



**PUBLIC DISCLOSURE**

Date of Evaluation: NOVEMBER 30, 2009

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Name of Depository Institution: STERLING BANK

Institution's Identification Number: 1819366

Address: 3100 ROUTE 38

MOUNT LAUREL, NEW JERSEY

**FEDERAL RESERVE BANK OF PHILADELPHIA  
TEN INDEPENDENCE MALL  
PHILADELPHIA, PENNSYLVANIA 19106**

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 the 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 RATING

### INSTITUTION'S CRA RATING

Sterling Bank is rated: **NEEDS TO IMPROVE**

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Needs to Improve

Summary of major factors supporting the bank's rating:

- The loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and assessment area credit needs.
- The majority of loans and other lending-related activities is in the bank's assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes, given the demographics of the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The bank's community development performance demonstrates poor responsiveness to the community development needs of its assessment area through community development loans and qualified investments, considering the bank's capacity and the need and availability of such opportunities for community development in its assessment area.

### SCOPE OF EXAMINATION

Sterling Bank was rated Satisfactory at its previous Community Reinvestment Act (CRA) Evaluation dated January 28, 2008. The current evaluation of Sterling Bank's CRA performance covers the period from January 29, 2008, through November 30, 2009, and was conducted using the Interagency Intermediate Small Institution CRA Examination Procedures adopted by the Board of Governors. The procedures consist of two tests, the lending test and the community development test.

The lending test includes an analysis of:

- The loan-to-deposit ratio
- The volume of loans extended inside and outside the assessment area
- The extent of lending to borrowers of different incomes, including low- and moderate-income borrowers, and businesses of different sizes, including small businesses
- The geographic distribution of loans in the assessment area, including lending in low- and moderate-income census tracts
- The bank's response to substantiated complaints regarding its performance in meeting assessment area credit needs

The loan products evaluated and corresponding loan data reviewed include:

- Home purchase and home improvement loans and the refinancing of such loans, collectively titled as Home Mortgage Disclosure Act (HMDA) loans, reported by the bank for calendar years 2008 and 2009
- Total commercial loan balances outstanding as of June 30, 2009, and small business loans reported by the bank, pursuant to CRA, for calendar years 2008 and 2009

The bank's loans were compared to the aggregate of all lenders in the bank's assessment area reporting loans pursuant to HMDA and small business loans pursuant to CRA. These data are reported annually, and the most recent year for which information is available is 2008.

For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data. The distribution of loans to borrowers of different income levels was analyzed based upon annually adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD). For purposes of this evaluation, the most recent year for which adjusted median family income data are used is 2009. All other demographic indices and statistics presented throughout this evaluation are based on 2000 U.S. Census data, unless otherwise noted.

The community development test includes an analysis of:

- The number and amount of community development loans
- The number and amount of qualified investments
- The extent to which the bank provides community development services
- The bank's responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services

Sterling Bank's community development loans, investments, and services were reviewed to assess the bank's performance under the community development test.

Additionally, written documentation of interviews conducted with community representatives, prepared by the Federal Reserve and other regulatory agencies, was reviewed during the course of the evaluation to provide some perspective on the credit needs of the assessment area in which Sterling Bank operates. Information from the interviews was also supplemented with demographic and economic data pertinent to the area. Community representatives most frequently mentioned the need for increased lending to small and mid-sized businesses in New Jersey; the development of affordable rental housing; and the need for bank involvement in business development in distressed areas, particularly the city of Camden.

## **DESCRIPTION OF INSTITUTION**

Sterling Bank, headquartered in Mount Laurel, Burlington County, New Jersey, is a state-chartered, full-service commercial bank with total assets of \$387 million as of September 30, 2009. Through 10 full-service banking offices, located in Burlington and Camden Counties in New Jersey, the bank offers consumer and commercial banking products and services to its customers.

In 2007, Sterling Bank formed a bank holding company, Sterling Bank, Inc., with the simultaneous acquisition of Farnsworth Bancorp, Inc., Bordentown, New Jersey, and its \$106 million bank subsidiary, Peoples Savings Bank (Peoples). Peoples served Camden and Burlington Counties through four branch locations.

The following table details Sterling Bank's office locations.

<b>Metropolitan Division (MD)</b>	<b>County</b>	<b>Number of Branches</b>
Camden, New Jersey, MD	Burlington County	8
Camden, New Jersey, MD	Camden County	2
<b>Total Branches</b>		<b>10</b>

None of the bank's 10 offices are located in low- or moderate-income census tracts. Six of the offices are located in middle-income tracts, while four are located in upper-income tracts. In November 2008, Sterling Bank closed its branch office located at 3737 Church Road, Mount Laurel, NJ, which was situated in an upper-income census tract in Burlington County.

## **LOANS**

As of September 30, 2009, Sterling Bank reported \$297 million in loans, equivalent to 77% of its total assets as of that date. The bank's loans decreased 8% since its last CRA evaluation, when loans totaled \$310 million as of September 30, 2007. On a dollar volume basis, the most significant product offered by the bank is commercial loans, which include commercial mortgages and commercial and industrial loans. The second most material product is loans secured by residential property.

The composition of Sterling Bank's loan portfolio is presented in the following table:

<b>LOANS as of 09/30/2009</b>	<b>\$</b>	<b>%</b>
Construction & Land Development Loans	46,499	15.6
Secured by Farm Land	1,496	0.5
Open-End Loans Secured by Residential Property	11,067	3.7
Closed-End Loans Secured by Residential Property	75,910	25.5
Secured by Multi-Family	1,139	0.4
Commercial Mortgages	75,437	25.3
Commercial and Industrial Loans	29,621	10.0
Consumer Loans	49,865	16.8
Other Loans	975	0.3
Lease Financing Receivables	5,641	1.9
<b>TOTAL LOANS</b>	<b>\$297,650</b>	<b>100%</b>

On July 28, 2009, Sterling Bank entered into a Written Agreement with the Board of Governors of the Federal Reserve System and the New Jersey Department of Banking and Insurance. The agreement contains various provisions, with a common goal among the parties to the agreement to improve the bank's financial condition and thereby maintain its financial soundness.

### **DESCRIPTION OF ASSESSMENT AREA**

Sterling Bank's assessment area comprises Burlington and Camden Counties in southern New Jersey, including the principal city of Camden. The assessment area is part of the Camden MD in the Philadelphia, Pennsylvania-Camden, New Jersey-Wilmington, Delaware metropolitan statistical area (Philadelphia MSA). The assessment area complies with the requirements of CRA and does not arbitrarily exclude low- or moderate-income census tracts.

According to the 2000 Census data, Sterling Bank's assessment area consists of 259 tracts: 7% (19 tracts) are designated as low-income, 17% (43 tracts) are moderate-income, 53% (137 tracts) are middle-income, and 21% (55 tracts) are upper-income. Of the 19 low-income census tracts, 18 tracts (or 95%) are located in the city of Camden, and one tract is located in Wrightstown, Burlington County. Of the assessment area's 43 moderate-income census tracts, three (or 7%) are located in the city of Camden. The other 40 moderate-income tracts are located throughout Camden and Burlington Counties. Twenty-one percent of the assessment area's population resides within the low- and moderate-income tracts.

The bank's assessment area also contains five census tracts classified as "unknown." These tracts consist of the joint military base known as McGuire-Dix-Lakehurst, located in Burlington County.

Sterling Bank's CRA performance was evaluated in terms of the demographic and business context in which the bank operates. The banking environment in its assessment area is highly competitive and dominated by large regional banking organizations and mortgage companies. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits, as of June 30, 2009, there were 28 depository institutions operating in the assessment area. These institutions maintained a total of 275 branches holding \$17.6 billion in aggregate deposits. Sterling Bank ranked 11<sup>th</sup> with \$344 million in deposits, or 2% of the aggregate retail deposit market. TD Bank, NA, held the largest market share with 31% of aggregate deposits.

Sterling Bank's home mortgage lending was compared to the aggregate of all lenders in the assessment area reporting real estate loans pursuant to HMDA. The data are reported annually, and the most recent year for which information is available is 2008. According to aggregate data, 40,442 home mortgage loans were collectively originated by 442 HMDA reporters in the assessment area in 2008. In terms of aggregate HMDA lending, Sterling Bank is not a major residential mortgage lender, and it ranked 89<sup>th</sup> in the assessment area, with a market share of less than 1%. Countrywide Bank FSB ranked first, holding 15% of the market. The only local bank among the top 10 lenders was Commerce Bank, NA (now TD Bank), with less than 2% of the market.

Aggregate 2006 home mortgage lending data, used at the bank's last CRA evaluation, indicates that 79,262 home mortgage loans were originated by 571 HMDA reporters in the assessment area. In comparison to the 2006 aggregate data, the number of 2008 aggregate HMDA loans was down substantially, by 49%. Moreover, HMDA lending in the assessment area's low- and moderate-income census tracts during the same period decreased 55%.

In addition to home mortgage lending, Sterling Bank's small business lending was compared to the aggregate of all lenders operating in the assessment area in 2008. Based on aggregate CRA data, 96 small business loan reporters collectively originated 32,675 small business loans. Sterling Bank ranked 21<sup>st</sup> among the assessment area's small business lenders, with less than 1% of the market. American Express Bank FSB had the top ranking with a market share of 32%. However, in making any comparison to aggregate data, it should be kept in mind that American Express small business lending includes extensions of credit under corporate credit cards issued to employees of various business entities.

Aggregate 2006 small business lending data, used at the bank's last CRA evaluation, indicates that 40,662 small business loans were originated by 95 CRA reporters in the assessment area. Similar to home mortgage lending, the aggregate number of small business loans originated in the assessment area in 2008 was significantly below the number originated in 2006, albeit not as great a percentage decrease (i.e., 20%) as that of home mortgage lending. During the same period, small business lending in low- and moderate-income census tracts decreased 22%.

In considering the significant reductions in aggregate home mortgage lending and aggregate small business lending between 2006 and 2008, it should be kept in mind that 2008 was a year marked by a nationwide financial crisis and impending economic turmoil.

## **ECONOMIC CHARACTERISTICS**

The Camden MD, in which the assessment area is located, consists of Burlington, Camden, and Gloucester Counties in southern New Jersey. As part of the Philadelphia MSA, the Camden MD is closely linked to the Philadelphia economy. The MD, which includes the waterfront area directly across the Delaware River from the city of Philadelphia, is generally regarded as a lower cost alternative to Philadelphia and central and northern New Jersey as well.

Within Camden County is the city of Camden, one of the poorest cities in the nation. Of the city's 21 census tracts, 18 are designated as low-income, and three are moderate-income. The 2009 adjusted median family income for the city was \$24,653, with 81% of families designated as low- or moderate-income. Families living below the poverty level represented 33% of total families. The city's unemployment rate of more than 19% during September 2009 was double the statewide unemployment rate during the same period. According to the U.S. Census, the city's population decreased slightly from 79,904 in 2000 to 79,383 in 2008.

Strengths of the area economy include industrial diversity and a lower cost of living in comparison to the rest of New Jersey and the region. The area also benefits from spillover growth from neighboring Philadelphia. Continued weaknesses include rapidly decelerating population growth, a per capita income below the state's average, and high crime and poverty rates in downtown Camden.

Education and health services comprise the most active segments of the private sector economy. According to Moody's economic report, in 2008 these industries represented 15% of total jobs in the Camden MD, equivalent to the state percentage of 15%, and approximating the national percentage of 14%. Professional and business services jobs represented 14% of total jobs in the MD, while government jobs represented 16%, or the greatest portion, of total jobs in the MD.

The area's largest employers include Virtua Health, TD Bank, Lockheed Martin, Kennedy Health System, PHH Mortgage, Our Lady of Lourdes Health System, and Cooper Heath System. The joint military base, McGuire-Dix-Lakehurst, located in Burlington County, is also a large employer. Camden County and the Camden MD have comparatively high unemployment rates, with very high unemployment in the city of Camden. Unemployment rates for the assessment area are presented in the following table.

<b>STERLING BANK ASSESSMENT AREA DEMOGRAPHICS UNEMPLOYMENT RATES</b>		
<b>Geographical Area</b>	<b>September 2009</b>	<b>September 2008</b>
Burlington County	9.1%	5.3%
Camden County	11.0%	6.3%
Camden MD	10.1%	5.8%
City of Camden	19.2%	12.6%
New Jersey	9.6%	5.6%

## **HOUSING**

The amount of owner-occupied housing located within an assessment area's census tracts is used as a proxy to estimate demand for home mortgage credit within the area's census tracts. According to the 2000 Census data, the bank's assessment area contained 360,990 housing units, of which 69% were owner-occupied, and 25% were rental units. Owner-occupied units in the low- and moderate-income census tracts represented 37% and 47% of total housing units, respectively, well below the percentage of owner-occupied units in middle-income (73%) and upper-income (86%) census tracts. The overall owner-occupancy rate in the assessment area was 69%, which was higher than the statewide rate of 61%.

Single-family units comprised 76% of all housing units, while multi-family units comprised 16%, two-to-four family units comprised 7%, and mobile homes comprised 1%. The median age of the housing stock was 35 years, compared to a statewide median of 38 years. Median rent in the assessment area was \$683, with 37% of renters paying more than 30% of their income for housing. Median rent in the Camden MD was slightly lower at \$675, with 38% of renters paying more than 30% of income for housing. Meanwhile, the median rent in the state of New Jersey was considerably higher at \$751, with 37% of renters paying more than 30% of their income for housing.

2000 Census data show the median housing value in the bank's assessment area was \$120,371. The census data also show a significant disparity between the median housing value in the assessment area's upper-income census tracts (\$173,189) and that in low-income (\$40,665) and moderate-income (\$85,179) census tracts. More recent data available from Moody's Economy.com, Inc., estimates that the average existing home price in the Camden MD as a whole decreased by 4.2% to \$221,400 in 2008, from \$231,100 in 2007.



## **BORROWER INCOME DATA**

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes were classified based upon annually-adjusted median family income data made available by HUD.

According to 2000 Census data, the median family income of the assessment area was \$61,943, less than the statewide median income of \$65,370. In 2008, the adjusted median family income for the Camden MD, as reported by HUD, was \$78,300, and in 2009 it increased to \$82,800.

The percentage of low- and moderate-income families is used as a proxy to estimate the level of demand by such families for home mortgage lending in the assessment area. Of the total families in the assessment area, 19% are designated as low-income and 18% are moderate-income. Families living below the poverty level represented 6% of the total families in the assessment area, the same as the respective poverty measures of both the Camden MD and the state.

## **GEOGRAPHIC BUSINESS DATA**

The percentage of businesses located within the assessment area is used as a proxy to estimate demand for business credit within such census tracts. Based on 2008 Dun and Bradstreet business demographics, 39,698 businesses were located in the assessment area. Of these businesses, 88% were small businesses (a small business is defined as a business with annual revenues of \$1 million or less). Business data for 2008 also revealed that 5% of the assessment area's small businesses were located in low-income census tracts, and 10% were located in moderate-income tracts, while the majority of small businesses were located in middle-income (54%) and upper-income (31%) tracts.

The following table presents relevant demographic information for the assessment area in which Sterling Bank operates.

Sterling Bank Assessment Area Demographics Camden and Burlington Counties (2008)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	19	7.3	15,767	6.5	5,288	33.5	45,971	18.9
Moderate-income	43	16.6	29,943	12.3	2,720	9.1	44,598	18.4
Middle-income	137	52.9	134,964	55.5	5,096	3.8	58,578	24.1
Upper-income	55	21.2	62,290	25.6	1,107	1.8	93,817	38.6
Unknown-income	5	1.9	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>259</b>	<b>100.0</b>	<b>242,964</b>	<b>100.0</b>	<b>14,211</b>	<b>5.8</b>	<b>242,964</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	26,623	9,708	3.9	36.5	12,051	45.3	4,864	18.3
Moderate-income	52,263	24,352	9.8	46.6	23,188	44.4	4,723	9.0
Middle-income	201,286	146,288	58.6	72.7	45,852	22.8	9,146	4.5
Upper-income	80,818	69,159	27.7	85.6	9,517	11.8	2,142	2.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>360,990</b>	<b>249,507</b>	<b>100.0</b>	<b>69.1</b>	<b>90,608</b>	<b>25.1</b>	<b>20,875</b>	<b>5.8</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	1,789	4.5	1,579	4.5	140	3.9	70	6.0
Moderate-income	4,151	10.5	3,581	10.3	390	10.8	180	15.5
Middle-income	21,321	53.7	18,766	53.7	1,912	53.1	643	55.2
Upper-income	12,305	31.0	10,926	31.3	1,109	30.8	270	23.2
Unknown-income	132	0.3	78	0.2	52	1.4	2	0.2
<b>Total Assessment Area</b>	<b>39,698</b>	<b>100.0</b>	<b>34,930</b>	<b>100.0</b>	<b>3,603</b>	<b>100.0</b>	<b>1,165</b>	<b>100.0</b>
	Percentage of Total Businesses:			<b>88.0</b>		<b>9.1</b>		<b>2.9</b>
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	5	1.6	3	1.0	2	25.0	0	0.0
Moderate-income	23	7.2	23	7.4	0	0.0	0	0.0
Middle-income	176	55.3	173	55.8	3	37.5	0	0.0
Upper-income	114	35.8	111	35.8	3	37.5	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>318</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Businesses:			<b>97.5</b>		<b>2.5</b>		<b>0.0</b>

**CONCLUSIONS FROM PERFORMANCE TESTS**

**LENDING TEST**

Performance under the Lending Test is rated Satisfactory.

**Loan-to-Deposit Ratios**

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is expressed as an average, derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters. Sterling Bank's loan-to-deposit ratio is considered reasonable given the bank's size, financial condition, and assessment area credit needs.

Sterling Bank's loan-to-deposit ratio averaged 89% over the eight consecutive quarters of operation subsequent to the previous CRA evaluation and was equivalent to the average loan-to-deposit ratio of the bank's peer group<sup>1</sup>. The bank's ratio at the current evaluation period is above its ratio (86%) at the previous CRA evaluation. However, the quarter-end loan-to-deposit ratios of Sterling Bank have decreased steadily during 2009, from 90.2% to 83.4%. Moreover, in absolute terms, the bank's net loan volume has decreased steadily during the evaluation period, from 309.5 million at December 31, 2007, to 290.3 million at September 30, 2009, while its loan loss allowance has increased to \$10.6 million from \$2.7 million during the same period.

The following table shows Sterling Bank's quarterly loan-to-deposit ratios for the eight consecutive quarters subsequent to the previous evaluation, together with the average loan-to-deposit ratio for the same period.

<b>STERLING BANK HISTORICAL LOAN-TO-DEPOSIT RATIOS</b>			
<b>AS OF DATE</b>	<b>NET LOANS (THOUSANDS)</b>	<b>TOTAL DEPOSITS (THOUSANDS)</b>	<b>RATIO</b>
09/30/09	286,407	343,360	83.4%
06/30/09	289,088	343,537	84.2%
03/31/09	294,381	343,608	85.7%
12/31/08	297,197	329,453	90.2%
09/30/08	299,093	322,483	92.8%
06/30/08	306,448	333,117	92.0%
03/31/08	309,157	343,187	90.1%
12/31/07	309,457	350,440	88.3%
<b>Quarterly Loan-to-Deposit Ratio Average Since Previous Evaluation</b>			<b>88.7%</b>

Source: The Uniform Bank Performance Report prepared by the FDIC for use by federal regulators.

### **Assessment Area Concentration**

An analysis of Sterling Bank's overall lending, namely HMDA, small business, and small farm loans originated during the evaluation period, determined that a majority of such loans and other lending-related activities were extended to borrowers situated in the assessment area. As the following table shows, 80% of the number of combined HMDA, small business, and small farm loans and 75% of the corresponding loan dollars originated were extended in the bank's assessment area.

<b>Sterling Bank Lending Inside and Outside the Assessment Area</b>								
	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Home Improvement	34	85.0	\$1,644	82.5	6	15.0	\$348	17.5
Home Purchase – Conv.	18	54.5	\$3,398	58.1	15	45.5	\$2,449	41.9
Refinancing	73	76.0	\$13,940	69.0	23	24.0	\$6,258	31.0
<b>Total HMDA Loans</b>	<b>125</b>	<b>74.0</b>	<b>\$18,982</b>	<b>67.7</b>	<b>44</b>	<b>26.0</b>	<b>\$9,055</b>	<b>32.3</b>
Small Business Loans	207	84.5	\$40,338	78.6	38	15.5	\$10,977	21.4
<b>Total Small Business Loans</b>	<b>207</b>	<b>84.5</b>	<b>\$40,338</b>	<b>78.6</b>	<b>38</b>	<b>15.5</b>	<b>\$10,977</b>	<b>21.4</b>
Small Farm Loans	5	100.0	\$650	100.0	0	0.0	\$0	0.0
<b>Total Small Farm Loans</b>	<b>5</b>	<b>100.0</b>	<b>\$650</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>\$0</b>	<b>0.0</b>
<b>TOTAL LOANS</b>	<b>337</b>	<b>80.4</b>	<b>\$59,970</b>	<b>75.0</b>	<b>82</b>	<b>19.6</b>	<b>\$20,032</b>	<b>25.0</b>

<sup>1</sup> Sterling's peer group consists of all insured commercial banks having assets between \$300 million and \$1 billion.

## **DISTRIBUTION OF LOANS BY BORROWER INCOME LEVEL AND REVENUE SIZE OF THE BUSINESS<sup>2</sup>**

An analysis of HMDA and small business lending data was conducted in conjunction with a review of the demographic and economic characteristics of the assessment area to determine the level of lending to borrowers of different income levels and to businesses of different sizes.

The analysis reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes.

### **Lending to Borrowers of Different Income Levels**

Overall, the bank's lending levels among low- and moderate-income borrowers are excellent in the context of assessment area demographics and in comparison to aggregate HMDA lending in the assessment area.

During the period evaluated, Sterling Bank originated 125 home mortgage loans in its assessment area, in an aggregate amount of \$19 million. The percentage of low- and moderate-income families in the assessment area is used as a proxy to estimate demand for home mortgage lending in the assessment area. Of the home mortgage loans analyzed, 12% were extended to low-income borrowers, compared to 19% of the assessment area families categorized as low-income. While the lending level is less than the applicable proxy, the bank's lending to low-income borrowers is good in the context of the assessment area's overall economic characteristics. Most notably, the assessment area experienced much higher unemployment levels during 2009 than 2008, particularly with respect to the city of Camden, which had an unemployment rate of more than 19% during September 2009. In addition, based on 2008 aggregate HMDA data, Sterling Bank's lending level among low-income borrowers significantly exceeds the aggregate HMDA lending level of 7% by all lenders in the assessment area.

The evaluation also takes into consideration challenges generally encountered by the assessment area's low-income individuals and families with respect to homeownership. About 37% of the assessment area's renters expend more than 30% of gross income for housing, making it difficult for renters, particularly low-income renters, to save the customary down payment and closing costs associated with conventional home mortgage finance. Often, the home mortgage credit needs of such individuals and families can be addressed more effectively by alternative mortgage products. In an effort to address the credit needs of low-income borrowers in its assessment area and the needs of moderate-income borrowers as well, Sterling Bank offers an alternative mortgage loan product for manufactured homes. The product, developed to provide low- and moderate-income borrowers with the ability to purchase a manufactured home, allows for flexible underwriting standards, including a reduced interest rate, a lower down payment requirement, and a higher loan-to-value limit. With respect to this product offering, during the evaluation period, the bank originated five loans in an aggregate amount of \$175,000 to low- and moderate-income borrowers.

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<sup>2</sup>The information used to evaluate lending activity by Sterling Bank is detailed in the HMDA Loan Distribution Tables contained in the Appendix which starts on page 21.

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Analysis of Sterling Bank’s home mortgage lending to moderate-income borrowers shows an excellent lending penetration among such borrowers. The bank extended 24% of its home mortgage loans to such borrowers, which is notably above the 18% proxy relative to the assessment’s moderate-income population segment. Further, the bank’s lending level to moderate-income borrowers exceeds the assessment area’s 2008 aggregate HMDA lending level of 21% to such borrowers.

The following table details the distribution of the bank’s home mortgage loans by borrower income level.

<b>STERLING BANK ASSESSMENT AREA DISTRIBUTION BY BORROWER INCOME LEVEL HOME MORTGAGE LOANS</b>					
<b>Geography</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Number of Families</b>	<b>Percent of Families</b>	<b>Percent of Loans / Percent of Families</b>
Low-Income	15	12	45,971	19	0.63
Moderate-Income	30	24	44,598	18	1.33
Middle-Income	29	23	58,578	24	0.96
Upper-Income	49	39	93,817	39	1.00
Income Unknown	2	2	NA	NA	NA
<b>All Borrowers</b>	<b>125</b>	<b>100%</b>	<b>242,964</b>	<b>100%</b>	<b>1.00</b>

**Lending to Businesses of Different Sizes**

Sterling Bank’s lending, in context of demographic and economic characteristics of the assessment area, reflects reasonable penetration among businesses of different sizes.

For purposes of this evaluation, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. Small business loans are further quantified to identify those loans to businesses with gross annual revenues of \$1 million or less, namely small businesses. Schedule RC-C Part II (Loans to Small Farms and Small Businesses) of the Consolidated Reports of Condition and Income, reported by Sterling Bank as of June 30, 2009, indicates that 66% of the bank's commercial loans outstanding were designated as small business loans, as categorized in the following chart.

<b>STERLING BANK COMMERCIAL LOAN PORTFOLIO</b>		
	<b>AMOUNT OUTSTANDING AS OF 06/30/2009 (\$000)</b>	<b>PERCENT (%)</b>
Loans with original amounts of \$100,000 or less	4,465	4
Loans with original amounts of more than \$100,000 through \$250,000	13,369	13
Loans with original amounts of more than \$250,000 through \$1,000,000	50,580	49
<b>TOTAL SMALL BUSINESS LOANS</b>	<b>68,414</b>	<b>66</b>
Loans with original amounts of more than \$1,000,000	35,208	34
<b>TOTAL COMMERCIAL LOANS</b>	<b>103,622</b>	<b>100</b>

The evaluation also analyzed Sterling Bank's small business lending, using small business loan data reported by the bank for calendar years 2008 and 2009, pursuant to CRA, to determine whether those loans were made to small businesses. According to 2008 business demographic data, the bank's assessment area has 39,398 businesses, 88% of which were small businesses. During the evaluation period, Sterling Bank originated 207 small business loans aggregating \$40.3 million. Nearly half (48%) of the 207 loans were originated to small businesses. By comparison, based on 2008 aggregate data for all CRA reporting lenders, only 27% of all small business loans made in the assessment area were actually extended to small businesses.

During the evaluation period, Sterling Bank also originated five small farm loans, aggregating \$650 thousand. All five of these loans were made to small farms, and three of the loans (60%) were made in an amount of \$100 thousand or less.

### **GEOGRAPHIC DISTRIBUTION OF LENDING**

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tract types within the assessment area, with a focus on loan penetration in low- and moderate-income tracts.

The analysis reflects reasonable home mortgage lending penetration in low- and moderate-income census tracts, but poor lending penetration rates in such tracts with respect to small business loans.

#### **Home Mortgage Lending**

The percentage of owner-occupied housing units contained within a census tract is used as a proxy to estimate demand for residential mortgage lending within the tract. Generally, the lower the level of owner-occupied units within a census tract, the more limited the lending opportunities are in the tract.

Sterling Bank's overall HMDA lending in low- and moderate-income census tracts is below applicable owner-occupied housing proxies and aggregate lending levels. However, it is deemed reasonable in the context of the assessment area's economic characteristics and the substantial market presence by large and small banking organizations and mortgage companies within the assessment area.

During the evaluation period, several large financial institutions, including Countrywide Bank FSB, Wells Fargo Bank, Wachovia Bank, TD Bank, PNC Bank, and Bank of America, had a significant market presence in the assessment area. As noted on page 4, in terms of aggregate HMDA loan originations, Sterling Bank is not a major residential mortgage lender within the assessment area.

Sterling Bank originated 125 home mortgage loans in the assessment area in an aggregate amount of \$19 million. The assessment area's low-income census tracts contain only four percent of the area's total owner-occupied housing units, and moderate-income tracts contain 10%. None of the bank's loans financed properties in low-income census tracts, while six percent financed properties in moderate-income tracts. Notwithstanding various demographic and economic criteria already discussed, Sterling Bank's absence of lending in low-income tracts is attributable, in large part, to its lack of branch offices in the assessment area's low- and moderate-income census tracts.

The following table details the bank’s geographic distribution of home mortgage loans within the assessment area.

<b>STERLING BANK GEOGRAPHIC DISTRIBUTION HOME MORTGAGE LOANS</b>					
<b>Census Tract Income Level</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Number of Owner- Occupied Units</b>	<b>Percent of Owner- Occupied Units</b>	<b>Percent of Loans/ Percent of Units</b>
Low	0	0	9,708	4	0.00
Moderate	7	6	24,352	10	0.60
Middle	58	46	146,288	58	0.79
Upper	60	48	69,159	28	1.71
<b>All Borrowers</b>	<b>125</b>	<b>100%</b>	<b>249,507</b>	<b>100%</b>	<b>1.00</b>

Sterling Bank’s home mortgage lending was also compared to all lenders operating in the bank’s assessment area. Based on 2008 aggregate HMDA data, three percent of all home mortgage loans made in the assessment area financed residential properties in low-income census tracts, compared to the applicable owner-occupied housing proxy of four percent. In the moderate tracts, both the market and proxy were at 10%. Details of the comparison to 2008 aggregate data are presented in the following table.

<b>STERLING BANK MARKET COMPARISON GEOGRAPHIC DISTRIBUTION HOME MORTGAGE LOANS</b>			
<b>Census Tract Income Level</b>	<b>Sterling Bank Percent of Loans</b>	<b>Market Percent of Loans</b>	<b>Percent of Owner-Occupied Units</b>
Low	0	3	4
Moderate	6	10	10
Middle	46	62	58
Upper	48	25	28
<b>All Borrowers</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Small Business Lending**

An analysis of the geographic distribution of Sterling Bank’s small business loans was conducted to determine the dispersion of the loans among different census tracts within the bank’s assessment area. The percentage of businesses located within a census tract is used as a proxy to estimate demand for small business credit within the tract.

The geographic distribution of Sterling Bank’s small business loans reflects poor dispersion throughout the assessment area.

During the evaluation period, Sterling Bank originated 207 small business loans, in an aggregate amount of \$40.3 million. According to 2008 business demographics, 5% of small businesses in the assessment area were located in low-income census tracts, while 10% operated in moderate-income tracts. However, only 2% of the bank’s small business loans financed businesses in low-income tracts, and just 1% financed businesses in moderate-income tracts. Even in the assessment area’s middle income tracts, the percentage of small business loans (39%) originated by the bank is considerably less than the percentage of businesses (54%) in such tracts.

In actuality, the majority of the bank’s small business loans was made to businesses in upper-income tracts, while less than one-third of the assessment area’s businesses were located in such tracts. Details of Sterling Bank’s geographic distribution of small business loans is presented in the following table.

<b>STERLING BANK GEOGRAPHIC DISTRIBUTION SMALL BUSINESS LOANS</b>					
<b>Census Tract Income Level</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Number of Small Businesses</b>	<b>Percent of Small Businesses</b>	<b>Percent of Loans/ Percent Small Businesses</b>
Low	4	2	1,789	5	0.40
Moderate	3	1	4,151	10	0.10
Middle	80	39	21,321	54	0.72
Upper	120	58	12,305	31	1.87
<b>Totals</b>	<b>207</b>	<b>100%</b>	<b>39,566</b>	<b>100%</b>	<b>1.00</b>

Aggregate 2008 data for all lenders in the assessment area, including specialized and corporate credit card lenders, reporting small business loans pursuant to CRA, show an aggregate lending level of 2% in low-income census tracts and 8% in moderate-income tracts. Sterling Bank’s lending level in low-income tracts was comparable to the aggregate lending level in low-income tracts; however, its lending level in moderate-income tracts was well below the aggregate lending level in moderate-income tracts (8%). Further, based on the aggregate 2008 data, neither Sterling Bank nor aggregate lenders, as a whole, met the applicable proxies with respect to businesses operating in low- and moderate-income census tracts.

Details of Sterling Bank’s geographic distribution of small business loans, in comparison to 2008 aggregate lending patterns in the assessment area, are presented in the following table.

<b>STERLING BANK MARKET COMPARISON GEOGRAPHIC DISTRIBUTION SMALL BUSINESS LOANS</b>			
<b>Census Tract Income Level</b>	<b>Sterling Bank Percent of Loans</b>	<b>Market Percent of Loans</b>	<b>Percent of Small Businesses</b>
<b>Low</b>	2	2	5
<b>Moderate</b>	1	8	10
<b>Middle</b>	39	50	54
<b>Upper</b>	58	36	31
<b>All Borrowers</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In assessing Sterling Bank’s geographic distribution of small business loans, the evaluation takes into consideration the fact that the bank is a small community bank operating in a highly competitive and well-banked market. The assessment area is served by several large banking organizations with extensive banking office networks in the assessment area, including TD Bank, Susquehanna Bank, Wachovia Bank, and Bank of America.

Nevertheless, the voids in the geographic distribution of the bank’s small business loans mandate increased emphasis by the bank to address small business credit needs in the assessment area’s low- and moderate-income census tracts.



## **RESPONSE TO SUBSTANTIATED COMPLAINTS**

No CRA-related complaints were filed with either Sterling Bank or the Federal Reserve Bank of Philadelphia during the evaluation period.

### **Community Development Test**

Sterling Bank's performance under the community development test is rated Needs to Improve.

This assessment is based largely upon the bank's poor responsiveness to the community development needs of its assessment area, particularly with respect to community development loans and qualified investments. In addition, the assessment takes into consideration the bank's capacity to engage in community development lending and investing and the need and opportunity for community development loans and investments within the assessment area.

### **Community Development Loans**

Sterling Bank did not originate any community development loans during the evaluation period.

### **Community Development Investments**

Sterling Bank did not make any new qualified investments during the evaluation period. The bank holds only one existing qualified community development investment in the amount of \$100,000, which remains outstanding, and was recognized at previous CRA evaluations. The investment is in New Jersey Community Capital, a community development financial institution that provides technical assistance and financing to community organizations and small businesses throughout the state of New Jersey.

Specific to its assessment area, the bank made grants and contributions to various organizations that provide affordable housing, economic development, and community development services targeted at low- and moderate-income individuals and census tracts. During the period evaluated, the bank made \$26 thousand in qualified grants and donations that benefit the assessment area.

### **Community Development Services**

Sterling Bank provided an adequate level of community development services in its assessment area. The bank is a member of the Federal Home Loan Bank of New York (FHLB) and a participant in its Affordable Housing Program (AHP). The purpose of the AHP is to provide grants to help low- and moderate-income homeowners purchase and maintain their homes. AHP also enables organizations to purchase, rehabilitate, or construct multi-family affordable housing units for low- and moderate-income households. Only member institutions of the FHLB can formally apply for AHP grants. Thus, nonprofit agencies, local governments, and community development organizations must obtain the sponsorship and support of member institutions to formally apply for AHP funds. Also, a sponsoring institution is responsible for monitoring the approved affordable housing project through its completion and for ensuring that the project is consistent with program objectives.

Under the AHP, Sterling Bank is currently administering grants and monitoring projects for two organizations providing affordable housing opportunities in southern New Jersey. The organizations are the Fair Share Housing Development, Inc. and the Burlington County, New Jersey affiliate of the Habitat for Humanity.

Additionally, Sterling Bank's officers and employees serve in various capacities on the boards of several community development organizations, provide technical expertise through participation on finance committees, and provide materials and make presentations for financial literacy programs and foreclosure relief. Of note, Sterling Bank's management and staff promote financial literacy to high school students, with a focus on schools serving low- and moderate-income students.

Organizations in which Sterling Bank employees provide community development support include:

- St. Joseph's Carpenter Society—affordable housing and neighborhood development programs in the city of Camden
- Habitat for Humanity Burlington County Affiliate—affordable housing
- The Drenk Foundation—financial literacy programs serving primarily low- and moderate-income schools in Burlington County
- Heart of Camden—economic revitalization in the city of Camden through the provision of affordable housing and family services
- Main Street Maple Shade—economic revitalization program for the redevelopment of the central business district
- Domenica Foundation—community development services to low- and moderate-income families in the city of Camden
- Family Success Center of Burlington County—community educational services for low- and moderate-income families in Burlington County
- Abundant Life Community Development Corporation—foreclosure assistance and job training and resources for low- and moderate-income residents of Willingboro, Burlington County
- The Women's Opportunity Center—financial literacy program for low- and moderate-income women in Burlington County

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES**

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. No credit practices were identified as being inconsistent with helping to meet the credit needs of the assessment area.

**CRA APPENDICES**

## CRA APPENDIX A: GLOSSARY

**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 metropolitan area/assessment area.

**Block numbering area (“BNA”):** A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census tract:** 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 statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and 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 the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (“HMDA”):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**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 (for example, 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 metropolitan area/assessment area.

**Metropolitan area (“MA”):** Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”) or consolidated metropolitan statistical area (“CMSA”) as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by non-farm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

**CRA APPENDIX B: HMDA LOAN DISTRIBUTION TABLES**

**HMDA LOAN DISTRIBUTION TABLE LOAN YEAR 2008**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	5	62.5%	218	46.8%
Moderate	2	25.0%	222	47.6%	3	37.5%	248	53.2%
Low/Moderate Total	2	25.0%	222	47.6%	8	100.0%	466	100.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	6	75.0%	244	52.4%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>8</b>	<b>100.0%</b>	<b>466</b>	<b>100.0%</b>	<b>8</b>	<b>100.0%</b>	<b>466</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	2	12.5%	195	10.4%
Moderate	3	18.8%	441	23.6%	4	25.0%	585	31.3%
Low/Moderate Total	3	18.8%	441	23.6%	6	37.5%	780	41.7%
Middle	5	31.3%	595	31.8%	3	18.8%	248	13.3%
Upper	8	50.0%	833	44.6%	7	43.8%	841	45.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>16</b>	<b>100.0%</b>	<b>1,869</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>	<b>1,869</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	3	13.6%	90	9.1%
Moderate	0	0.0%	0	0.0%	4	18.2%	146	14.7%
Low/Moderate Total	0	0.0%	0	0.0%	7	31.8%	236	23.8%
Middle	13	59.1%	696	70.2%	4	18.2%	237	23.9%
Upper	9	40.9%	296	29.8%	10	45.5%	504	50.8%
Unknown	0	0.0%	0	0.0%	1	4.5%	15	1.5%
<b>Total</b>	<b>22</b>	<b>100.0%</b>	<b>992</b>	<b>100.0%</b>	<b>22</b>	<b>100.0%</b>	<b>992</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	10	21.7%	503	15.1%
Moderate	5	10.9%	663	19.9%	11	23.9%	979	29.4%
Low/Moderate Total	5	10.9%	663	19.9%	21	45.7%	1,482	44.5%
Middle	18	39.1%	1,291	38.8%	7	15.2%	485	14.6%
Upper	23	50.0%	1,373	41.3%	17	37.0%	1,345	40.4%
Unknown	0	0.0%	0	0.0%	1	2.2%	15	0.5%
<b>Total</b>	<b>46</b>	<b>100.0%</b>	<b>3,327</b>	<b>100.0%</b>	<b>46</b>	<b>100.0%</b>	<b>3,327</b>	<b>100.0%</b>



**HMDA LOAN DISTRIBUTION TABLE LOAN YEAR 2009**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	3	30.0%	167	5.7%
Moderate	1	10.0%	70	2.4%	3	30.0%	278	9.5%
Low/Moderate Total	1	10.0%	70	2.4%	6	60.0%	445	15.2%
Middle	4	40.0%	521	17.8%	1	10.0%	142	4.8%
Upper	5	50.0%	2,341	79.8%	3	30.0%	2,345	80.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>10</b>	<b>100.0%</b>	<b>2,932</b>	<b>100.0%</b>	<b>10</b>	<b>100.0%</b>	<b>2,932</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	1	1.8%	94	0.8%
Moderate	1	1.8%	103	0.9%	12	21.1%	1,679	13.9%
Low/Moderate Total	1	1.8%	103	0.9%	13	22.8%	1,773	14.7%
Middle	30	52.6%	5,582	46.2%	18	31.6%	3,357	27.8%
Upper	26	45.6%	6,386	52.9%	25	43.9%	6,691	55.4%
Unknown	0	0.0%	0	0.0%	1	1.8%	250	2.1%
<b>Total</b>	<b>57</b>	<b>100.0%</b>	<b>12,071</b>	<b>100.0%</b>	<b>57</b>	<b>100.0%</b>	<b>12,071</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	1	8.3%	4	0.6%
Moderate	0	0.0%	0	0.0%	4	33.3%	141	21.6%
Low/Moderate Total	0	0.0%	0	0.0%	5	41.7%	145	22.2%
Middle	6	50.0%	423	64.9%	3	25.0%	67	10.3%
Upper	6	50.0%	229	35.1%	4	33.3%	440	67.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>12</b>	<b>100.0%</b>	<b>652</b>	<b>100.0%</b>	<b>12</b>	<b>100.0%</b>	<b>652</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	5	6.3%	265	1.7%
Moderate	2	2.5%	173	1.1%	19	24.1%	2,098	13.4%
Low/Moderate Total	2	2.5%	173	1.1%	24	30.4%	2,363	15.1%
Middle	40	50.6%	6,526	41.7%	22	27.8%	3,566	22.8%
Upper	37	46.8%	8,956	57.2%	32	40.5%	9,476	60.5%
Unknown	0	0.0%	0	0.0%	1	1.3%	250	1.6%
<b>Total</b>	<b>79</b>	<b>100.0%</b>	<b>15,655</b>	<b>100.0%</b>	<b>79</b>	<b>100.0%</b>	<b>15,655</b>	<b>100.0%</b>

SMALL BUSINESS LOAN DISTRIBUTION TABLE LOAN YEAR 2008

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>								
Low	2	1.7%	70	0.3%	0	0.0%	0	0.0%
Moderate	3	2.6%	870	3.7%	0	0.0%	0	0.0%
Low/Moderate Total	5	4.3%	940	4.0%	0	0.0%	0	0.0%
Middle	46	39.3%	8,096	34.1%	0	0.0%	0	0.0%
Upper	65	55.6%	14,189	59.8%	2	100.0%	325	100.0%
Unknown	1	0.9%	488	2.1%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>117</b>	<b>100.0%</b>	<b>23,713</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>
<b>By Revenue</b>								
Total \$1 Million or Less	52	44.4%	7,654	32.3%	2	100.0%	325	100.0%
Over \$1 Million	65	55.6%	16,059	67.7%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>117</b>	<b>100.0%</b>	<b>23,713</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>
<b>By Loan Size</b>								
\$100,000 or less	53	45.3%	2,896	12.2%	1	50.0%	60	18.5%
\$100,001 - \$250,000	28	23.9%	5,315	22.4%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	36	30.8%	15,502	65.4%	1	50.0%	265	81.5%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>117</b>	<b>100.0%</b>	<b>23,713</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>
<b>By Loan Size and Revenue \$1 Million or Less</b>								
\$100,000 or less	32	61.5%	1,617	21.1%	1	50.0%	60	18.5%
\$100,001 - \$250,000	8	15.4%	1,409	18.4%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	12	23.1%	4,628	60.5%	1	50.0%	265	81.5%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>52</b>	<b>100.0%</b>	<b>7,654</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>

SMALL BUSINESS LOAN DISTRIBUTION TABLE COMBINED LOAN YEAR 2009

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>By Tract Income</b>								
Low	1	1.1%	50	0.3%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	1	1.1%	50	0.3%	0	0.0%	0	0.0%
Middle	34	37.8%	5,109	30.7%	1	33.3%	60	18.5%
Upper	55	61.1%	11,466	69.0%	2	66.7%	265	81.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>90</b>	<b>100.0%</b>	<b>16,625</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>
<b>By Revenue</b>								
Total \$1 Million or Less	47	52.2%	7,109	42.8%	3	100.0%	325	100.0%
Over \$1 Million	43	47.8%	9,516	57.2%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>90</b>	<b>100.0%</b>	<b>16,625</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>
<b>By Loan Size</b>								
\$100,000 or less	41	45.6%	2,583	15.5%	2	66.7%	120	36.9%
\$100,001 - \$250,000	27	30.0%	5,031	30.3%	1	33.3%	205	63.1%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	22	24.4%	9,011	54.2%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>90</b>	<b>100.0%</b>	<b>16,625</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>
<b>By Loan Size and Revenue \$1 Million or Less</b>								
\$100,000 or less	28	59.6%	1,838	25.9%	2	66.7%	120	36.9%
\$100,001 - \$250,000	9	19.1%	1,735	24.4%	1	33.3%	205	63.1%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	10	21.3%	3,536	49.7%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>47</b>	<b>100.0%</b>	<b>7,109</b>	<b>100.0%</b>	<b>3</b>	<b>100.0%</b>	<b>325</b>	<b>100.0%</b>

**CRA APPENDIX C: ASSESSMENT AREA MAP**

