



Sterling 2016 CRA Plan Progress Report

Sterling National Bank (Sterling or the Bank) is proud to report strong progress in meeting the 2016 CRA related goals established in the Bank’s [CRA Plan](#). Sterling specializes in the delivery of commercial oriented financial products, services and solutions to middle-market and small business customers, business owners, and to consumers within Sterling’s markets. The Bank operates primarily through teams of experienced commercial relationship managers and a limited network of financial centers, with 98.2% of deposits held within the Bank’s primary NY/NJ MSA (Metropolitan Statistical Area) assessment area.

Sterling’s strategy focuses on generating commercial deposit relationships, and originating high quality commercial and industrial and commercial mortgage loans. Our strategic objectives include generating sustainable growth in revenues and earnings by increasing new business client acquisitions, expanding existing client relationships, improving asset quality and increasing operating efficiency. Our goal is to create a full service commercial bank that achieves top-tier performance on return on equity, return on assets and earnings per share.

Sterling has grown significantly since 2011, both organically and through acquisitions, steadily increasing its commercial oriented focus in the greater New York metropolitan area. As of December 31, 2016, Sterling had assets of \$14.2 billion, including total loans outstanding of \$9.5 billion. The loan portfolio is predominantly commercial in nature with over 90% of the loan portfolio comprised of commercial and commercial real estate loans.

Period Ended	2012 FY	2013 FY	2014 FY	2015 FY	2016 FY
<u>Loan Composition (%)</u>	9/30/2012	9/30/2013	12/31/2014	12/31/2015	12/31/2016
Total Gross Loans (\$000)	2,126,977	2,413,909	4,862,240	7,893,470	9,569,119
1-4 Family Loans/ Loans	16.51	16.58	11.00	9.07	7.32
Multifamily Loans/ Loans	8.29	12.75	7.99	10.13	10.30
Commercial Real Estate Loans/ Loans	42.31	40.18	30.28	34.78	33.20
Commercial & Multifamily Real Estate Loans/ Loans	50.60	52.93	38.27	44.91	43.50
Real Estate Loans/ Loans	67.12	69.50	49.27	53.98	50.81
Construction & Development Loans/ Loans	6.80	4.25	2.01	2.37	2.42
Home Equity Loans/ Loans	9.45	7.71	3.86	3.58	NA
Credit Card Loans/ Loans	0.00	0.00	0.00	0.00	0.00
Vehicle Loans/ Loans	0.02	0.01	0.00	0.00	NA
Other Consumer Loans/ Loans	0.42	0.30	0.30	0.23	NA
Consumer Loans/ Loans	9.89	8.02	4.16	3.81	2.98
Commercial Loans/ Loans	16.20	18.23	44.56	39.84	43.79



Sterling has always maintained strong relationships with its clients, customers and communities as evidenced by its long history of satisfactory CRA evaluations. The Bank made significant additional investments in its CRA programs in 2015 and 2016 that yielded extraordinary results as detailed further below. Even with our core Commercial focus, Sterling has demonstrated a strong ability to broadly and deeply serve its communities with focused, innovative strategies that leverage our commercial business strengths. We are excited to explore new opportunities to expand our community development programs as the Bank continues growing our commercial focused initiatives.

Please note Sterling’s 2016 CRA Summary Performance relative to its CRA Plan

SNB CRA Plan -- Retail Lending Goals 2016				
(Targets are expressed as Percentages of the Demographic Comparator based on SNB Production)				
Loan Category	Demographic Comparator (DC)	2016 DC Target	2016 DC Actual	Comment
1-4 Residential Mortgage	Percentage of Owner-Occupied Housing Units in AA Located in Low- and Moderate-Income Census Tracts	75%	75%	SNB achieved its 2016 residential lending target within LMI census tracts, within its defined Assessment Area.
1-4 Residential Mortgage	Percentage of Families in AA with Low- or Moderate-Income	75%	76%	SNB achieved its 2016 residential lending target to LMI borrowers within its defined Assessment Area.
Multifamily Loans	Percentage of Multifamily Properties in AA Located in Low- and Moderate-Income Census Tracts	75%	144%	SNB exceeded its 2016 Multifamily lending target.
Small Business Loans	Percentage of Businesses in AA Located in Low- and Moderate-Income Census Tracts	75%	156%	SNB exceeded its 2016 Small Business lending loan target
Small Business Loans	Percentage of Businesses in Assessment Area with Annual Revenues of \$1 Million or Less	75%	103%	SNB exceeded its 2016 Small Business lending loan target of loans made to businesses with gross annual revenues of \$1 Million or Less.



Sterling’s 2016 CRA Summary Performance relative to its CRA Plan (cont.)

**2016 Community Development Lending and Community Development Investment Targets
(14% of SNB T1 Capital for three year period ending 12/31/2018)**

Activity	2016 Target	2016 Actual	Comment
CD Loans	4.7% T1 Capital	13.3% T1 Capital	SNB well exceeded its 2016 Community Development Lending target.
CD Qualified Investments	4.7% T1 Capital	6.6% T1 Capital*	SNB exceeded its 2016 Community Development Investment target.

2016 Community Development Service Targets

- 4 hours per year of CD services per branch employee with a participation rate of 35 percent
- 15% of executives and senior officers serve on a nonprofit board or committee

Activity	2016 Target	2016 Actual	Comment	
CD Services	CD Service Hours Volunteered	2,160	2,185	SNB achieved its 2016 community volunteer service target
	CD Service Participation Rate	35%	37%	SNB achieved its 2016 community volunteer colleague participation rate target.
	CD Service Nonprofit Boards	6	13	SNB exceeded its 2016 community service non-profit Board placement target.