



PUBLIC DISCLOSURE

JANUARY 7, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sterling Bank and Trust, FSB
Charter Number 708028

One Towne Square
Southfield, MI 48706

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Northern Ohio Field Office
200 Public Square Suite 1610
Cleveland, OH 44114-2301

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, and should not 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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Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Satisfactory**”

The following table indicates the performance level of Sterling Bank and Trust, FSB with respect to the Lending, Investment, and Service Tests:

Performance Levels	Sterling Bank and Trust, FSB Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

*The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The institution’s overall lending activity within the state of California is good, but within the state of Michigan is poor.
- The institution’s distribution of home mortgage loans among geographies of different income levels is adequate overall. Its geographic distribution of home mortgage loans throughout its assessment areas (AAs) in California is good, while it did not originate or purchase a sufficient number of home mortgage loans in its Michigan AA to allow for analysis and conclusions regarding its performance in that state.
- The institution’s distribution of home mortgage loans among borrowers of different income levels is adequate overall. Its borrower distribution of home mortgage loans throughout its assessment areas (AAs) in California is adequate, while it did not originate or purchase a sufficient number of home mortgage loans in its Michigan AA to allow for analysis and conclusions regarding its performance in that state.
- Overall, the institution has made an adequate level of community development (CD) loans. Its CD lending performance in California has been good, while its performance in Michigan has been poor.
- The institution has made a good level of qualified CD investments.
- Overall, the institution maintains a branch distribution system that is accessible to geographies and individuals of different income levels, and the institution provides an adequate level of CD services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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.

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, which 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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and home refinance, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central-county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent 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 percent and less than 80 percent, in the case of a geography.

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

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have

original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

Sterling Bank and Trust, FSB (Sterling or bank) is a full service interstate bank headquartered in Southfield, Michigan. As of December 31, 2017, the bank had \$2.96 billion in total assets. The bank is a wholly-owned subsidiary of Sterling Bancorp, Inc., which is also headquartered in Southfield, Michigan, and it has two active subsidiaries. The subsidiaries include Eagle Investment Services Corporation, which offers non-deposit investment and insurance sales products, and Sterling Service Corporation, which holds investments in securities and other assets. As of December 31, 2017, the bank's Tier-One capital totaled \$241 million.

Sterling initially began operations in Michigan. However, in 1994, the bank established its first branch in San Francisco, California. In 2004, the bank made a strategic decision to sell all of its Michigan branches other than one in Southfield, Michigan, and concentrate on the California market. By 2017, the bank operated a total of 19 branch offices in the San Francisco area. Michigan operations remain unchanged, with only one branch office located in Southfield, Michigan that has remained open to accommodate existing customers and employees. The branch is located in the same multi-tenant office building as the bank's headquarters, and experiences very limited foot traffic. Management does not focus on increasing deposits within the Michigan market, and only plans to maintain the retail deposits that were generated when Sterling had an active Michigan branch network. Based on June 30, 2017, Federal Deposit Insurance Corporation (FDIC) Deposit Market Share data, Sterling's Southfield branch had \$75 million in deposits as of that date, compared to \$128 million as of June 30, 2016. However, as of December 31, 2017, based on internal bank reports, only \$9.8 million of the branch deposits were retail deposits. The other deposits were allocated by the bank to the branch, and were primarily either deposits for holding escrow funds, brokered certificates of deposit, or other holding company funds. As such, the bank has a limited presence in Michigan as well as a limited volume of lending within its Oakland County AA. As part of the bank's plan to concentrate its operations in California, it continues to open new branches in that state. In 2015, the bank opened a branch office in Cupertino, California, which is located in its Santa Clara AA. In mid-2015, the bank began to expand into its Los Angeles AA, beginning with a branch in Alhambra (located in Los Angeles County). In 2016, it opened branches in Arcadia and La Puente, California, and in 2017 it opened a branch in Irvine, California (all in the Los Angeles AA). See each *State Rating* section and *Appendixes C* and *D* for additional details regarding the bank's operations within the California and Michigan markets.

Sterling's primary lending focus is home mortgage loans, and specifically home purchase and home refinance home loans. The bank offers adjustable rate mortgage loans as well as conforming fixed-rate home mortgage loans. In order to help meet the credit needs in high-cost housing markets in California, the bank offers two "niche" home mortgage products, its Sterling Advantage Home Loan and Tenants-in-Common ("TIC") loans. The Sterling Advantage loan program is offered to home buyers who have good credit, but a limited credit history. Sterling Advantage loans represented a majority of the bank's home mortgage loan portfolio as of December 31, 2017. The TIC loan program offers loans in instances where two or more people co-own real estate without the right of survivorship, and each owns an agreed-upon percentage of the property. In the San Francisco AA, TIC is most often used to refer to a

special arrangement where two or more individuals own a unit in a building before that building converts to a condominium (condo).

As of December 31, 2017, Sterling's loan portfolio represented 92.02 percent of its total assets. Within the loan portfolio, 82.92 percent of loans were 1-4 family closed-end residential mortgage loans, 7.10 percent were residential and other construction loans, 2.25 percent were multi-family dwelling loans, 7.08 percent were commercial loans, and 0.65 percent were home equity lines of credit. Other types of loans make up the small remainder of the portfolio.

Sterling provides a wide variety of deposit accounts for both individuals and businesses. For individuals, this includes checking accounts, money market accounts, savings accounts, certificates of deposit, and individual retirement accounts. The bank also offers the Sterling Senior Club to senior citizens over age 55. Free services include online banking, voice banking, mobile banking, and bill pay. For businesses, the bank offers checking accounts, money market accounts, savings accounts, and certificates of deposit, with free online banking and merchant services.

Sterling did not acquire any financial institutions during the evaluation period. Branch activity was limited to branch openings and one branch closure. No financial or legal impediments hindered Sterling's ability to address community needs during the evaluation period. The last CRA performance evaluation of the bank was performed as of March 30, 2015, and resulted in a "Satisfactory" rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated Sterling's CRA performance using the Large Bank CRA procedures. The Large Bank CRA procedures include a lending test, investment test, and service test.

For the lending test, we evaluated the bank's performance based on home purchase and home refinance lending (i.e. home mortgage lending) and community development lending. The home mortgage loans used in the lending test were reported by the bank under the Home Mortgage Disclosure Act (HMDA). The evaluation period for the lending test is January 1, 2015 through December 31, 2017. Under the lending test, we performed a separate analyses of the 2017 data from the 2015 through 2016 data. This is due to the changes instituted by the FFIEC, which utilized American Community Survey (ACS) data for the FFIEC-published census data. The change became effective as of January 1, 2017. The change from ACS data resulted in updated demographic information related to population and housing. The ACS also resulted in changes to the income designations of some census tracts (CTs). The 2015 through 2016 analysis period will receive more weight than the 2017 analysis period, as this period represents a larger portion of the bank's lending activity. Sterling did not change their lending strategy during the two analysis periods. We will also place more weight on Sterling's performance within the San Francisco AA, as this is where the bank has the largest presence as well as lending and deposit volume. The bank has also been primarily focused in the San Francisco AA for the entire review period. Whereas, the bank just began expansion into the Los Angeles and Santa Clara AAs starting in 2015 through 2017. The Michigan market is not a

focus area for the bank. As described in *Description of Institution*, the bank's strategic plan during the review period was to concentrate its operations in the California market.

The evaluation period for community development (CD) loans, the investment test, and the service test is March 31, 2015 through December 31, 2017. This represents the time from the last period of review for CD activities to the end of this evaluation period.

Data Integrity

We tested the accuracy of Sterling's reported HMDA data, and determined it to be accurate. We also reviewed the appropriateness of the bank's CD activities provided for consideration during our evaluation. This included testing of CD loans, investments, and services submitted by the bank to determine if they met the regulatory definition for qualified CD activities. Only those activities meeting the regulatory definition were considered in this evaluation.

Selection of Areas for Full-Scope Review

In each state where Sterling has an office, a sample of AAs within that state was selected for full-scope reviews. Full-scope reviews consider performance context, quantitative factors, and qualitative factors. In general, the AAs selected for the full-scope review were chosen because they represented a significant portion of the bank's deposit base and lending business in that state. The remaining AAs in each state were analyzed using limited-scope procedures. Limited-scope procedures consider quantitative factors only. Refer to the *Scope of Evaluation* section under each state rating section for details regarding how we selected the areas for full-scope reviews.

Ratings

Sterling's overall rating is a blend of the California and Michigan state ratings. However, when developing our overall conclusions and rating, we placed most weight on the bank's performance in California because a significant majority of the bank's deposits, reported loans, and qualified investments are from California.

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.

By product type, we evaluated the bank's performance based on its primary lending focus, which is home mortgage loans. Home mortgage loans are comprised of the total number of home purchase and home refinance loans originated or purchased during the review period. Though the bank offers small loans to businesses, other commercial loans, home equity, and home equity lines of credit, these are not a lending focus of the bank. Additionally, the bank does not offer consumer or farm related loans. Therefore, we did not assess Sterling's performance based on small loans to businesses, commercial, home equity, home equity lines of credit, consumer or farm loans as an analysis of this data would not be meaningful.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of California

CRA Rating for (name of state)¹: **Satisfactory**

The lending test is rated: High-Satisfactory

The investment test is rated: High-Satisfactory

The service test is rated: Low-Satisfactory

The major factors that support this rating include:

- The bank's overall lending activity in the state of California is good.
- The bank's overall geographic distribution of home mortgage loans is good.
- The bank's overall distribution of home mortgage loans by income level of borrower is adequate.
- The bank has originated a good level of CD loans.
- The bank has made a good level of qualified CD investments.
- The bank's branch distribution is readily accessible throughout the San Francisco and Los Angeles AAs. The bank also had an adequate level of CD services that were responsive to the community needs in the San Francisco AA. However, the level of CD services in the Los Angeles AA is poor.

Description of Institution's Operations in California

California is Sterling's most significant rating area, with approximately 96 percent of the bank's deposits and 99 percent of the loans reported by the bank during the evaluation period. The bank offers a full range of mortgage loans as well as deposit products and services in California, through a branch network that is limited compared to other depository institutions operating in the state. As of December 31, 2017, the bank operated a branch network of 20 offices in northern California, and four (4) in southern California. Lending products included home mortgage, commercial, and home equity loans, as well as home equity lines of credit.

According to the FDIC's June 30, 2017, deposit market share data, Sterling's statewide deposits totaled \$1.76 billion, which resulted in a ranking of 53rd out of 217 financial institutions, and a 0.13 percent market share.

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Sterling has two AAs in California that received full-scope reviews. The first AA is located within the San Francisco-Oakland-Hayward, CA MSA (San Francisco AA), and the second is within the Los Angeles-Long Beach-Anaheim, CA MSA (Los Angeles AA). According to the June 30, 2017, FDIC deposit market share report, the bank's branch offices in the San Francisco AA had \$1.36 billion in deposits. As a result, the bank ranked 18th out of 71 financial institutions, with a 0.38 percent market share. In the Los Angeles AA, Sterling had \$386 million in deposits, ranked 64th out of 125 financial institutions, and had a 0.07 percent deposit market share.

Refer to the community profiles for the state of California in *Appendix C* for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in California

For the state of California, we completed full-scope reviews for the San Francisco and Los Angeles AAs, and a limited-scope review for the Santa Clara AA. Sterling's performance in the San Francisco AA is weighted most heavily in arriving at the overall conclusion for the state, as this was the bank's original California market and it provides the largest share of loans and deposits for the bank. Of the loans that were originated by the bank in California from 2015 through 2017, 65.92 percent were originated or purchased in the San Francisco AA, 26.67 percent were in the Los Angeles AA, and 7.41 percent were in the Santa Clara AA. Based on the FDIC's 2017 deposit market share report, out of the bank's deposits in California, 76.85 percent were in the San Francisco AA, 21.86 percent were in the Los Angeles AA, and 1.29 percent were in the Santa Clara AA. The San Francisco AA also has the most branch offices within the state. The California state rating is based primarily on the results of the areas that received full-scope reviews.

In drawing our conclusions of the bank's performance in the state of California, we considered information from four community contacts in the San Francisco AA and three community contacts in the Los Angeles AA.

Refer to the community profiles for the state of California in *Appendix C* for detailed demographics and other performance context information for AAs that received full-scope reviews. Additionally, refer to the table in *Appendix A: Scope of Examination* for additional information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in California is rated "High-Satisfactory." Based on full-scope reviews, the bank's performance in the San Francisco AA is good and in the Los Angeles AA is adequate.

Lending Activity

Refer to *Table 1: Lending Volume in the State of California* section of *Appendix D* for the facts and data used to evaluate Sterling's lending activity.

Sterling's lending activity in the San Francisco and Los Angeles AAs is good. In drawing our conclusions, we considered that the bank's operations are focused on home purchase and home refinance mortgage lending. In addition, for the bank's lending activity in the Los Angeles AA, we gave consideration to the fact that the bank is newer to the Los Angeles market, and opened its first branch in the AA in 2015. Given the bank's overall mortgage loan volume, its lending activity is commensurate with its local deposit presence in each AA, especially when considering the large number of lenders operating in each AA compared to depository institutions with branch offices.

San Francisco AA

Based on the June 30, 2017, FDIC deposit market share data for the San Francisco AA, Sterling ranked 18th among 71 depository institutions, with a 0.38 percent market share. According to 2017 aggregate lending data, Sterling ranked 25th in overall home purchase and home refinance mortgage originations among 636 lenders, with a 0.65 percent market share.

Los Angeles AA

Based on the June 30, 2017, FDIC deposit market share data for the Los Angeles AA, Sterling ranked 64th among 125 depository institutions, with a 0.07 percent market share. According to 2017 aggregate lending data, Sterling ranked 32nd in overall home purchase and home refinance mortgage originations among 702 lenders, with a 0.65 percent market share.

Distribution of Loans by Income Level of the Geography

Sterling's geographic distribution of loans is good. This conclusion is based on the bank's excellent record of lending throughout the San Francisco AA, and good record of lending throughout the Los Angeles AA. In drawing our conclusion, we considered the level of competition within the AAs. In regards to the Los Angeles AA, we also gave consideration to the fact that the bank did not establish a presence in the AA until 2015, and then expanded its operations and increasing its deposit market share throughout 2016 and 2017.

Home Purchase and Home Refinance Mortgage Loans

Overall, Sterling's geographic distribution of home purchase and home refinance mortgage loans is good.

Refer to Tables 1 and 2 in the *State of California* section of *Appendix D* for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

San Francisco AA

Sterling's geographic distribution of home mortgage loans from 2015 through 2016 in the San Francisco AA is excellent. Despite the level of competition within the AA, the percentage of the bank's loans within the AA that were originated in low- and moderate-income CTs exceeded both the percentage of the AA's owner-occupied housing units in those CTs, and the percentage of aggregate lending that occurred in those CTs. The bank's geographic distribution of home mortgage loans in 2017 is also excellent. Again, the percentage of the bank's loans within the AA that were originated in low- and moderate-income CTs exceeded both the percentage of the AA's owner-occupied housing units in those CTs, and the percentage of aggregate lending that occurred in those CTs.

Los Angeles AA

Sterling's geographic distribution of home mortgage loans in the Los Angeles AA is good. The percentage of the bank's loans within the AA that were originated in low- and moderate-income CTs was significantly below both the percentages of the AA's owner-occupied housing units in those CTs, and the percentage of aggregate lending that occurred in those CTs, during 2015 and 2016. However, the bank had just entered the market in 2015, and continued to expand its operations and increase deposits throughout 2016 and 2017. Furthermore, lending opportunities in the low-income CTs was limited, as only 3.32 percent of the AA's owner-occupied housing units are in low-income CTs.

Sterling's lending performance in the AA improved in 2017, with the bank originating or purchasing 816 home purchase and home refinance loans during the year, compared to 542 in 2015 and 2016. As a result, the percentage of the bank's loans within the AA that were originated in low- and moderate-income CTs exceeded the percentage of the AA's owner-occupied housing units in those CTs, was near the percentage of aggregate lending that occurred in the low-income CTs, and exceeded the percentage of aggregate lending that occurred in moderate-income CTs.

Lending Gap Analysis

We analyzed Sterling's home mortgage and refinance activity reports and maps over the evaluation period to identify any gaps in its geographic distribution of loans. We did not identify any conspicuous or unexplained gaps, and the bank's AAs consist of whole geographies that meet the requirements of the CRA regulation and do not arbitrarily exclude any low- or moderate-income areas.

Inside/Outside Ratio

A majority of both the number and dollar amount of Sterling's loans that were originated or purchased during the evaluation period were within the bank's AAs. This is considered good, considering the markets the bank is operating in and its business strategy. Overall, 82.76 percent of the number of loans and 87.08 percent of the dollar amount of loans were within the bank's AAs. These calculations were performed on a bank-wide basis. This record lending within the bank's AAs was considered a positive factor when drawing conclusions relative to the bank's overall lending performance and geographic distribution of loans.

Distribution of Loans by Income Level of the Borrower

Sterling's overall distribution of home mortgage loans to borrowers of different income levels is adequate.

In drawing our conclusion within the San Francisco and Los Angeles AAs, we gave consideration for the level of competition within both markets. We also gave significant consideration to difficulty that both low-income borrowers and households living below the poverty level have in affording homes in either AA. As shown in demographic tables in *Appendix C*, the median housing values in 2016 for the San Francisco and Los Angeles AAs were \$649,463 and \$548,515, respectively. In 2017, the median housing values were slightly lower at \$648,815 for the San Francisco AA and \$519,162 for the Los Angeles AA. As a result, opportunities to lend to low-income individuals would be limited. In regards to the Los Angeles AA, we also gave added consideration to the fact that that the bank did not establish a presence in the AA until 2015.

Home Purchase and Home Refinance Mortgage Loans

Sterling's overall distribution of home mortgage loans to borrowers of different income levels is adequate.

Refer to Tables 1 and 3 in the *State of California* section of *Appendix D* for the facts and data used to evaluate the bank's distribution of home mortgage loans (originations and purchases) to borrowers of different income levels.

San Francisco AA

Sterling's borrower distribution of home mortgage loans in the San Francisco AA is adequate. While the bank's percentage of home mortgage loans to low- and moderate-income borrowers during 2015, 2016, and 2017 was well below the percentage of low- and moderate-income families in the AA, the level of competition as well as the high cost of homes within the AA limited the bank's opportunities to lend to this segment of the population. This is also apparent in aggregate lending data. Specifically, the bank's percentage of home mortgage loans to low-income borrowers was only slightly below the aggregate lending percentage to low-income borrowers, and its percentage of home mortgage loans to moderate-income borrowers was comparable to aggregate lending percentage to moderate-income borrowers. Furthermore, the bank's overall market share for home mortgage lending to low- and moderate-income borrowers in 2016 and 2017 was 0.48 percent and 0.52 percent, respectively, with the bank ranking 46th out of 428, and 40th out of 403, home mortgage lenders in the AA.

Los Angeles AA

Sterling's borrower distribution of home mortgage loans in the Los Angeles AA is adequate. While the bank's percentage of home mortgage loans to low- and moderate-income borrowers during 2015, 2016, and 2017 was well below the percentage of low- and moderate-income families in the AA, the bank only entered this market in 2015, and its performance improved in 2017 compared to 2015 and 2016. Specifically, 0.61 percent of the bank's home mortgage loans were to low-income borrowers in 2017, compared to 0.0 percent in 2015 and 2016. The

bank's percentage of home mortgage loans to moderate-income borrowers in 2017 was near the aggregate lending percentage to moderate income borrowers, compared to 2015 and 2016 when the bank's percentage of home mortgage loans to moderate-income borrowers was significantly below the aggregate lending percentage of loans to moderate-income borrowers. The level of competition and the high cost of homes within the AA also affected the bank's ability to lend to low- and moderate-income borrowers. The bank's overall market share for home mortgage loans to low- and moderate-income borrowers also improved from 2016 to 2017. In 2016, the bank's market share was 0.01 percent, with the bank ranking 369th out of 420 lenders in the AA. In 2017, the bank's market share increased to 0.37 percent, with the bank ranking 53rd out of 406 lenders.

Community Development Lending

Refer to *Table 1: Lending Volume in the State of California* section of *Appendix D* for the facts and data used to evaluate Sterling's level of community development lending. This table includes all CD loans.

Sterling originated a good level of CD loans, which had a positive impact on its overall lending performance in the AAs. In drawing our conclusion, we gave consideration to the level of competition in each AA. We also gave consideration to the fact that the bank only entered the Los Angeles AA in 2015. As a result of the bank's later entrance into the Los Angeles AA, we placed more weight on the bank's CD lending activities within the San Francisco AA.

San Francisco AA

Sterling's CD lending performance in the San Francisco AA is excellent. The bank made 26 CD loans within the AA during the evaluation period, totaling approximately \$69 million. All of our community contacts indicated the need for affordable housing within the AA, and a majority of the CD loans originated by the bank were for multi-family rental units with rents affordable to low- and moderate-income individuals. Some of the bank's CD loans also supported revitalization efforts in low- and moderate-income geographies.

Los Angeles AA

Sterling's CD lending performance in the Los Angeles AA is poor. The bank only made one CD loan within the AA during the evaluation period, totaling approximately \$1.7 million. The purpose of the loan was for affordable housing, which was identified by community contacts as a community development need within the AA.

Product Innovation and Flexibility

While Sterling offers a limited portfolio of credit products, its loans are considered flexible. The bank has two primary products identified for underserved borrowers. The first is the Sterling Advantage loan, which the bank states is for buyers with limited credit histories. The Sterling Advantage loan is an adjustable rate loan that requires a 35 percent down payment. The second is Sterling's Tenants-in-Common (TIC) loan, which is for individuals who join into a purchase contract with other owners of a dwelling, for the purpose of owning a percentage of the property. This allows buyers who cannot afford the expense of a home to more easily enter into the housing market.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, Sterling's CD performance under the lending test in the Santa Clara AA is adequate, and consistent with the bank's overall lending performance in the Los Angeles AA. However, it is not consistent with the bank's overall lending performance in the San Francisco AA, which is the bank's strongest market. In drawing our conclusion, we gave consideration to the fact that the bank only entered the AA in 2015, as well as to its limited presence in the AA. We also gave consideration of the strong level of competition within the AA. Refer to Tables 1 through 3 and 11 in the *State of California* section of *Appendix D* for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Sterling's performance under the investment test in California is rated "High-Satisfactory." Based on full-scope reviews, the bank's performance in the San Francisco AA is good, and in the Los Angeles AA adequate. In drawing our overall conclusion, more weight was placed on the bank's performance within the San Francisco AA.

Refer to Table 10 in the *State of California* section of *Appendix D* for the facts and data used to evaluate Sterling's level of qualified investments.

San Francisco AA

Sterling's CD investment performance in the San Francisco AA is good, based on the level of investments and meeting the CD needs of the AA. During the evaluation period, the bank made approximately \$2.5 million in qualifying CD investments in the AA, which equated to one percent of the bank's allocated Tier-One capital. The investments primarily focused on affordable housing and social services, which were identified by our community contacts as primary needs within the AA. The qualified investments included 36 separate donations totaling \$174,708 to organizations providing affordable housing and social services within the AA, and eight mortgage-backed securities totaling approximately \$2.3 million to help provide affordable housing. None of the investments demonstrated innovation or complexity.

Los Angeles AA

The bank's performance in the AA is adequate, which is based on the level of investment made and responsiveness to the CD needs of the AA. During the evaluation period, Sterling and its affiliate, The Seligman Family Foundation, made qualifying CD investments in the Los Angeles AA totaling approximately \$1.6 million, which represents 0.65 percent of tier-one capital. The bank began operations in the AA in 2015 and increased investments yearly during the evaluation period of 2015 to 2017. The investments focused on affordable housing and community services, which were identified by community contacts as the principal needs of the AA. The investments included \$1.5 million in a mortgage-backed security which provided mortgage loans to low- and moderate-income families within the AA. In addition, the institution and foundation made 24 separate donations to 12 different organizations totaling \$60,175. None of the investments demonstrated innovation or complexity.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, Sterling's performance under the investment test in the Santa Clara AA is inconsistent with the bank's overall "High-Satisfactory" performance under the investment test in California, and is considered poor. In the Santa Clara AA, the bank's performance is weaker than the bank's overall performance in the state and the AAs receiving full-scope reviews. During the evaluation period, the bank made one qualified investment totaling approximately \$223,000, or 0.10 percent of Tier-One capital. Refer to the Table 10 in the *State of California* section of *Appendix D* for the facts and data that support these conclusions.

SERVICE TEST

Sterling's performance under the Service Test in California is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the San Francisco AA and the Los Angeles AA is adequate.

Retail Banking Services

Refer to Table 11 in the *State of California* section of *Appendix D* for the facts and data used to evaluate the distribution of the bank's branch delivery system, and branch openings and closings.

San Francisco AA

Sterling's distribution of branch offices in the San Francisco AA is good. Branches are readily accessible to all portions of the AA, particularly low- and moderate-income individuals, when considering branches that are in or in close proximity to low- or moderate-income geographies. Overall, systems for delivering retail banking services are good. As of December 31, 2017, the bank operated 19 offices in the AA, including two in low-income census tracts and four in moderate-income census tracts. During the evaluation period, the bank opened two branch offices and closed one branch office in the AA. Branch office hours and the level of services available do not vary in ways that inconvenience any portions of the bank's AA, including low- and moderate-income CTs and individuals.

Los Angeles AA

Sterling's distribution of branch offices in the Los Angeles AA is adequate. Branches are reasonably accessible to all portions of the AA, including low- and moderate-income individuals. The bank operates four branches within the AA, with all four opened during our evaluation period. While the bank does not have any offices located in low-income CTs, it has one branch in a moderate-income CT. Of the other three branch offices, one is located in a middle-income CT and two are in upper-income CTs. Branch office hours and the level of services available do not vary in ways that inconvenience any portions of the bank's AA, including low- and moderate-income CTs and individuals.

Statewide Services

Sterling compliments its traditional branch service delivery methods with certain alternative delivery processes. While the bank does operate a network of ATM's within the state, none are located in the Los Angeles AA. However, the bank offers limited ATM fee reimbursement on its free checking account product. Furthermore, bank offers alternative delivery systems including online and mobile banking platforms. The bank's free mobile banking and online banking services offer options such as online bill pay, remote deposit, funds transfer, and electronic statements. These delivery systems did not impact our conclusions regarding the accessibility of the bank's delivery systems, as information was not available to determine the impact on serving the low- and moderate-income segments of the community.

Community Development Services

San Francisco AA

Given that the San Francisco AA is Sterling's primary market, the bank's CD services performance in the San Francisco AA is poor. During the evaluation period, the bank's officers and staff participated in a total of seven qualifying events. The following are examples of the qualifying CD services provided:

- A bank officer serves on a Board, as well as on the Development and Finance Committees, of an organization that provide social service programs to improve the lives of low- and moderate-income individuals and after school and summer programs for children.
- A bank officer serves on a city committee overseeing the review and approval of HUD section 108 business loans.
- Seven bank employees served participated in an organization's objective of providing a housing fair that connected area low- and moderate-income residents to free and low-cost resources, assisting them in pursuing affordable housing opportunities.

Los Angeles AA

Sterling's CD services performance in the Los Angeles AA is poor. The bank did not provide any qualified CD services in the AA during our evaluation period.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Santa Clara AA is not consistent with the bank's overall "Low Satisfactory" performance under the service test in California. The bank's branch is not located in or near a low- or moderate-income tract, and the bank had no qualifying CD activities in the AA during the evaluation period. Refer to Table 15 in the *State of California* section of *Appendix D* for the facts and data that support these conclusions.

State Rating

State of Michigan

CRA Rating for (name of state)²: Needs to Improve

The lending test is rated: Needs to Improve

The investment test is rated: Low-Satisfactory

The service test is rated: Low-Satisfactory

The major factors that support this rating include:

- The bank's overall lending activity in the state of Michigan is poor.
- The bank did not make any qualifying CD loans in the state during the evaluation period.
- The bank did not originate or purchase a sufficient number of loans in order for us to analyze its distribution of home mortgage loans by borrower income level or geography income level, or to conclude on its related performance.
- The bank made an adequate level of qualified CD investments in the state.
- The bank's branch office in the state is reasonably accessible, and located in a moderate-income CT. The bank also provides an adequate level of CD services.

Description of Institution's Operations in Michigan

Sterling and its holding company are headquartered in Southfield, Michigan. The bank only operates one branch within the state, but offers a full range of loan and deposit products as well as banking services. The bank has one AA in the state of Michigan, the Oakland County AA, which is within the Detroit-Livonia-Dearborn, MI Metropolitan Division (MD) of the Detroit-Warren-Dearborn, MI MSA. Lending products include residential home mortgage, commercial real estate, construction, and business loans, and commercial lines of credit.

Sterling's operations in the state of Michigan remained unchanged during the evaluation period. As described in the *Description of Institution* section of this report, the bank has a limited presence in the state of Michigan and within its Oakland County AA. Its Michigan deposit base has declined significantly over the evaluation period, from \$134.7 million as of June 30, 2015, FDIC market share data, to \$75.2 million as of June 30, 2017, FDIC market share data. As of June 30, 2017, Sterling ranked 102nd out of 126 insured depository institutions for deposits in the state, with a 0.04 percent of market share, and 21st out of 26

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

insured depository institutions within the AA, with a 0.14 percent of market share. In addition, a total of \$65.2 million of deposits the bank holds within the state represent brokered deposits, bank holding company funds, or escrow account funds. Only approximately \$9.8 million are retail consumer deposits. The bank does not actively market or advertise in the state of Michigan or the Oakland County AA. The branch in the AA is primarily maintained for legacy customers and bank employees.

Refer to the community profiles for the state of Michigan in *Appendix C* for detailed demographics and other performance context information for the Oakland County AA.

Scope of Evaluation in Michigan

Oakland County is Sterling's only AA within the state of Michigan, and received a full-scope review. The bank's presence in the state is very limited, with approximately four percent of the bank's total deposits and less than one percent (by number) of its total home mortgage loans originated or purchased during the review period.

Michigan ratings are based on conclusions reached for performance in the Oakland County AA. In drawing conclusions relative to Sterling's performance, we took into consideration the bank's business plan, deposit profile, demographic information, and information obtained from one community contact. Based on the bank's limited presence and operations in the state of Michigan, we placed limited weight on the bank's performance in the state of Michigan in determining the bank's overall CRA rating.

Refer to the community profiles in *Appendix C* for information including identified needs.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Sterling's performance under the lending test in Michigan is rated "Needs to Improve." Based on a full-scope review, the bank's performance in the Oakland County AA is poor.

Lending Activity

Refer to Table 1: *Lending Volume in the State of Michigan* section of *Appendix D* for the facts and data used to evaluate the bank's lending activity.

Sterling's lending activity within the Oakland County AA is poor. In drawing our conclusion, we considered the bank's limited presence in the AA, as well as its business strategy. The bank only operates one branch in the AA, and does not actively market in the AA. Based on the June 30, 2017, FDIC deposit market share data for the Oakland County AA, the bank ranked 21st in deposits among 29 depository institutions, with a 0.14 percent share of the deposit market. However, Sterling only originated or purchased 13 home mortgage loans during the period of January 1, 2015, to December 31, 2016, and only 18 home mortgage loans during the period of January 1, 2017, to December 31, 2017. According to 2017 aggregate mortgage

lending data, Sterling ranked 155th in overall home purchase and home refinance mortgage originations among 429 lenders, with a 0.05 percent market share.

Distribution of Loans by Income Level of the Geography

Home Purchase and Home Refinance Mortgage Loans

We did not analyze Sterling's distribution of home mortgage loans by geography income level, because the bank did not originate or purchase a sufficient number of loans during 2015, 2016, and 2017 to allow for meaningful analysis. Refer to Tables 1 and 2 in the *State of Michigan* section of *Appendix D* for facts and data regarding geographic distribution of the bank's home mortgage loan originations and purchases.

Lending Gap Analysis

We analyzed Sterling's home mortgage and refinance activity reports and maps over the evaluation period to identify any gaps in its geographic distribution of loans. We did not identify any conspicuous or unexplained gaps, and the bank's AAs consist of whole geographies that meet the requirements of the CRA regulation and do not arbitrarily exclude any low- or moderate-income areas.

Inside/Outside Ratio

A majority of both the number and dollar amount of Sterling's loans that were originated or purchased during the evaluation period were within the bank's AAs. This is considered good, considering the markets the bank is operating in and its business strategy. Overall, 82.76 percent of the number of loans and 87.08 percent of the dollar amount of loans were within the bank's AAs. These calculations were performed on a bank-wide basis. This record lending within the bank's AAs was considered a positive factor when drawing conclusions relative to the bank's overall lending performance and geographic distribution of loans.

Distribution of Loans by Income Level of the Borrower

Home Purchase and Home Refinance Mortgage Loans

We did not analyze Sterling's distribution of home mortgage loans by borrower income level, because the bank did not originate or purchase a sufficient number of loans during 2015, 2016, and 2017 to allow for meaningful analysis. Refer to Tables 1 and 3 in the *State of Michigan* section of *Appendix D* for facts and data regarding borrower distribution of the bank's home mortgage loan originations and purchases.

Community Development Lending

Refer to *Table 1: Lending Volume in the State of Michigan* section of *Appendix D* for the facts and data used to evaluate Sterling's level of community development lending. This table includes all CD loans.

Sterling's community development lending performance in its Oakland County AA is poor. While CD lending opportunities exist in the Oakland County AA, Sterling did not make any community development loans in in the AA or the state of Michigan during the evaluation period.

Product Innovation and Flexibility

Sterling did not offer any products that were considered innovative or flexible in the AA or the state of Michigan.

Conclusions for Areas Receiving Limited-Scope Reviews

Sterling did not have any areas receiving limited-scope reviews in the state of Michigan. The bank only operates one branch in the state, and the bank's only AA in the state received a full-scope review.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Sterling's performance under the investment test in Michigan is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Oakland County AA is adequate.

Despite its low volume of investments, Sterling's responsiveness to the AA's CD needs was adequate given the bank's limited presence within the AA. During the evaluation period, the bank made qualifying CD investments in the Oakland County AA totaling \$561,200, which represented 0.23 percent of the bank's Tier-One capital as of December 31, 2017. Investments were focused largely on affordable housing, social services, and financial literacy, which were mentioned by our community contact as the primary needs in the AA. The investments included \$506,450 in a mortgage-backed security which provided mortgage loans to low- and moderate-income borrowers. In addition, the bank and foundation made 18 separate donations to nine different organizations totaling \$54,750. Donations increased annually during our evaluation period, but did not increase proportionally to the bank's increase in capital, indicating that the bank has the capacity to increase investments further. None of the investments demonstrated innovation or complexity.

Refer to Table 10 in the *State of Michigan* section of *Appendix D* for the facts and data used to evaluate Sterling's level of qualified investments.

Conclusions for Area Receiving Limited-Scope Reviews

Sterling did not have any areas receiving limited-scope reviews in the state of Michigan. The bank operates one branch in the state, and the related AA received a full-scope review.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

Sterling's performance under the service test in Michigan is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Oakland County AA is adequate.

Retail Banking Services

Refer to Table 11 in the *State of Michigan* section of *Appendix D* for the facts and data used to evaluate the distribution of Sterling's branch delivery system and branch openings and closings.

Sterling's branch is reasonably accessible to the AA, considering the bank's limited branch network and operations within the AA. The bank operates one branch which is located in a moderate-income CT, and has a deposit taking ATM onsite. The bank did not open or close any branches within the AA during the evaluation period. The branch is located in a multi-tenant office building which features ample free parking. However, the location experiences limited public traffic. The branch offers full services at the location. Branch office hours and the level of services do not vary in ways that would unduly inconvenience any portions of the bank's AA, including low- and moderate-income geographies or individuals.

Sterling offers alternative delivery systems including online and mobile banking platforms. The bank's free mobile banking and online banking services offer features including online bill pay, remote deposit, funds transfer, and electronic statements. These delivery systems did not impact our conclusions regarding the accessibility of the bank's delivery systems, as information was not available to determine the impact on serving the low- and moderate-income segments of the community.

Community Development Services

Given Sterling's limited presence in, and focus on, the Oakland County AA, the bank provides an adequate level of CD services to the AA. Bank personnel provide financial and technical expertise to organizations involved in affordable housing, financial literacy, and economic empowerment. During the evaluation period, the bank's officers and staff participated in three organizations. The following are examples of these services:

- Employees participated in seminars related to affordable housing that included counseling on improving credit scores, understanding different mortgage options, and affordable housing options in Oakland County.
- Employees work with Habitat for Humanity employees to provide assistance on reaching applicants and affordable lending.
- Employees participate in Junior Achievement at schools where a majority of students are low- or moderate-income, allowing Junior Achievement to help teach elementary and middle-school aged children financial literacy and personal financial responsibility.

Conclusions for Areas Receiving Limited-Scope Reviews

Sterling did not have any areas receiving limited-scope reviews in the state of Michigan. The bank operates one branch in the state, and its only AA received a full-scope review.

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 (excludes CD loans): (1/31/2015 to 12/31/2017) Investment and Service Tests and CD Loans: (3/31/2015 to 12/31/2017)	
Financial Institution	Products Reviewed	
Sterling Bank and Trust, FSB (i.e. Sterling or bank) One Towne Square, Southfield, MI 48076	Home Purchase and Home Refinance Mortgage Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Seligman Family Foundation	Related Entity	Community Development Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of California		
San Francisco-Oakland-Hayward, CA MSA #41860	Full-scope	San Francisco, San Mateo, Alameda, Contra Costa, and Marin Counties.
Los Angeles-Long Beach-Anaheim, CA MSA #31080	Full-scope	Los Angeles, Orange Counties
San Jose-Sunnyvale-Santa Clara, CA MSA #41940	Limited scope	Santa Clara County
State of Michigan		
Detroit-Warren-Dearborn, MI MSA #19804	Full-scope	Oakland County

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS: Sterling Bank and Trust, FSB				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Sterling Bank and Trust, FSB	Low-Satisfactory	High-Satisfactory	Low-Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
California	High-Satisfactory	High-Satisfactory	Low-Satisfactory	Satisfactory
Michigan	Needs to Improve	Low-Satisfactory	Low-Satisfactory	Needs to Improve

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Community Profiles for Full-Scope Areas

State of California

San Francisco AA

Demographic Information for Full-Scope Area: San Francisco 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	978	12.27	19.53	35.69	31.70	.82
Population by Geography	4,335,391	11.45	19.69	37.47	31.27	.12
Owner-Occupied Housing by Geography	896,981	4.62	14.53	39.86	40.99	0.00
Family Distribution by Income Level	984,779	23.39	16.36	18.90	41.36	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	391,375	18.31	27.41	37.05	17.23	0.01
Median Family Income (MFI)	= \$98,987					
FFIEC Adjusted MFI for 2016	= \$99,353					
Households Below the Poverty Level	= 9.34%					
				Median Housing Value	= \$649,463	
				Unemployment Rate	= 3.8%	

Source: 2010 U.S. Census. (*) The NA category consists of geographies that have not been assigned an income classification.

Demographic Information for Full-Scope Area: San Francisco 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	980	11.84	21.22	30.61	34.59	1.73
Population by Geography	4,528,894	11.23	21.61	33.10	33.58	0.49
Owner-Occupied Housing by Geography	890,181	4.56	16.89	34.51	43.90	0.15
Family Distribution by Income Level	1,046,725	24.44	15.96	18.08	41.52	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	422,864	19.17	29.86	31.69	19.00	0.01
Median Family Income (MFI)	= \$107,247					
FFIEC Adjusted MFI for 2017	= \$105,036					
Households Below the Poverty Level	= 10.71%					
				Median Housing Value	= \$648,815	
				Unemployment Rate	= 3.4%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS data and 2017 FFIEC updated MFI.

Sterling's San Francisco AA consists of the entire San Francisco-Oakland-Hayward, CA MSA, which is the second largest MSA in California. The MSA includes the counties of San Francisco, San Mateo, Alameda, Contra Costa, and Marin. The area offers a combination of both urban and suburban neighborhoods, as well as rural areas. San Francisco is the primary city within the AA, and has the highest household incomes and housing values among the major cities in the AA. The AA is comprised of contiguous geographies, and does not arbitrarily exclude any low- or moderate-income areas. Based on 2010 U.S. Census data, the AA consisted of 978 CTs that included 120 low-income, 191 moderate-income, 349 middle-income, 310 upper-income, and 8 non-designated CTs. Changes in the 2015 ACS data resulted in the total number of CTs increasing to 980, while the number of low- and middle-income tracts declined to 116 and 300, respectively. The number of moderate- and upper-income tracts, along with undesignated tracts, increased to 208, 339, and 17, respectively.

According to 2010 U.S. Census data, the AA contained approximately 11.63 percent of the state's population. The AA's population equated to 4,335,391 persons and 984,779 families. In addition, there were 896,981 owner-occupied households in the AA. Based on the 2015 ACS data, the population and number of families increased to 4,528,894 and 1,046,725, respectively. In contrast, the number of owner-occupied households declined to 890,161. Based on 2010 U.S. Census Data, 391,375 families in the AA were designated low- or moderate-income, which increased to 422,864 families based on 2015 ACS data. The median family income for the AA also increased from \$98,978 in 2010 to \$107,247 in 2015. Based on 2010 U.S. Census data, 9.34 percent of households were living below the poverty level, and 23.31 percent of the households derived their income from social security or public assistance. However, based on 2015 ACS data, the percentage of households living below the poverty level increased to 10.71 percent. The percentage of household deriving their income from social security or public assistance also increased, to 25.35 percent.

Sterling has better opportunities to lend within the middle- and upper-income CTs in this AA. Over 78 percent of the owner-occupied housing units in the AA are in middle- and upper-income CTs. Conversely, the greatest percentages of rental and vacant households are in low- and moderate-income CTs. Furthermore, households considered to be below the poverty level are primarily located within the low- and moderate-income CTs. Living below the poverty level creates a barrier to home ownership, making it especially difficult for this segment of the low-income population to afford and maintain a home.

The AA has a highly competitive banking environment, with a mix of banks, credit unions, and other finance companies serving the market. Based on the June 30, 2017, FDIC Deposit Market Share report, 71 insured financial institutions with 1,040 offices serve the AA. The data indicates that Sterling is ranked 18th in terms of deposit market share, with 0.38 percent of the AA's total deposits. Bank of America, Wells Fargo Bank, and First Republic Bank are the top three in deposit market share, with almost 61 percent the AA's deposits. 2016 peer mortgage HMDA data shows that 704 lenders originated or purchased 181,752 home mortgage loans within the AA. Sterling ranked 39th, with 0.62 percent of the market. 2017 peer mortgage data shows that 636 lenders originated or purchased 109,817 home mortgage loans within the AA. Sterling ranked 22nd, with 0.93 percent of the market. The top ten mortgage lenders in the AA had a combined 46.54 percent market share in 2017.

The AA's economy has been strong through the post-recession era. The science and technology industries have had a positive impact on the AA's economy, including in manufacturing. Most of the economic improvement has occurred within the private sector. The average unemployment rate for the AA declined during the evaluation period, from 4.6 percent in January 2015 to 2.9 percent in December 2017, and averaged approximately one percent lower than the national average throughout the period. While the AA's economy has been strong, and unemployment has been low, this has resulted in a much higher cost of living and some of the highest home prices in the country.

There are opportunities for Sterling to make or participate in CD loans, investments, and services within the AA. However, there is significant competition for involvement in these CD activities, as a large number of financial institutions operate in the AA. In our evaluation, we considered information obtained from four community organizations within the AA that focus on social services to low- and moderate-income individuals, financial education, affordable housing, housing assistance, outreach, and small business development. Community and credit needs that were identified by the organizations included general operating funds, affordable housing, low interest personal loans, reduced overdraft fees, secured or unsecured credit cards, and small dollar loans.

Los Angeles

Demographic Information for Full-Scope Area: Los Angeles 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1592	11.12	31.47	29.27	27.58	0.57
Population by Geography	7,078,248	10.25	32.74	29.41	27.43	0.17
Owner-Occupied Housing by Geography	1,133,980	3.32	20.38	33.14	43.16	0.00
Family Distribution by Income Level	1,576,523	25.73	17.75	18.59	37.93	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	621,284	41.33	23.19	17.63	17.84	0.00
Median Family Income (MFI)	= \$73,270					
FFIEC Adjusted MFI for 2016	= \$70,676					
Households Below the Poverty Level	= 13.37%					
				Median Housing Value	= \$548,565	
				Unemployment Rate	= 5.0%	

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

Demographic Information for Full-Scope Area: Los Angeles 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1592	12.00	31.16	26.51	29.33	1.01
Population by Geography	7,257,921	11.28	31.59	27.05	29.67	0.40
Owner-Occupied Housing by Geography	1,100,996	3.71	20.03	29.87	46.29	0.09
Family Distribution by Income Level	1,602,211	26.62	17.12	17.36	38.90	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	632,611	42.51	22.58	16.67	18.24	0.00
Median Family Income (MFI)	= \$76,262					
FFIEC Adjusted MFI for 2017	= \$72,979					
Households Below the Poverty Level	= 15.91%					
				Median Housing Value	= \$519,162	
				Unemployment Rate	= 4.4%	

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2015 ACS data, and 2017 FFIEC updated MFI.

Sterling’s Los Angeles AA consists of the Los Angeles-Long Beach-Glendale, CA MD and the Anaheim-Santa Ana-Irvine, CA MD. Both MDs are part of the Los Angeles-Long Beach-Anaheim, CA MSA. The AA includes a portion of Los Angeles County, and all of Orange County. The bank operates four branches within the AA, including three within the greater Los Angeles area, and one in Irvine (located in Orange County). Sterling entered the Los Angeles AA in 2015 by opening a branch in Alhambra, followed by two branches in Los Angeles County in 2016 and one branch in Orange County in 2017. The AA is comprised of contiguous geographies, and does not arbitrarily exclude any low- or moderate-income areas. Based on the 2010 U.S. Census, the AA was comprised of 1,592 CTs that included 177 low-income, 501 moderate-income, 466 middle-income, 439 upper-income, and 9 non-designated CTs. The total number of CTs remained at 1,592 based on 2015 ACS data, but the income levels designations of some of the CT changed. As a result, there were 191 low-income, 496 moderate-income, 422 middle-income, 467 upper-income, and 16 non-designated CTs.

According to 2015 ACS data, the AA had a population of 7,257,921 persons and 1,602,211 families, an increase in both persons and families compared to 2010 U.S. Census data that reflected 7,078,248 persons and 1,576,523 families. The 2015 data also shows that rental units are more prevalent within the AA than owner occupied housing, with 1,327,219 rental units compared to 1,100,996 owner occupied units. Data from the 2010 U.S. Census reflected 1,253,723 rental units and 1,133,980 owner occupied units. Furthermore, 2015 ACS data shows that the AA has 700,744 families designated low- or moderate-income (43.74 percent of families within the AA), while the 2010 U.S. Census data shows 685,445 families designated low- or moderate-income (43.47 percent of families within the AA). The 2017 FFIEC Updated Median Family Income for the AA was \$72,979, while the weighted average of median housing was \$519,162. Based on 2015 ACS data, 15.91 percent of households live below the poverty level, and 27.44 percent receive income from social security or public assistance, while 2010 U.S. Census data shows 13.37 percent of households lived below the poverty level and 25.03 percent received income from social security or public assistance.

The AA has a highly competitive banking environment, with a mix of banks, credit unions, and other finance companies serving the market. The June 30, 2017, FDIC Deposit Market Share report identified 125 insured institutions with 2,423 offices located within the AA. The data indicates that among insured institutions, Sterling is ranked 64th in terms of deposit market share with 0.07 percent of total deposits. While the bank only has a small share of the deposits in the AA, it has experienced solid growth with deposits increasing from \$1,942,000 as of June 30, 2015, to \$385,427,000 as of June 30, 2017. Bank of America, Wells Fargo, JPMorgan Chase, MUFG Union Bank, and Citibank are the top five institutions in terms of deposit market share, controlling well over half (60.13 percent) of the deposits in the AA and 1,255 offices. As of June 30, 2017, approximately 27 percent of Sterling's total deposits were from this AA. Aggregate mortgage data shows that during 2016, 801 lenders originated or purchased loans within the AA. The top five lenders in the AA (including non-depository institutions) originated or purchased 27.10 percent of the number of loans originated or purchased during 2016. 2017 aggregate mortgage data shows a slight decline in the number of lenders that originated or purchased loans in the AA, to 745. During 2017, the top five lenders (including the non-depository institution United Shore Financial Services), originated or purchased 27.61 percent of the number of loans.

The AA's economy, as measured by the unemployment rate, has steadily improved during the three-year evaluation period. The unemployment rate declined from an average of 6.1 percent in 2015, to 4.4 percent in 2017 (slightly below the state unemployment rates of 6.2 percent in 2015 and 4.8 percent in 2017). A majority of the job growth occurred in private sector services. The primary business sectors within the AA are education and healthcare, professional and business services, and government. The Los Angeles area has a relatively diversified economy, with no one sector accounting for more than 20 percent of local employment. Major employers within the AA include the University of California Los Angeles, Kaiser Permanente, University of Southern California, Northrop Grumman, and Providence Health Systems.

We reviewed three recently completed community contacts with local community organizations operating in the AA. The organizations' missions related to providing funding and services for affordable housing, small business lending, and social services. Representatives from the organizations identified affordable housing as the primary need within the AA. The representatives also identified opportunities and a need for financial literacy programs, small dollar lending, small business lending, operating grants for local development organizations, and workforce development. There is significant competition for involvement in these opportunities within AA, as a large number of financial institutions operate here.

State of Michigan

Oakland County AA

Demographic Information for Full-Scope Area: Oakland County AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	338	6.80	16.27	33.43	43.20	0.30
Population by Geography	1,229,503	6.16	15.33	33.55	44.96	0.0
Owner-Occupied Housing by Geography	347,701	3.08	12.21	34.68	50.02	0.0
Family Distribution by Income Level	322,233	18.55	15.12	18.85	47.48	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	108,509	12.31	24.43	35.20	28.06	0.0
Median Family Income (MFI)	= \$92,314	Median Housing Value				= \$184,495
FFIEC Adjusted MFI for 2016	= \$79,600	Unemployment Rate				= 5.4%
Households Below the Poverty Level	= 9.95%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2015 U.S. Census, and 2017 FFIEC updated MFI.

Demographic Information for Full-Scope Area: Oakland County 2015 - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	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	0.0
Owner-Occupied Housing by Geography	358,624	2.42	12.77	37.34	47.47	0.0
Family Distribution by Income Level	319,254	17.80	15.97	19.61	46.62	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	107,821	9.49	23.95	40.14	26.42	0.0
Median Family Income (MFI)	= \$89,181	Median Housing Value				= \$213,702
FFIEC Adjusted MFI for 2016	= \$77,000	Unemployment Rate				= 6.3%
Households Below the Poverty Level	= 8.47%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

Sterling's Oakland County AA consists of the entire county, and is part of the Warren-Troy-Farmington Hills, MI MD, which is part of the Detroit-Warren-Dearborn, MI MSA. The City of Detroit is located in neighboring Wayne County, and Oakland County is considered to be part of the metro-Detroit area. The bank is headquartered in Oakland County, and operates one branch along with a deposit taking ATM located at the bank's headquarters in Southfield, MI. In keeping with the bank's strategic plan to focus on California and other areas of the United

States, the bank does not actively market its Southfield branch or otherwise attempt to attract deposits from within this AA. The branch at the bank's headquarters is maintained for legacy customer of the bank's former bank branch system in Michigan, and employees of the bank. Deposits from this AA declined significantly during the evaluation period, from \$134.7 million according to 2015 FDIC market share data, to \$75.2 million according to 2017 FDIC market share data. According to internal bank reports, only \$9.8 million of this branch's deposits were retail deposits. The remainder were allocated by the bank to the branch, and were primarily deposits for holding escrow funds, brokered certificates of deposit, and other holding company funds.

Based on 2010 U.S. Census data, this AA was comprised of 338 CTs that included 18 low-income, 50 moderate-income, 125 middle-income, 144 upper-income, and one non-designated CT. Based on 2015 ACS data, the number of CTs remained 338. However, the income level of some of the CT designations changed, resulting in 23 low-income, 55 moderate-income, 113 middle-income, 146 upper-income, and one non-designated CT.

According to 2010 U.S. Census data, the population of the AA was 1,202,362 persons and 319,254 families, and 2015 ACS data indicated a modest increase in both persons and families to 1,229,503 and 322,233, respectively. 2010 U.S. Census data shows that 358,624 owner-occupied housing units represented 68.09 percent of total housing units in the AA, while 2015 ACS data shows a decline to 347,701 owner-occupied units representing 65.41 percent of total housing units in the AA. The percentage of families within the AA at each income level is identified in the table above. The 2016 FFIEC Updated Median Family Income for the AA was \$77,000, and the 2017 FFIEC Updated Median Family Income increased to \$79,600. According to 2010 U.S. Census data, 8.47 percent of households within the AA live below the poverty level, and 28.07 percent of receive income from social security or public assistance, while 2015 ACS data shows that 9.95 percent of households live below the poverty level, and 31.78 percent of households received income from social security or public assistance.

The AA's banking environment is highly competitive, with a mix of banks, credit unions, and other finance companies serving the market. The June 30, 2017, FDIC Deposit Market Share report identified 29 insured financial institutions with 351 offices in the AA. The data indicates that Sterling ranked 21st in terms of deposit market share, with 0.14 percent of the insured deposits in the AA. Bank of America, PNC Bank, and JPMorgan Chase Bank are the top three institutions in terms of deposit market share, with a combined 47.87 percent of the AA's deposits. 2017 aggregate mortgage data indicates that 429 lenders originated or purchased loans within the AA, and Sterling ranked 155th with a 0.04 percent market share. The top five lenders in the AA were Quicken Loans, JPMorgan Chase, Well Fargo, United Shore Financial Services, and Flagstar Bank, with a combined 34.17 percent share of the market.

The Oakland County AA's economy improved during the evaluation period. The unemployment rate within the AA was lower than the overall state of Michigan's unemployment rate, and improved from an average of 4.7 percent during 2015 to 3.4 percent in 2017. The overall state of Michigan's unemployment rates were 5.4 percent in 2015 and 4.6 percent in 2017. *Moody's Analytics* reports indicate that the largest economic drivers in the AA are manufacturing, medical centers, and logistics. Beaumont Hospital was the AA's largest employer as of 2017, and other major employers included FCA US LLC, General Motors Co., Ascension Michigan, and the U.S. Postal Service.

There are opportunities for Sterling to make or participate in CD loans, investments, and/or services within the AA. We considered information obtained from one community organization within the AA as part of our evaluation. The organization's focus is on social services provided to low-income, elderly, and disabled persons in Oakland and Livingston Counties. The organization specifically identified the need for volunteers, funds for organizational programs, small rehab loans, construction financing, lines of credit, and FHLB sponsorship as the AA's community development needs.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to *Appendix A: Scope of the Examination*). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are supplied by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table 3. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each

MA/assessment area. The table also presents aggregate peer data for the years the data is available.

- Table 4. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank's assessment area.
- Table 5. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.
- Table 6. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.
- Table 8. Assessment Area Distribution of Consumer Loans by Income Category of the Geography (Optional)** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.
- Table 9. Assessment Area Distribution of Consumer Loans by Income Category of the Geography (Optional)** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and

upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area.

Table 10. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 11. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Tables of Performance Data

State of California D13 through D19

State of Michigan D20 through D26

CALIFORNIA

Institution ID: 708028

Table 1. Lending Volume

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2017				
Assessment Area (AA):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Los Angeles AA	26.67	1,358	765	4	1,963	0	0	1	1,680	1,363	4,408	21.86
San Francisco AA	65.92	3,302	1,698,301	41	8,028	0	0	26	69,070	3,369	1,775,399	76.85
Limited Review:												
Santa Clara AA	7.41	378	294	0	0	0	0	1	1,200	379	1,494	1.29

* Loan Data as of January 1, 2015 through December 31, 2017. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2015 to December 31, 2017.

*** Deposit Data as of June 30, 2017. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

California – Lending 2015 - 2016

Institution ID: 708028

Table 2. Geographic Distribution of Home Mortgage Loans

Geographic Distribution: HOME MORTGAGE LOANS			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016					Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Home Mortgage Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
Los Angeles AA	542	17.84	3.32	0.55	20.38	12.36	33.14	32.29	43.16	53.32	2.73	19.23	32.88	44.88	
San Francisco AA	2,278	74.96	4.62	8.38	14.53	21.38	39.86	45.30	40.99	24.93	4.61	14.05	40.61	40.73	
Limited Review:															
Santa Clara AA	219	7.20	4.49	6.85	17.93	23.29	38.99	37.44	38.60	32.42	5.06	20.11	40.83	33.99	

Data shown as a percentage of loans with geographic information available.

* Based on 2016 Peer Mortgage Data – U.S. and PR.

** Home purchase and home refinance loans originated and purchased in the MA/AA as a percentage of all home purchase and home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Borrower Distribution of Home Mortgage Loans

Borrower Distribution: HOME MORTGAGE LOANS		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016				Aggregate Lending Data*				
Assessment Area:	Total Home Mortgage Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK Loans****	% Families3	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****				
Full Review:														
Los Angeles AA	542	17.84	25.73	0.00	17.75	0.55	18.59	8.30	37.93	91.15	1.89	6.86	16.97	61.80
San Francisco AA	2,278	74.96	23.39	1.05	16.36	9.44	18.90	25.29	41.36	63.74	2.51	9.65	18.66	58.01
Limited Review:														
Santa Clara AA	219	7.20	23.41	0.46	16.16	6.85	19.35	21.92	41.08	70.77	2.05	8.08	18.63	62.36

Data shown as a percentage of loans with geographic information available.

* Based on 2016 Peer Mortgage Data.

** Home purchase and home refinance loans originated and purchased in the MA/AA as a percentage of all home purchase and home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

California – Lending 2017

Institution ID: 708028

Table 2. Geographic Distribution of Home Mortgage Loans

Geographic Distribution: HOME MORTGAGE LOANS		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017							
Assessment Area:	Total Home Mortgage Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Los Angeles AA	816	40.82	3.72	3.80	20.05	23.53	29.90	25.37	46.33	45.10	3.91	20.27	29.96	44.69
San Francisco AA	1,024	51.23	4.57	8.98	16.91	24.51	34.56	39.06	43.96	27.25	5.86	18.85	35.19	39.83
Limited Review:														
Santa Clara AA	159	7.95	4.39	6.92	15.45	18.24	36.65	32.70	43.51	42.14	5.68	18.80	38.87	36.65

Data shown as a percentage of loans with geographic information available.

* Based on 2017 Peer Mortgage Data – U.S. and PR.

** Home mortgage loans originated and purchased in the MA/AA as a percentage of all home mortgage loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS data.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Borrower Distribution of Home Mortgage Loans

Borrower Distribution: HOME MORTGAGE LOANS		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017						
Assessment Area:	Total Home Mortgage Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁴	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Los Angeles AA	816	40.82	26.62	0.61	17.12	5.88	17.36	10.42	38.90	82.97	2.43	7.41	16.86	60.75
San Francisco AA	1,024	51.23	24.44	1.86	15.96	6.74	18.08	21.88	41.52	69.34	3.39	10.29	18.67	56.93
Limited Review:														
Santa Clara AA	159	7.95	23.82	1.26	15.51	6.29	18.50	15.72	42.17	76.73	2.89	8.61	18.63	61.42

Data shown as a percentage of loans with borrower information available.

* Based on 2017 Peer Mortgage Data – U.S. and PR.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2015 ACS data.

**** As a percentage of loans with borrower income information available.

⁴ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

California – Qualified Investments and Distribution of Branch Delivery System 2015 - 2017

Institution ID: 708028

Table 10. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2017			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Los Angeles AA	0	0	25	1,560	25	1,560	36.65	0	0
San Francisco AA	0	0	44	2,474	44	2,474	58.12	0	0
Limited Review:									
Santa Clara AA	0	0	1	223	1	223	5.23	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 11. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS TO DECEMBER 31, 2017								Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2015					
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Los Angeles AA	21.86	4	16.67	0.00	1.00	1.00	2.00	4	0	0	1	1	2	11.28	31.59	27.05	29.67
San Francisco AA	76.85	19	79.17	2.00	4.00	7.00	6.00	2	1	2	0	1	0	11.23	21.61	33.10	33.58
Limited Review:																	
Santa Clara AA	1.29	1	4.16	0.00	0.00	0.00	1.00	1	0	0	0	0	1	9.26	21.25	36.35	32.98

MICHIGAN

Institution ID: 708028

Table 1. Lending Volume

LENDING VOLUME		Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2017						
Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Oakland County AA	100.00	31	5,470	5	2,420	0	0	0	0	31	5,470	100.00

* Loan Data as of December 31, 2015 and December 31, 2016. Rated area refers to either state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is from January 01, 2016 to December 31, 2017.
 *** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Michigan - Lending 2015 - 2016

Institution ID: 708028

Table 2. Geographic Distribution of Home Mortgage Loans

Geographic Distribution: HOME MORTGAGE LOANS			Geography: MICHIGAN				Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016							
Assessment Area:	Total Home Mortgage Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ^{**}	% Owner Occ Units ^{***}	% BANK Loans ^{****}	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	% Owner Occ Units ^{***}	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Oakland County AA	13	100.00	2.42	0.00	12.77	15.38	37.34	30.77	47.47	53.85	0.70	8.65	37.85	52.81

Data shown as a percentage of loans with borrower information available.

* Based on 2016 Peer Mortgage Data – U.S. and PR

** Home purchase and home refinance loans originated and purchased in the MA/AA as a percentage of all home purchase and home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Borrower Distribution of Home Mortgage Loans

Borrower Distribution: HOME MORTGAGE LOANS		Geography: MICHIGAN						Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2016						
Assessment Area:	Total Home Mortgage Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data ⁷			
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁵	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Oakland County AA	13	100.00	17.80	23.80	15.97	53.85	19.61	7.69	46.62	7.69	5.77	14.76	21.79	45.20

Data shown as a percentage of loans with borrower information available.

* Based on 2016 Peer Mortgage Data – U.S. and PR.

** Home purchase and home refinance loans originated and purchased in the MA/AA as a percentage of all home purchase and home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available.

⁵ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table 2. Geographic Distribution of Home Mortgage Loans

Geographic Distribution: HOME MORTGAGE LOANS		Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017							
Assessment Area:	Total Home Mortgage Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Oakland County AA	18	100.00	3.08	5.56	12.21	27.78	34.68	44.44	50.02	22.22	1.40	12.05	35.80	50.75

Data shown as a percentage of loans with borrower information available.

* Based on 2017 Peer Mortgage Data – U.S. and PR

** Home purchase and home refinance loans originated and purchased in the MA/AA as a percentage of all home purchase and home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS data.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Borrower Distribution of Home Mortgage Loans

Borrower Distribution: HOME MORTGAGE		Geography: MICHIGAN					Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017							
Assessment Area:	Total Home Mortgage Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁶	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Oakland County AA	18	100.00	18.55	11.11	15.12	50.00	18.85	11.11	47.48	27.78	7.02	17.21	23.02	41.28

Data shown as a percentage of loans with borrower information available.

* Based on 2017 Peer Mortgage Data – U.S. and PR.

** Home purchase and home refinance loans originated and purchased in the MA/AA as a percentage of all home purchase and home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2015 ACS data.

**** As a percentage of loans with borrower income information available.

⁶ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Michigan – Qualified Investments and Distribution of Branch Delivery System 2015 - 2017

Institution ID: 708028

Table 10. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MICHIGAN		Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2017					
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Oakland County AA	0	0	19	561	19	561	100.00	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 11. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: MICHIGAN Evaluation Period: JANUARY 1, 2015 TO DECEMBER 31, 2017																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Oakland County AA	100.00	1	100.00	0.00	1.00	0.00	0.00	0	0	0	0	0	0	4.75	14.62	36.73	43.90