



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

July 23, 2012

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sterling Bank and Trust, FSB  
Charter Number 708028

One Towne Square  
Southfield, MI 48076

Office of the Comptroller of the Currency

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

Major factors supporting this bank's rating include:

- The loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance.
- The bank has made a substantial majority of loans within its assessment area and exceeds the standard for satisfactory performance.
- The distribution of residential loans to low- and moderate-income borrowers is reasonable and meets the standard for satisfactory performance.
- The distribution of residential loans in low- and moderate-income geographies is excellent and exceeds the standards for satisfactory performance.
- The bank's performance under the community development (CD) test reflects adequate responsiveness to the community development needs of the assessment area.

## **Scope of Examination**

This Public Evaluation covers the period from February 16, 2009, the date of the last public evaluation, to July 23, 2012. We evaluated Sterling Bank and Trust Federal Savings Bank (Sterling Bank or bank) using full-scope intermediate small savings association Community Reinvestment Act (CRA) procedures. The procedures evaluate the bank's record of meeting the credit needs of its assessment area through its lending activities.

The review period on lending performance is January 1, 2009 through December 31, 2011. Sterling Bank is subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). Residential loans are its primary product. Therefore, our analysis of lending performance included all residential loans originated within the bank's assessment areas.

Performance under the CD Test considered CD loans, qualified investments, and services from February 16, 2009 through July 23, 2012.

We utilized 2000 U.S. Census, aggregate HMDA, peer group, and individual lender data as part of this evaluation. Sterling Bank is part of a national peer group of thrift institutions during this evaluation period with total assets between \$300 million and \$1 billion. This peer group is used in assessing the adequacy of its loan-to-deposit ratio performance in relation to similarly situated financial institutions.

We contacted representatives of economic development and affordable housing agencies to provide insights into the local economy as well as the credit and community development needs for each assessment area.

## Description of Institution

Sterling Bank is a federally chartered, stock savings bank headquartered in Southfield, Michigan. The bank’s business strategy is to provide residential and commercial loans to its customers within its assessment areas. Since the previous CRA evaluation, Sterling Bank’s assets have grown from \$677.2 million to \$762.2 million. Sterling Bank operates under a holding company structure through Sterling Bancorp Incorporated of Southfield, Michigan.

The bank operates fifteen offices in Michigan and California. Fourteen of Sterling Bank’s offices are located in California in San Francisco and San Mateo Counties. All offices are full-service facilities and fourteen have automated teller machines (ATMs). No offices were opened or closed during the evaluation period. Table 1 shows the distribution of branch offices within the assessment area based on 2000 Census Data.

Census Tract Income Category	Branch Distribution		Population Distribution	
	% of Branches	% of Deposits	% Branch Tracts	% in All Tracts
Low	6.7%	8.3%	2.3%	16.1%
Moderate	20.0%	11.4%	26.3%	31.0%
Middle	60.0%	65.8%	57.8%	36.8%
Upper	13.3%	14.6%	13.6%	16.1%
<b>Total #</b>	<b>15</b>	<b>\$619,059</b>	<b>75,523</b>	<b>2,678,050</b>

Sterling Bank has one branch in a low-income census tract and three branches in moderate-income census tracts. The remaining offices are located in middle-income and upper-income census tracts. All low- and moderate-income branches are located in California. Thirteen of the California branches feature multi-lingual personnel speaking languages such as Cantonese, Mandarin, Tagalog, Russian, Vietnamese, and Spanish.

The loan portfolio increased from \$523.9 million to \$635.8 million during the evaluation period. Loan portfolio growth is centered in the California assessment area, as San Francisco was generally insulated from the financial market uncertainties plaguing other urban areas. Table 2 summarizes Sterling Bank’s loan portfolio as of December 31, 2011.

<b>Table 2 - Sterling Bank Investment in Loans (12/31/2011 Thrift Financial Report)</b>			
<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Residential Mortgage	\$447,203	70.3%	58.7%
Nonresidential Mortgage	176,174	27.7%	23.1%
Commercial Nonmortgage	9,924	1.6%	1.3%
Consumer	2,485	0.4%	0.3%
Total	\$635,786	100.0%	83.4%

There are no apparent factors pertaining to Sterling Bank’s financial condition, size, product offerings, prior performance or legal impediments which would limit the institution’s ability to meet the credit needs of its assessment areas.

The bank’s previous public evaluation was dated February 16, 2009, conducted under full-scope intermediate small savings association CRA procedures, and assigned a rating of Satisfactory.

## **Selection of Areas for Full-Scope Review**

Sterling Bank has one assessment area in each of two states that it operates in. We evaluated performance in both assessment areas using full-scope review procedures.

## **Ratings**

The bank’s overall rating is a blend of the state ratings. In drawing conclusions for the overall rating, performance in the state of California received the greatest weight as that state represents the substantial majority of the bank’s loans and deposits.

We relied on reported HMDA data to assess the bank’s performance. The HMDA data includes all home loans originated within the assessment areas during the review period.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

Sterling Bank’s net loan-to-deposit ratio is more than reasonable and exceeds the standards for satisfactory performance given the bank’s size and financial condition, and the credit needs of the bank’s assessment areas. The bank’s average quarterly loan-to-deposit ratio over the twelve quarters ending December 31, 2011 is 99.3 percent. This exceeds the 86.9 percent average quarterly loan-to-deposit ratio by its local peer group of banks during the same period.

### Lending in Assessment Area

Table 3 details Sterling Bank’s aggregate lending in its assessment area by number of loan originations and dollar volume during the review period.

Sterling Bank’s record of lending in its assessment area exceeds the standards for satisfactory performance. A substantial majority of lending activity occurred inside the bank’s assessment area. As reflected in Table 3, approximately 94 percent of the number of loans originated during the review period were located within the bank’s assessment area.

<b>Table 3 - Concentration of HMDA Loans Originated In and Outside of the Reviewed Assessment Areas</b>		
	<b>HMDA Loans</b>	
	<b>% of Loans</b>	<b>% of \$ Volume</b>
Within Reviewed Area	93.9%	95.7%
Outside Area	6.1%	4.3%
<b>Total # and \$</b>	<b>634</b>	<b>\$287,852</b>

## Fair Lending or Other Illegal Credit Practices Review

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

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

## State Rating

### State of California

#### CRA Rating for California: Satisfactory

The Lending test is rated: Satisfactory

The Community development test is rated: Satisfactory

Major factors supporting this bank's rating include:

- The distribution of residential loans to low- and moderate-income borrowers is reasonable and meets the standard for satisfactory performance.
- The distribution of residential loans in low- and moderate-income geographies is excellent and exceeds the standards for satisfactory performance.
- The bank's performance under the community development test reflects adequate responsiveness to the community development needs of the assessment area.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

Sterling Bank's operations are primarily located in California, as 96 percent of deposits and 99 percent of reported loans are from this state. Sterling Bank offers all of its products and services through fourteen full-service retail offices located in this assessment area.

### SCOPE OF EVALUATION IN CALIFORNIA

We based our assessment of Sterling Bank's performance in California on a full-scope review of the San Francisco and San Mateo County assessment area. As part of our analysis, we took into consideration information obtained from members of the community.

### DESCRIPTION OF ASSESSMENT AREA

Sterling Bank's assessment area in California is comprised of San Francisco and San Mateo Counties. This assessment area is within the San Francisco-San Mateo-Redwood City, California Metropolitan Division.

The assessment area consists of 331 census tracts, representing all census tracts in the two counties. This assessment area includes 26 low-income census tracts, 79 moderate-income census tracts, 129 middle-income census tracts, 95 upper-income census tracts, and two census tracts that have not been assigned an income

classification. One of the census tracts not assigned an income classification consists entirely of an airfield. This assessment area meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas. The following table highlights demographic information of the assessment area:

<b>Table 4 - Demographic Information for the San Francisco &amp; San Mateo Counties, CA Assessment Area</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	331	7.8	23.9	39.0	28.7	0.6
Population by Geography	1,483,894	7.5	24.4	42.6	25.5	0.0
Owner-Occupied Housing by Geography	607,103	1.5	15.0	46.5	37.0	0.0
Business by Geography	190,326	15.7	20.4	34.1	29.7	0.1
Farms by Geography	1,802	6.8	20.4	38.8	34.1	0.0
Family Distribution by Income Level	319,743	22.2	18.0	20.3	39.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	128,443	12.1	31.5	41.9	14.5	0.0
Median Family Income (MFI)	\$75,188	Median Housing Value		\$496,672		
HUD Adjusted Median Family Income for 2011	\$101,600	Unemployment Rate (Dec 2011 Unadjusted)				
Households Below Poverty Level	8%	United States:		8.3%		
		State of California:		11.1%		
		San Francisco County:		7.7%		
		San Mateo County:		7.1%		

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

Source: 2000 US Census and 2011 HUD updated MFI

The economy in the assessment area has experienced increased unemployment during the recent recession. However, the recession did not affect the two counties as significantly as it affected the rest of California. The December 2011 unadjusted unemployment rates were 7.7 percent in San Francisco County and 7.1 percent in San Mateo County. The unadjusted unemployment rate for California was 11.1 percent in December 2011.

Employment opportunities in the assessment area are diverse with many different industries operating in the two counties. Major employers in San Francisco County include Bechtel Group, Deloitte, Kaiser Permanente, PG & E Corp, and VISA. Major employers in San Mateo County include Electronic Arts, Franklin Templeton, Kaiser Permanente, Oracle, and VISA.



Competition in the assessment area is strong. Financial institutions in the assessment area range from local community banks to large regional and national companies. According to the June 30, 2011 Federal Deposit Insurance Corporation (FDIC) market share report, there are 58 insured institutions operating 443 offices within the assessment area. Sterling Bank ranks nineteenth amongst its competitors with 0.3 percent of the deposit market share.

The area is home to many high tech companies and medical centers that experienced employment growth even in a recessionary environment. Unemployment levels in the assessment area were well below state and national levels during the evaluation period. Lower home prices and a limited number of properties available for sale combined to keep demand high for residential loans.

Representatives of economic development and housing agencies have provided insight into the local economy and the credit needs of the assessment area. These contacts noted the local economy showed an increase in employment growth in the tech industry with weaknesses in the construction and finance industries. Discussions on community credit and development needs in the assessment area focused on increased small business lending, financial literacy training, start-up business funding, and funding for building or renovating affordable housing.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA**

### **LENDING TEST**

The bank's performance under the lending test in California is rated Satisfactory. We based this conclusion on performance within the San Francisco and San Mateo Counties full-scope assessment area.

#### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The distribution of residential loans is reasonable among low- and moderate-income borrowers. The bank originated 1.5 percent of residential loans to low-income borrowers and 8.8 percent of residential loans to moderate-income borrowers. These rates are significantly below the percentages of low- and moderate income families residing in the assessment area. However, the bank's origination percentages are comparable to peer averages.

We gave consideration to the following factors which impact our findings. The high cost of housing in the assessment area significantly impacts a bank’s ability to originate residential loans to low- and moderate-income borrowers. The median housing value of \$497 thousand makes it difficult for this segment of the population to afford and maintain a home. The high poverty rate of 8 percent further impedes the bank’s ability to lend to low- and moderate-income borrowers within the assessment area.

The following table details the bank’s distribution of residential loans among borrowers of different incomes. The table compares bank data to peer residential loan originations and the percentage of families at each income level.

<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Family Distribution</b>	<b>% of Aggregate (or Peers)</b>
Low	1.5%	0.6%	22.2%	3.3%
Moderate	8.8%	4.6%	18.0%	10.7%
Middle	22.1%	16.5%	20.3%	18.3%
Upper	50.5%	50.4%	39.5%	55.4%
NA	17.0%	27.9%	0.00%	12.3%
<b>Total # and \$</b>	<b>588</b>	<b>\$274,017</b>	<b>319,743</b>	

**Geographic Distribution of Loans**

The bank’s geographic distribution of residential loans is excellent among low- and moderate income geographies. The percentage of residential loans originated in low- and moderate-income geographies far exceeds the percentage of owner-occupied homes in the low- and moderate-income geographies. The bank’s performance also far exceeds the percentage of peer originations in low- and moderate-income geographies. The bank originated more residential loans in moderate-income geographies than it originated in upper-income geographies.

The following table details the bank’s geographic distribution of residential loans and reflects lending in most geographies of the assessment area. The table compares bank data to the peer geographic distribution of residential loans and the percentage of owner-occupied housing units in each census tract income level.

**Table 6 - Distribution of Sterling HMDA Loans By  
Census Tract Income Level in the San Francisco/San Mateo County AA**

<b>Census Tract Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Owner Occupied</b>	<b>% of Aggregate (or Peers)</b>
Low	8.5%	7.1%	1.5%	2.9%
Moderate	27.6%	26.3%	15.0%	13.2%
Middle	43.0%	41.9%	46.5%	41.5%
Upper	20.9%	24.7%	37.0%	42.4%
<b>Total # and \$</b>	<b>588</b>	<b>\$274,017</b>	<b>607,103</b>	

## Responses to Complaints

During the review period, Sterling Bank received no known written complaints pertaining to its performance in helping meet the credit needs within its assessment area.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in California reflects adequate responsiveness to community development needs. We based this conclusion on performance within the San Francisco and San Mateo Counties assessment area.

### Number and Amount of Community Development Loans

Community development lending is good. During the evaluation period, Sterling Bank originated six CD loans totaling approximately \$18 million. Two CD loans provided affordable housing to low- and moderate-income individuals within the city of San Francisco. One CD loan for economic development provided funds to purchase and renovate a hotel in a low-income census tract which revitalized and stabilized that neighborhood. Three CD loans assisted community service organizations targeted to low- and moderate-income individuals.

### Number and Amount of Qualified Investments

Qualified investment activity is reasonable. Sterling Bank made a \$2 million investment through a capital management company specializing in funding CRA-related projects in the California assessment area. As part of this investment, management made a \$202 thousand loan located in a moderate-income census tract and the bank's assessment area.

During the evaluation period, Sterling Bank made 9 cash donations to CD organizations totaling \$20 thousand. Organizations benefitting from these donations included those

involved in affordable housing, economic development, revitalization and stabilization of business districts, and providing community services to low- and moderate-income individuals and households.

### **Extent to Which the Bank Provides Community Development Services**

Sterling Bank provides a good level of community development services. CD services consist of volunteer and bank subsidized service efforts on the part of employees and senior bank management. Thirty bank employees, including directors and senior management, have provided CD services to 27 organizations specializing in affordable housing, economic development, revitalization and stabilization of downtown businesses, and community services targeted to low- and moderate-income individuals. Twenty-one of these employees serve on the Board or Committees of these organizations while nine conducted financial education seminars benefitting small businesses and low- and moderate-income individuals and households.

Sterling Bank's has one branch in a low-income census tract and three branches in moderate-income census tracts representing 29 percent of the branch network in this assessment area. In addition, 13 offices or 93 percent of all branches feature multi-lingual personnel speaking languages such as Cantonese, Mandarin, Tagalog, Russian, Vietnamese, and Spanish.

### **Responsiveness to Community Development Needs**

Sterling Bank demonstrates adequate responsiveness through its community development loans, qualified investments, and services to the community development lending, qualified investments, and service needs in the California assessment area.

## State Rating

### State of Michigan

**CRA Rating for Michigan: Needs to Improve**

**The Lending test is rated: Needs to Improve**

**The Community development test is rated: Needs to Improve**

Major factors supporting this bank's rating include:

- The distribution of residential loans to low- and moderate-income borrowers is weak and does not meet the standard for satisfactory performance.
- The distribution of residential loans in low- and moderate-income geographies is weak and does not meet the standard for satisfactory performance.
- The bank's performance under the community development test reflects weak responsiveness to the community development needs of the assessment area.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MICHIGAN

Sterling Bank is headquartered in Southfield, Michigan. However, Michigan represents a small portion of the bank's operations as only four percent of deposits and one percent of reported loans are from this state. Sterling Bank operates one full-service office in Michigan primarily to serve existing customers and employees. Sterling Bank does not actively market its loan products to the general public due to strong competition by other financial institutions and the operation of a single branch within this assessment area.

### SCOPE OF EVALUATION IN MICHIGAN

Sterling Bank's performance in Michigan is based on a full-scope review of the Oakland County, Michigan assessment area. As part of our analysis, we took into consideration information obtained from members of the community.

### DESCRIPTION OF ASSESSMENT AREA

Sterling Bank's assessment area in Michigan is comprised of Oakland County, Michigan. This assessment area is part of the Warren-Troy-Farmington Hills, Michigan Metropolitan Division. The bank's main office is located in this assessment area.

The Oakland County, Michigan area consists of 331 census tracts, representing all census tracts in the county. This assessment area includes 10 low-income census tracts, 40 moderate-income census tracts, 151 middle-income census tracts, 129 upper-income census tracts, and one census tract that has not been assigned an income classification. This assessment area meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas. The following table highlights demographic information of this assessment area:

<b>Table 7 - Demographic Information for the Oakland County, MI Assessment Area</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	331	3.0	12.1	45.6	39.0	0.3
Population by Geography	1,194,156	2.8	13.1	46.5	37.6	0.0
Owner-Occupied Housing by Geography	492,006	1.2	11.3	46.7	40.8	0.0
Business by Geography	149,680	2.1	10.9	46.4	40.5	0.1
Farms by Geography	2,715	2.6	11.7	53.9	31.8	0.0
Family Distribution by Income Level	316,669	16.3	16.4	22.1	45.2	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	103,608	5.7	22.1	50.9	21.3	0.0
Median Family Income (MFI)		\$67,923	Median Housing Value	\$186,252		
HUD Adjusted Median Family Income for 2011		\$73,800	Unemployment Rate (Dec 2011 Unadjusted)			
Households Below Poverty Level		5%	United States:	8.3%		
			State of Michigan:	9.0%		
			Oakland County:	8.2%		

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

Source: 2000 US Census and 2011 HUD updated MFI

According to Oakland County Michigan 2012-2014 Economic Outlook Report, the local economy is improving from the recent recession at a faster pace than the rest of the nation. After losing about 105 thousand jobs from 2006 through 2010, the county added over 23 thousand jobs in 2011. The unadjusted unemployment rate reached 12.9 percent at December 2009 but improved to 8.2 percent in December 2011. The unadjusted unemployment rate is lower than the 9.0 percent rate in the state of Michigan and comparable to 8.3 percent rate in the United States in December 2011

The auto and health care industries provide for a high number of employment opportunities in the assessment area. Major employers include Beaumont Hospitals, Chrysler, General Motors, Trinity Health, and St. John Providence Health Center.

Competition in the assessment area is high. Financial institutions in the assessment area range from local community banks to large regional and national companies. According to the June 30, 2011 FDIC market share report, there are 34 insured institutions operating 404 offices within the assessment area. Sterling ranks thirty-second among its competitors with 0.1 percent of the deposit market share.

Representatives of economic development and housing agencies provided insight into the local economy and credit needs of the assessment area. These representatives noted that the local economy had been particularly hard hit by the recession because of the area's heavy reliance on the auto industry but has begun to rebound in 2011. Discussions on credit and community development needs in the assessment area focused on small business lending and loan modification programs geared to homeowners facing foreclosure.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MICHIGAN**

### **LENDING TEST**

The bank's performance under the lending test in Michigan is rated Needs to Improve. This conclusion is based on performance within the Oakland County full-scope review of the assessment area.

#### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The distribution of residential loans is weak among low- and moderate-income borrowers. The bank originated 14.3 percent of residential loans to low-income borrowers. However, this percentage reflects one residential loan out of seven originated to this population segment during the review period. The bank did not originate any residential loans to moderate-income borrowers during the review period.

In evaluating the borrower distribution of residential loans, we considered the number of households that live below the poverty level and the barriers this may have on home ownership. It is especially difficult for this segment of the low-income population living below the poverty level to afford and maintain a home.

Consideration was also given to several other factors which impact our findings. The economic recession which occurred during the review period reduced the demand for residential lending. As previously noted, Sterling Bank does not actively market loan

products in this assessment area and primarily serve existing customers and employees.

The following table details the bank’s distribution of residential loans among borrowers of different incomes. The table compares bank data to peer residential loan originations and the percentage of families at each income level.

<b>Table 8 - Distribution of Sterling HMDA Loans By Borrower Income Level in the Oakland County AA</b>				
<b>Borrower Income Category</b>	<b>% of Loans</b>	<b>% of \$ Volume</b>	<b>% Family Distribution</b>	<b>% of Aggregate (or Peers)</b>
Low	14.3%	7.0%	16.3%	10.1%
Moderate	0.0%	0.0%	16.4%	17.4%
Middle	28.6%	25.2%	22.1%	21.5%
Upper	42.9%	43.9%	45.2%	38.0%
NA	14.3%	23.9%	0.0%	13.0%
<b>Total # and \$</b>	<b>7</b>	<b>\$1,484</b>	<b>316,669</b>	

**Geographic Distribution of Loans**

The bank’s geographic distribution of loans is weak among low- and moderate-income geographies. The bank did not originate any loans in low-income or moderate-income geographies during the review period. Peer bank data reflects that peers originated 5 percent of their residential loans in moderate-income geographies within the assessment area.

Consideration was given to factors that impact our findings. As previously mentioned, Sterling Bank does not actively market its loan products in this assessment area. The bank’s single office is located near the southern border of the county whereas most low- and moderate-income geographies are in the northern portion of the county. Numerous other financial institution offices are found throughout the assessment area and closer to these geographies than Sterling Bank’s single office.

The following table details the bank’s geographic distribution of residential loans and reflects limited lending among the geographies of the assessment area. The table compares the bank data to the peer geographic distribution of residential loans and the percentage of owner-occupied housing units in each census tract income level.

<p><b>Table 9 - Distribution of Sterling HMDA Loans By Census Tract Income Level in the Oakland County AA</b></p>
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Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate (or Peers)
Low	0.0%	0.0%	1.3%	0.1%
Moderate	0.0%	0.0%	11.3%	4.9%
Middle	71.4%	52.1%	46.6%	40.4%
Upper	28.6%	47.9%	40.8%	54.6%
<b>Total # and \$</b>	<b>7</b>	<b>\$1,484</b>	<b>492,006</b>	

**Responses to Complaints**

During the review period, Sterling Bank received no known written complaints pertaining to its performance in helping meet the credit needs within its assessment area.

**COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the community development test in Michigan reflects weak responsiveness to community development needs. This conclusion is based on performance within the Oakland County full-scope review of the assessment area.

**Number and Amount of Community Development Loans**

Community development lending is weak. Sterling Bank did not make any qualified CD loans in the Michigan assessment area during the review period.

**Number and Amount of Qualified Investments**

Qualified investment activity is weak. Sterling Bank made one qualified CD donation of \$500 in the Michigan assessment area during the review period.

**Extent to Which the Bank Provides Community Development Services**

Community development service activity is reasonable. Sterling Bank conducted five financial seminars in 2009 with an agency which specializes in providing home ownership counseling, credit counseling and education, and foreclosure prevention to low- and moderate-income individuals in the Metro Detroit area.

**Responsiveness to Community Development Needs**

Sterling Bank demonstrates weak responsiveness through its community development loans, qualified investments, and services to the community development lending, qualified investments, and service needs in the Michigan assessment area.

## 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”).

<b>Time Period Reviewed</b>	Lending Test: 01/01/09 to 12/31/11 Community Development Test: 02/16/09 to 07/23/12	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Sterling Bank & Trust Southfield, MI	Residential Mortgage	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
State of California: San Francisco and San Mateo Counties	Full Scope Exam	None
State of Michigan: Oakland County	Full Scope Exam	None

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Sterling Bank	Satisfactory	Satisfactory	Satisfactory
State of California AA	Satisfactory	Satisfactory	Satisfactory
State of Michigan AA	Needs To Improve	Needs to Improve	Needs to Improve