, Rochester Hills, Pontiac, and Royal Oak.

Competition from other financial institutions in the AA is strong. Financial institutions in the AA range from local community banks to large regional and four of the largest national institutions. According to the FDIC Deposit Market Share data as of June 30, 2014, there are 33 depository institutions operating 380 offices within the county. The data also showed that Sterling ranked twenty-fourth out of 33 financial institutions in the AA, with 0.16 percent of the deposits in the area.

In assessing the bank's performance, we used OCC and bank information to identify the needs of the community. We also contacted an official from a local affordable housing agency who indicated their clients need affordable housing and some specialized lending products tailored to the LMI residents in Oakland County. Their clients include veterans, seniors, families, and single parents. The official also indicated that the demand to fund affordable housing exceeds the available funding provided to their organization in Oakland County.

SCOPE OF EVALUATION IN MICHIGAN

Sterling Bank's performance in Michigan is based on a full-scope review of its Oakland County AA. We placed less weight on the results from Michigan than we did in California for this evaluation. Michigan represents a very small percentage of the Bank's operations. As of December 31, 2014, customer deposits from the Michigan market represented \$10.7 million, or 1.12 percent of total bank deposits. Additionally, all Michigan loans total only 4.89 percent of Sterling's loan portfolio.

As part of our analysis, we took into consideration information obtained from members of the community. During our evaluation, we made one community contact in order to ascertain the level of CD opportunities available for the bank. The community contact's primary mission is the building and renovating of homes for families in need of housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN

Sterling’s overall performance in the Oakland County AA is satisfactory. Our evaluation concentrated on the bank’s primary loan products of home mortgage loans. When concluding on the bank’s performance in the Oakland County AA, we gave consideration to bank’s limited presence within the AA. In addition, we also gave consideration to management’s plan to not increase deposits and maintain the limited amount of remaining deposits from the bank’s former branch network. These factors, coupled with the significant competition, affect the bank’s ability to lend within the AA.

LENDING TEST

The bank’s performance under the lending test in the Oakland County AA is rated satisfactory. Despite the management’s plan to concentrate lending in the California market, in 2012 and 2013 the bank contacted existing fixed rate mortgage customers in the Michigan market for possible refinancing. However, the bank’s attempt to generate home mortgage business was not successful. In 2014, the bank’s attempt to lend in the Michigan market improved. As a result, the bank increased its loan volume to a reasonable level given their low deposit base. Additionally, the bank reached an agreement with the Habitat for Humanity of Oakland County to be the preferred lender for low- and moderate-income families. Going forward, management anticipates funding up to four home purchases annually under this agreement within the AA.

Lending to Borrowers of Different Incomes

Sterling’s overall lending to borrowers of different income levels is reasonable and meets the standard for satisfactory performance.

Tables 13 and 14 show Sterling’s distribution of home purchase and home refinance loans made during 2012-2014 within the Oakland County AA. Table 13 reflects data for 2012-2013 and Table 14 shows data for 2014.

Table 13 - Borrower Distribution of Home mortgage Real Estate Loans in Oakland County AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	9.18	0.00	18.08	0.00	21.81	0.00	39.35	0.00
Home Refinance	6.64	0.00	11.63	0.00	20.44	50.00	49.26	50.00
Total	7.39	0.00	13.54	0.00	20.84	50.00	46.32	50.00

Source: 2012-2013 Bank HMDA Data; 2012- 2013 Peer Mortgage Aggregate Data

As shown in Table 13, the bank’s lending in 2012-2013 to borrowers of different income levels depicts weak distribution as only two home refinance loans were made during this two-year period. One home refinance loan was to middle-income borrowers and the other to upper-income borrowers.

Table 14 - Borrower Distribution of Home mortgage Real Estate Loans in Oakland County AA 2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	6.62	0.00	17.66	0.00	21.24	0.00	41.43	100.00
Home Refinance	6.62	10.00	14.03	10.00	19.71	30.00	48.01	50.00
Total	6.62	9.09	16.00	9.09	20.54	27.27	44.44	54.55

Source: 2014 Bank HMDA Data; 2014 Peer Mortgage Aggregate Data

The bank’s lending in 2014 to borrowers of different income levels reveals reasonable distribution within the AA. As shown in Table 14, the bank is significantly below peer mortgage aggregate percentages for home purchase loans to low- and moderate-income borrowers. However, the bank exceeds the peer mortgage aggregate percentage for home refinance loans to low-income borrowers and is near peer for lending to moderate-income borrowers. From an aggregate perspective, the bank’s ratio exceeds the peer aggregate percentage for low-income borrowers and is below the peer aggregate percentage for moderate-income borrowers.

Geographic Distribution of Loans

Sterling’s overall geographic distribution of home loans is reasonable and meets the standard for satisfactory performance.

Tables 15 and 16 show the bank’s overall geographic distribution of home purchase and home refinance loans made during the 2012-2014 within the bank’s AA. Table 15 reflects lending for 2012-2013 and Table 16 shows data for 2014.

Table 15 - Geographic Distribution of Home mortgage Real Estate Loans in Oakland County AA 2012-2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	0.65	0.00	8.42	0.00	37.54	0.00	53.39	0.00
Home Refinance	0.73	0.00	6.83	0.00	34.31	50.00	58.14	50.00
Total	0.70	0.00	7.30	0.00	35.27	50.00	56.73	50.00

Source: Combined data reported under HMDA for 2012 and 2013; Combined 2012 and 2013 Peer Mortgage Aggregate Data

The distribution of home refinance and home purchase loans within the AA for 2012 and 2013 is weak. As shown in Table 15, the bank did not originate any home purchase or home refinance loans within the low- or moderate-income CT during 2012 and 2013.

Table 16 - Geographic Distribution of Home mortgage Real Estate Loans in Oakland County AA 2014								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans	% Peer Mortgage Aggregate Data	Bank % of Number of Loans
Home Purchase	.77	0.00	9.33	0.00	39.40	100.00	50.49	0.00
Home Refinance	.72	20.00	7.50	30.00	36.77	20.00	55.01	30.00
Total	.75	18.19	8.49	27.27	38.20	27.27	52.56	27.27

Source: 2014 Bank HMDA Data; 2014 Peer Mortgage Aggregate Data.

The geographic distribution of home mortgage loans to borrowers among geographies of different income levels is reasonable and meets the standards of satisfactory performance. As shown in Table 16, the bank did not originate any home purchase loans in low- or moderate-income CT during 2014. However, the bank's percentage of home refinance loans in both low- and moderate-income CT exceeded peer mortgage aggregate percentages. In aggregate, the bank's percentages of home mortgage loans exceeds peer for lending in low- and moderate-income CT.

Responses to Complaints

The bank has not received any written complaints during the evaluation period related to its performance in meeting the credit and deposit needs of the AA.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Michigan is rated satisfactory.

Number and Amount of Community Development Loans

The bank originated five CD loans totaling \$3.73 million during the evaluation period. Sterling originated three multi-family apartment loans and originated two qualified SBA loans. The loans qualified as affordable housing credit and economic development.

Number and Amount of Qualified Investments

The bank was responsive to the CD needs of the AA by making qualified investments in the form of donations to different non-profit organizations. In addition, the bank contributed to a CRA Investment Fund. During the evaluation period, Sterling made 20 qualified CD investments totaling \$513,799. The donations were provided to a wide-range of CD organizations involved in supporting job skills, affordable housing, economic development, and social service organizations providing services, which benefited low- and moderate-income individuals and families.

Extent to Which the Bank Provides Community Development Services

The bank's performance for providing CD services is reasonable. Sterling's branch office is located in a moderate-income CT. Sterling has utilized the FHLB Affordable Housing Program to assist two Habitat for Humanity low-income Oakland County borrowers with a \$5,000 down payment assistance grant. Sterling anticipated several more grant applications from Habitat in 2015. Employees participate in Junior-Achievement, allowing them to provide financial education to elementary and secondary education students located in low- and moderate-income school districts within the area.

Responsiveness to Community Development Needs

The bank's CD performance is satisfactory. Responsiveness to CD needs of the AAs through CD loans, qualified investments, and qualified services is reasonable.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: 01/01/12 to 12/31/14 Community Development Test: 07/24/12 to 03/30/15	
Financial Institution	Products Reviewed	
Sterling Bank & Trust, FSB (Sterling) Southfield, Michigan	Home Mortgage	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Michigan Oakland County	Full-Scope	
State of California San Francisco County San Mateo County	Full-Scope Full-Scope	
State of California Marin County	Limited-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Sterling Bank & Trust, FSB	Satisfactory	Satisfactory	Satisfactory
California	Satisfactory	Satisfactory	Satisfactory
Michigan	Satisfactory	Satisfactory	Satisfactory