Community Reinvestment Act Plan
Commitments and Goals
2016-2018
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EXECUTIVE SUMMARY

Sterling National Bank ("Sterling" or "the Bank") specializes in the delivery of commercial oriented financial products, services and solutions to business owners, their families, and to consumers within the markets that we operate through teams of experienced relationship managers and a network of financial centers. Sterling focuses its efforts on generating core deposit relationships, and originating high quality commercial, commercial mortgage and residential mortgage loans mainly for our held-for-investment portfolio. Our strategic objectives include generating sustainable growth in revenues and earnings by increasing new client acquisitions, expanding existing client relationships, improving asset quality and increasing operating efficiency. To achieve these goals, we focus on specific target markets, which include small and middle market commercial businesses and consumers, expanding our delivery and distribution channels, creating a high productivity performance culture, controlling our operating costs and proactively managing enterprise risk. 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 targeted acquisitions, steadily increasing its commercial oriented focus in the greater New York metropolitan area. Sterling (formerly named Provident Bank) completed three bank mergers since 2011 acquiring Gotham Bank ($419.9 million in assets) in 2012, Sterling Bank ($2.8 billion) in 2013 and Hudson Valley Bank ($3.1 billion) in 2015. As of June 30, 2015, Sterling reported assets of $11.5 billion, including total loans outstanding of $7.2 billion.

The Bank is committed to its strategy of expanding in the greater New York metropolitan region and beyond and building a more diversified company with significant commercial banking capabilities. This commercial focus is clearly evident in Sterling’s loan portfolio, which is comprised of $6.2 billion in commercial and commercial real estate loans representing 85.9% of total loans, whereas consumer loans total $1.0 billion or 14.1% of total loans. Similarly, the Bank’s the deposit base is predominantly derived from commercial deposit accounts, which comprise 80.7% of total deposits, and to a much lesser extent, individual consumer accounts, which account for 19.3% of deposits.

Sterling is implementing an enhanced Community Reinvestment Act ("CRA") Plan covering the period 2016 through 2018 that builds upon the Bank’s core strategies. The CRA Plan (the "Plan") sets out the Bank’s goals for CRA lending, investments, and community development ("CD") services in its five assessment areas for 2016, 2017 and 2018. In addition, the Plan provides
information about Sterling’s CRA governance structure, describes reporting that will be used to monitor the Bank’s performance relative to Plan goals, and explains the Bank’s strategies to develop products and services that serve community needs while promoting its community visibility through outreach, meetings, and consultation with local, regional, and national community development organizations. The Bank will continue to develop strategies for promoting visibility in each of its assessment areas, particularly the New York-New Jersey assessment area (“AA”) comprising the New York-White Plains-Wayne Metropolitan Division (“MD”), which accounts for over 95 percent of the Bank’s deposits.

To effectively execute the Plan, the Bank is continuing steps to enhance knowledge of and support for CRA initiatives among the Bank’s Board of Directors, Executive Management, and business line management and staff. The Bank’s President and Chief Executive Officer (“CEO”) meets regularly with the CRA Oversight Committee, which is chaired by the Bank’s Chief Risk Officer (“CRO”) and comprises the Bank’s CRA Officer, and key business line, investment, and marketing executives. The CRA Oversight Committee has taken a leadership role in developing this Plan.

The Bank’s Board of Directors (“Board”) has established that its Enterprise Risk Committee (“ERC”) will provide overall program direction and receive and review reports from the executive CRA Oversight Committee and the Bank’s CRA Officer no less often than four times per year. The CRA Officer will meet regularly with community-based organizations to help inform the Bank’s CRA and community development strategies and decision-making. Representatives from the CRA Oversight Committee will meet annually with representatives from New York area community based organizations to help inform product offerings, market the Bank’s products and services, and consider partnership opportunities. The CRA Oversight Committee or the CRA Officer will also meet with CD representatives from its other AA as warranted.

The Bank’s CRA Officer will report up through the Chief Risk Officer and have direct access to the Bank’s Chief Executive Officer and the Board’s Enterprise Risk Committee. The CRA Officer, with the support of the Bank’s CEO, CRO and Board, will ensure job responsibilities and accountabilities related to residential mortgage lending, multifamily lending, commercial lending, and community development lending are consistent with approved strategies and tactics to enhance CRA Lending Test outcomes. The CRA Officer will also oversee training designed to
ensure that employee performance aligns with the priority the Bank has placed in meeting Plan goals, particularly among business line management and staff.

The Bank will review product offerings and, in consultation with its community development partners, will seek to design products and programs that will enable the Bank to reach more low- and moderate-income (“LMI”) customers. We will continue to refine our investment strategies to support CRA goals for the Bank as a whole and relative to each of the Bank’s assessment areas. We will use community development grants to strategically support the Bank’s nonprofit partners and to support efforts to enhance our retail lending record among LMI communities, LMI individuals, and our community development record in our assessment areas. We will explore ways to expand the market for the Bank’s products and services in consultation with local community-based organizations through advertising in local community publications and through partnerships with community organizations.

We are also establishing community development service expectations for our employees and Board members. We are encouraging staff and executives to participate in a volunteer capacity as a representative of the Bank with our community partners. Our executive leaders will offer to represent the Bank on the boards of community development organizations and on their finance and other technical committees in support of community reinvestment and community development.

Finally, we are developing new CRA performance reports for CRA Oversight Committee, executive management and the Board, and expanding CRA and community development training and resources for all levels of personnel.
In this Plan, the words “Sterling,” “the Bank,” “we,” “our” and “us” refer to Sterling National Bank. Sterling National Bank, the principal subsidiary of Sterling Bancorp, specializes in the delivery of commercial oriented products, services and solutions to mid-size business owners, their families, and to consumers within the communities we serve through teams of dedicated and experienced relationship managers. Sterling National Bank offers a complete line of commercial, business, and consumer banking products and services. A substantial majority of Sterling’s loans are originated within its local communities to business customers of different revenue sizes.

Sterling maintains 27 commercial delivery teams across the Bank’s markets led Senior Managing Directors and Managing Directors who serve as relationship managers (“RMs”) that provide customers with a full-service experience, providing a single point of contact to coordinate various financial disciplines and streamline the banking process. These RMs are able to draw upon a unique breadth of tools and expertise, applying a thorough understanding of individual businesses and serving as a valuable and skilled financial advisor and resource. This combination of dedicated attention and extensive resources helps ensure that clients receive exceptional service and commitment.

From our formation in 1888 as a community lender, Sterling has grown to be a trusted resource with a deep toolkit for businesses and families throughout the New York metropolitan area. This growth has been supported by the consistent application of sound banking principles, which has ensured our strength and stability. We have ample capital and liquidity to support our continued growth. Sterling consistently puts our clients’ best interests first, and we have a reputation for being highly ethical. In a 2012 annual survey commissioned by Forbes and prepared by Governance Metrics International, a global leader in corporate governance, we were named one of America’s 100 Most Trustworthy Companies.

Taken together, the caliber of our teams, our longevity, and our achievements on behalf of clients mean that the public can, with confidence, trust our focus and commitment to helping to meet the credit needs of our customers throughout our entire communities.
MEASUREABLE GOALS FOR CRA LENDING, INVESTMENT AND SERVICE

The Plan sets forth measurable lending goals for the Bank and for its five Assessment Areas (‘‘AA’’) -- four in the New York-New Jersey-Pennsylvania multistate Metropolitan Statistical Area (‘‘MSA’’) and one a non-MSA AA (Sullivan County) in New York. Pursuant to the Plan, the Bank will endeavor to increase or enhance:

- The proportion of its mortgage loans to LMI borrowers and in LMI census tracts;
- The proportion of its multifamily loans in LMI census tracts;
- The number, amount, and variety of community development loans in its AAs;
- The proportion of small loans to businesses located in LMI census tracts and businesses with $1 million or less in revenues;
- The amount of qualified investments and grants that support community and economic development; and
- The amount and range of community development services provided annually through our branches and by executives and senior officers.

Sterling intends to build upon its existing CRA related activities to further strengthen our community reinvestment performance and to enhance our record of helping to meet the credit needs in the communities we serve. To meet these goals, the Bank will establish a community banking team focused on prudently expanding our community development product offerings and intensify our overall lending outreach to traditionally underserved communities in a prudent manner.
STRAATEGIES AND TACTICS

Through this Plan, Sterling is affirming its long standing commitment to help to meet the credit needs of its entire communities – including low- and moderate-income persons and census tracts – in its five AAs. To further enhance the Bank’s existing CRA record, especially its Lending Test record, the Bank plans to pursue certain strategies that are intended to expand the Bank’s lending in LMI census tracts and to LMI persons, improve its community development lending, expand its qualified investments, and enhance CD services. Those strategies include:

- Establishing a community banking team to allow for dedicated focus on growing the Bank’s CRA lending;
- Hiring a CRA Officer dedicated to overseeing the enhancements in the Bank’s CRA program consistent with this CRA Plan and to maintain appropriate governance processes to monitor CRA performance relative to the CRA Plan;
- Strengthening engagements and entering into partnership with community-based organizations serving LMI persons and neighborhoods in our communities to support achievement of the Bank’s lending, investment, and service goals;
- Enhancing or expanding CRA product lines, including in the areas of multifamily lending, single family residential lending, and small business lending;
- Leveraging the community banking team through all other lending teams and the financial centers to better serve the needs of LMI borrowers and identify opportunities for specialized or targeted lending products;
- Enhancing training of RMs relating to CRA products, programs, and techniques to identify and deliver CRA loans to our communities;
- Focusing RMs on working in identified LMI markets and with LMI customers and smaller businesses;
- Expanding existing and/or exploring new wholesale and correspondent relationships to purchase loans from entities specializing in Affordable Housing, Community Development, small business lending and CRA-related residential lending; and
- Strengthening the monitoring and analysis of CRA performance analytics.
CRA PROGRAM GOVERNANCE AND REPORTING

The Plan sets forth the Bank’s CRA governance structure. The Bank has an Enterprise Risk Committee (“ERC”) of the Board, which will be responsible for overseeing the Bank’s actions to meet fully the goals and timelines outlined in the Plan. The ERC will receive quarterly written progress reports from the Bank’s CRA Officer and its executive management CRA Oversight Committee regarding the Bank’s performance relative to its lending, investment, and service goals. The CRA Oversight Committee will analyze the Bank’s performance and provide detailed assessments to the ERC for review. The ERC will review the reports and ensure they are made available to its principal federal regulator, the Office of the Comptroller of the Currency (“OCC”).

The reports, along with minutes of ERC meetings describing the consideration and discussion of each report, will be made available to the OCC within 30 days of the date of each Committee meeting. The ERC will annually be briefed on the Bank’s measurable results relative to Plan commitments and, after approval by the Committee, the results will be shared with the OCC. In addition, at least one month prior to the commencement of a CRA Performance Evaluation, the ERC will be briefed on the Bank’s measurable results over the full evaluation period, following which the results will be made available to the OCC and posted to the Bank’s website.
COMMUNITY OUTREACH AND PUBLIC INPUT

This CRA Plan also includes a description of our strategies for conducting outreach in the AA we serve in the New York-New Jersey-Pennsylvania multistate MSA and in our single non-MSA AA in New York state. The Bank commits to fostering and maintaining ongoing engagement with community development organizations and for-profit and non-profit developers of affordable housing. By focusing on mutually beneficial results, the Bank’s relationships with these groups will grow and result in new lending opportunities for the Community Banking Team and will support achievement of the Bank’s CRA goals.

Although we will rely on our CRA Officer, Community Banking Team and staff to serve as our principal points of contact, we expect the Bank’s executive officers, RMs, loan officers, and financial center managers to be visible in the community. Our visibility will be enhanced further through our involvement with representatives from community development organizations from our AA and, if warranted, from national organizations with affiliates operating in our AA. The CRA Officer will meet with these representatives at least twice per year and we will invite them to meet annually with members from the Bank’s CRA Oversight Committee to discuss the Bank’s progress in implementing its CRA Plan and strategies to enhance the Bank’s lending, investment, and service records.

We will also actively encourage feedback from the community on our CRA activities; we will document any comments, changes, or additions suggested by commenters and responses made to the CRA Plan and approved by the CRA Oversight Committee and Board ERC. As described more fully in this Plan, the Bank will establish community development service expectations for its employees, and executives. We will encourage and provide opportunities for employees to volunteer in support of local community development organizations or initiatives. Executive officers and officers will be expected – as representatives of the Bank – to offer to serve on the board of directors or financial or other professional services committees of local community development organizations or to offer technical advisory services to the Bank’s community development partners or stakeholders.
MEASURABLE GOALS FOR LENDING, INVESTMENT, AND SERVICE

This section of the Plan sets forth the Bank’s CRA Lending, Investment, and Service goals. Sterling has established goals for residential mortgage loans to LMI borrowers and in LMI areas; small loans to business, including businesses located in LMI census tracts and businesses with annual revenues of no more than $1 million; multifamily loans in LMI areas; and loans for affordable housing and community development and to community development organizations that may be able to serve clients with loan products that are not offered directly by Sterling. The Bank has established goals for qualified investment activity, including grants that support community and economic development. Finally, the Bank has established bank-wide annual community development service goals by financial center and for executive and senior officers.

The Bank has established CRA performance goals for 2016 through 2018. Plan goals will be updated annually as performance is measured against its criteria of success and as a new year is added to the Plan. The Bank will measure its performance at least quarterly to determine whether it is on track to meet its goals or whether it must change its strategies and tactics in order to meet its goals over time. The Plan will also be updated as a result of changes to the Bank’s assessment areas, merger activity, acquisitions, or other matters that may affect the Bank’s performance context. The Bank’s lending goals are displayed in Table 1.

<table>
<thead>
<tr>
<th>Loan Category</th>
<th>Demographic Comparator</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4 Residential Mortgage</td>
<td>Percentage of Owner-Occupied Housing Units in AA Located in Low- and Moderate-Income</td>
<td>75%</td>
<td>85%</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>Census Tracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-4 Residential Mortgage</td>
<td>Percentage of Families in AA with Low- or Moderate-Income</td>
<td>75%</td>
<td>85%</td>
<td>95%</td>
</tr>
<tr>
<td>Multifamily Loans</td>
<td>Percentage of Multifamily Properties in AA Located in Low- and Moderate-Income</td>
<td>75%</td>
<td>85%</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>Census Tracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business Loans</td>
<td>Percentage of Businesses in AA Located in Low- and Moderate-Income</td>
<td>75%</td>
<td>85%</td>
<td>95%</td>
</tr>
<tr>
<td></td>
<td>Census Tracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business Loans</td>
<td>Percentage of Businesses in Assessment Area with Annual Revenues of $1 Million or Less</td>
<td>75%</td>
<td>85%</td>
<td>95%</td>
</tr>
</tbody>
</table>
RESIDENTIAL MORTGAGE LENDING GOALS

The Bank developed its mortgage lending goals to address performance along each of the following six residential mortgage dimensions:

1. Home purchase lending in low- and in moderate-income ("LMI") census tracts;
2. Home purchase lending to LMI borrowers;
3. Home improvement lending in LMI census tracts;
4. Home improvement lending to LMI borrowers;
5. Home refinance lending in LMI census tracts; and
6. Home refinance lending to LMI borrowers.

For purposes of this public CRA Plan, the Bank has established home mortgage lending goals – aggregated across home purchase, home improvement, and refinance lending – for residential mortgage loans in LMI census tracts and to LMI families. The Bank has established those goals by assessment area using demographic comparators. The geographic distribution goals are tied to the distribution of owner-occupied housing units ("OOHUs") across census tracts in the assessment area. The borrower distribution goals are tied to the distribution of family income across the assessment area, adjusted for families with income below the poverty level. Both sets of goals are established as a percentage of the relevant demographic comparator – the distribution of OOHUs and families by income across the assessment area. If the Bank’s goals are met, residential mortgage lending in LMI census tracts and to LMI families will account for an increasing share of the Bank’s mortgage loans beginning in 2016 and continuing through 2018. The goal for 2016, 75 percent of the demographic comparators, represents a significant increase relative to past performance, and the percentage increases further over the period covered by the Plan to 95 percent of the demographic comparators for 2018.

To serve the needs of LMI borrowers, the Bank plans to make available certain new loan products through our residential mortgage division. Those efforts will increase the number and amount of mortgage loans originated in LMI geographies or to LMI persons, such as originating loans through special loans programs created by Fannie Mae, Freddie Mac, or our community partners. Some of the loans will be held for sale, such as FHA, Fannie Mae, Freddie Mac, and SONYMA loans. However, the Bank is prepared also to hold loans in portfolio, such as Home Equity Lines of Credit ("HELOCS").

The Bank will designate sales representatives to work with the Bank’s financial center managers and CRA Officer to develop relationships with homeownership education and counseling organizations and other community-based organizations for purposes of exploring the potential
for expanding product offerings that can serve LMI persons and LMI areas consistent with safe and sound banking practices and the Bank’s risk appetite. They will also monitor products already in the market to determine whether they would be suitable for inclusion in the Bank’s product suite and enhance the Bank’s ability to compete for safe and responsible loans to LMI persons and in LMI geographies.

The Bank’s CRA Officer will also seek to identify nonprofit organizations that can be strategic partners with the Bank and help the Bank enhance its record of lending to LMI persons and in LMI geographies. Sterling representatives will meet with community-based organizations to explore the potential to introduce loan programs that will meet LMI credit needs while satisfying the Bank’s requirements for safe and sound lending. Partnerships with community organizations will be pursued as a way of expanding the marketing reach of our loan programs and prequalifying LMI borrowers for loans that we offer. The CRA Officer will be authorized by management to recommend to the Bank’s CRA Oversight Committee making grants to organizations that help Sterling meet its CRA Plan objectives, which could include assisting the Bank to reach prospective LMI customers and performing the counseling and education required to support prudently underwritten affordable mortgage lending initiatives.

The Bank will make its best effort to reach its mortgage lending goals through direct originations. Those efforts may be augmented by targeted loan purchases. Purchases of loans to LMI persons or in LMI census tracts can be an effective and efficient way for the Bank to provide liquidity and expand the capacity of lenders who may have specialized expertise in reaching LMI market segments within specific communities.
MULTIFAMILY LENDING GOALS

Sterling actively offers loans for the purchase or refinancing of multifamily rental properties. We offer these loans in all of our markets, but they are particularly critical in markets with high housing costs relative to income, such as in the New York-New Jersey MD. In that market, which accounts for the vast majority of the Bank’s deposits, rental units that are conveniently located and affordable for low- and moderate-income families are a primary housing need.

In establishing our multifamily lending goals, we focus on funding multifamily properties located in LMI census tracts. We compare the share of our multifamily loans in LMI census tracts in a particular assessment area with the share of multifamily properties located in LMI census tracts in that assessment area. We refer to the latter as a “demographic comparator.” For 2016, our goal is to achieve a percentage of multifamily loans located in LMI census tracts of at least 75 percent of the demographic comparator. By 2018, our goal is to reach at least 95 percent of the corresponding demographic comparator. We also stand ready to make loans on multifamily properties that serve a principal purpose of community development because a majority of units have been targeted for LMI households. Those properties need not be limited to LMI census tracts.

Our multifamily lending goals for each year 2016-2018 are included in Table 1. The goals reflect our strong commitment to helping to meet the needs for multifamily financing, particularly in those areas in which high housing prices make affordable and conveniently-located rental housing an important alternative to owner-occupied housing units, especially among LMI households. Guidelines and criteria for qualifying will be established to ensure credit quality and accessibility for the targeted CRA base. Streamlined processes will allow for efficient execution of these loans/closings.

The Bank will seek to build and enhance relationships with community organizations and non-profit developers of affordable multifamily housing within our assessment areas, particularly in low- and moderate-income communities in our New York and New Jersey assessment areas. Our financing of the purchase, rehabilitation, or development of multifamily rental housing is a critical element of our CRA program, particularly through the support of multifamily properties located in LMI census tracts.
SMALL BUSINESS LENDING GOALS

Our small business loan goals reflect our commitment to grow our commercial lending in LMI areas and to businesses with $1 million or less in gross annual revenues. Our overall small business lending goals for 2016-2018 are presented in Table 1. We have established two demographic comparators drawn from CRA Performance Evaluation standards – the share of assessment area businesses located in LMI geographies and the share of assessment area businesses with annual revenues of $1 million or less. For 2016, we have established goals of lending to low- and moderate-income census tracts and to businesses with annual revenues of $1 million or less at a level equal to 75 percent of the demographic comparator. For 2018, our goal is to meet or exceed 95 percent of the relevant demographic comparator.

Sterling offers a range of financing solutions for businesses of all sizes. Our commercial loan specialists offer business customers products that serve a wide range of business financing needs. We also provide commercial real estate loans that offer a range of financing options for purchasing, developing, or refinancing commercial property. We originate, underwrite, and service our own commercial mortgages, which allows us more flexibility to meet a range of businesses financing needs and respond to changing needs over time.

The Bank stands ready to lend to businesses throughout its assessment areas, including to businesses located in low and moderate income geographies and to businesses with annual revenues of $1 million or less. Drawing on more than 125 years of experience, we help businesses large and small maximize returns on every investment opportunity, residential tract development project, built-to-order single-tenant properties, portfolio acquisition, or a simple refinancing transaction. In addition, streamlined processes will allow for efficient execution of loans/closings.
COMMUNITY DEVELOPMENT LOAN, INVESTMENT, AND SERVICE GOALS

Sterling has developed enterprise-wide community development goals for CD lending, CD qualified investments, and CD services. The goals are outlined below and described in further detail in the subsequent sections of this Plan. The goals have been established for the three-year period ending December 31, 2015 and the three-year period ending December 31, 2018. We have established the goals in this way because community development loans, investments, and services are typically reviewed over a three-year period corresponding with the regulatory CRA performance evaluation cycle.

<table>
<thead>
<tr>
<th>Activity</th>
<th>2013-2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD Loans</td>
<td>10% of T1 Capital for three year period ending 12/31/2015</td>
<td>14% of T1 Capital for three year period ending 12/31/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CD Qualified Investments</td>
<td>10% of T1 Capital for three year period ending 12/31/2015</td>
<td></td>
<td>14% of T1 Capital for three year period ending 12/31/2018</td>
<td></td>
</tr>
<tr>
<td>CD Services</td>
<td>4 hours of CD services per branch employee</td>
<td>4 hours per year of CD services per branch employee with participation rate of 35 percent</td>
<td>6 hours per year of CD service per branch employee with participation rate of 50 percent</td>
<td>8 hours per year of CD service per branch employee with a participation rate of 70 percent</td>
</tr>
<tr>
<td></td>
<td>10% of executives and senior officers serve on a nonprofit board or committee</td>
<td>15% of executives and senior officers serve on a nonprofit board or committee</td>
<td>20% of executives and senior officers serve on a nonprofit board or committee</td>
<td>25% of executives and senior officers serve on a nonprofit board or committee</td>
</tr>
</tbody>
</table>

TABLE 2: Community Development Loan, Investment, and Service Goals
COMMUNITY DEVELOPMENT LENDING GOALS

For a loan to qualify as a community development loan it must finance activities for which the primary purpose is community or economic development or the provision of affordable housing for LMI individuals or families. The interagency CRA Question and Answers describes community development lending to include loans for:

- Rehabilitation or construction of affordable housing, including construction and permanent financing for multifamily housing serving LMI persons;
- Not-for-profit organizations serving LMI housing or other community development needs;
- Construction or rehabilitation of community facilities that are located in LMI geographies or primarily serve LMI persons;
- Local, state, and tribal governments for community development;
- Environmental clean-up or the redevelopment of an industrial site as a part of a community revitalization effort where the property is located; or
- Businesses over $1 million in revenues, when made as part of a Small Business Administration redevelopment program.

The rehabilitation and construction of affordable housing or community facilities may include the abatement or remediation of, or other actions to correct, environmental hazards, such as lead-based paint, that are present in the housing, facilities, or site.

Multifamily loans can qualify for CD lending credit if the property has units set aside for occupancy by LMI families. Sterling takes into account the debt coverage ratio based on existing, not projected, rents and we will not lend on properties that require significant rental increases to meet prudent debt coverage standards. In all cases involving affordable housing units, we review the underlying transaction to ensure the property’s value is not being artificially inflated by speculative assumptions that could be bad for existing low- or moderate-income tenants, the neighborhood, or the Bank. We also review the applicant’s record developing and managing other multifamily properties and any additional financing that may be needed for planned modifications or capital improvements to the property. Of particular importance in this regard is the borrower’s record of maintaining or improving the physical condition of multifamily properties, including properties with affordable housing set asides, over time. The Bank considers evidence of deferred maintenance or tenant complaints to be an indicator of a potentially poor credit risk.
Sterling actively will seek out a variety of community development lending opportunities in its assessment areas. The Bank’s Community Banking Team will expand existing relationships with affordable housing developers and create new partnerships with other affordable housing developers. The Bank will also evaluate its relationships with companies delegated to underwrite and service multifamily loans and FHA-insured project loans to be securitized by Fannie Mae or Ginnie Mae and which provide permanent financing for community development purposes, including affordable housing.

The CRA Officer will work in conjunction with the Bank’s Community Banking Team and commercial lending teams to identify potential borrowers and projects that serve community development purposes and to ensure that commercial loans that would qualify as community development loans are identified. The CRA Officer will review commercial real estate loans and multifamily loans that may receive whole or partial consideration as community development loans prior to a final underwriting decision. The CRA Officer will also determine whether anything can be done to strengthen a multifamily loan before such a loan is declined. The CRA Officer will produce a community development loan scorecard to assist commercial lending units to track commercial loan originations with loan amounts of more than $1 million to help to identify those that may have a community development purpose, such as through community service, affordable housing, revitalization and stabilization, and economic development.

Our community development lending activity goal for the three years ending December 31, 2018 is 14 percent of the Bank’s Tier 1 Capital. Using deposit data available from the FDIC, we would allocate our Tier 1 capital in proportion to deposits in our different assessment areas and we seek to make CD loans at or above our target levels in each assessment area.

For 2016, the Bank projects Tier 1 Capital of $1.015 billion, its Tier 1 Capital as of June 30, 2015. Its community development loan goal for the three-year period ending December 31, 2015 is $100 million, which is 10 percent of the Bank’s Tier 1 Capital. For 2018, the Bank’s community development loan goal is even higher. Two factors account for the anticipated increase in the Bank’s CD lending and lending goals over time. First, the Bank anticipates that its capital base will grow, and CD lending will grow along with Tier 1 Capital. Second, the CD lending goal as a percentage of Tier 1 Capital increases from 10 percent to 14 percent. The Bank plans for its CD loans to be made throughout its assessment areas in proportion to the distribution of the Bank’s deposits among its assessment areas.

The commercial lending group and the credit risk management department will augment the knowledge and skills of the Bank’s lenders and underwriters to allow Sterling to more effectively underwrite loans to not-for-profit corporations. The Bank, using its CRA Officer, relationship
managers, outside mortgage loan officers, and financial center managers, will build relationships with community-based organizations and other community development entities in each of its CRA assessment areas.

The CRA Officer will also consult with not-for-profit lenders and community development financial institutions about their standards for prudent community development lending. Sterling will seek productive partnerships with such organizations to help the Bank expand its community development lending. The Bank will also expand its involvement with organizations involved with affordable housing and housing counseling. Sterling will target its CRA grants to organizations with which it enters into relationships intended to develop further business opportunities. Sterling recognizes that many community development organizations function as intermediaries and can help Sterling source community development loans that benefit LMI persons, LMI geographies, small businesses and local economic development programs through affordable housing, community development, and job creation.
QUALIFIED INVESTMENT GOALS

The CRA Investment Test evaluates the Bank's record of helping to meet credit needs through qualified investments that benefit the Bank's assessment areas or a broader statewide or regional area that includes one or more of the Bank's assessment areas. Qualified investments must benefit LMI persons or geographies and have a primary purpose of community or economic development of LMI areas, distressed areas, or designated disaster areas; affordable housing for LMI persons; or essential services for LMI persons or geographies. Qualified investments include, but are not limited to, investments that promote community development, affordable housing, revitalization and stabilization, or economic development. Qualified investments may be in the form of grants of cash or cash equivalents; deposits; purchases of certain securities or bonds; investments in tax credits for qualified community development projects, such as Low-Income Housing Tax Credits ("LIHTC") or New Markets Tax Credits; or certain in-kind donations of property or goods. Qualified community development investments provide a means of supporting local communities through lawful investments, deposits, membership shares, or grants that serve a primary purpose of community development.

The following table outlines representative community development investment vehicles that the Bank would consider making to enhance its investment record.
### Table 3: Representative Community Development Investment Vehicles

<table>
<thead>
<tr>
<th>Investment</th>
<th>Characteristics</th>
<th>CRA Value</th>
<th>Risk Mitigants</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Market Tax Credits</td>
<td>Tax credit investment to stimulate economic development and benefit LMI communities</td>
<td>Innovative, Complex and Responsive</td>
<td>Strong knowledge of investment and use of subsidy sources, sound underwriting of project, and strong annual asset management reviews to mitigate compliance and recapture risk.</td>
</tr>
<tr>
<td>Low Income Housing Tax Credits</td>
<td>Tax credit investment to help fund affordable rental housing projects for LMI individuals</td>
<td>Innovative, Complex and Responsive</td>
<td>Strong knowledge of investment and use of subsidy sources, sound underwriting of project, and strong annual asset management reviews to mitigate compliance and recapture risk.</td>
</tr>
<tr>
<td>Community Development Financial Institutions</td>
<td>CDFIs provide credit that banks may be unable to provide. Investments include deposits stock purchases, grants, or EQ2s, which are long-term subordinated debt instruments.</td>
<td>Innovative, Complex and Responsive</td>
<td>Utilize strong CDFIs with excellent track records; partner with other banks to minimize risk; utilize credit enhancements and subsidy sources to mitigate risk.</td>
</tr>
<tr>
<td>Community Development Mutual Funds</td>
<td>Consortium of investors that invest in underlying AAA collateral.</td>
<td>Responsive</td>
<td>Establish side letter with organization that specifies type and location of investments in AA. Ensure investments measure community impact.</td>
</tr>
<tr>
<td>SBA Investments</td>
<td>Securitized federally guaranteed SBA loans.</td>
<td>Responsive</td>
<td>Ensure that appropriate documentation is supplied that demonstrates impact on LMI individuals or community/economic development.</td>
</tr>
<tr>
<td>Mortgage Backed Securities &amp; Bonds</td>
<td>Securitized by Ginnie Mae single- and multi-family loan pools or Fannie Mae DUS Bonds</td>
<td>Responsive</td>
<td>Low risk with Ginnie Mae government or Fannie Mae guarantee. Bank must ensure underlying loans are in LMI tracts and to LMI borrowers in AA.</td>
</tr>
</tbody>
</table>
Sterling National Bank’s goal is to make qualified investments equal to ten percent of its Tier 1 Capital for the three-year period ending December 31, 2015. With Tier 1 Capital of approximately $1 billion, the Bank plans qualified investments of just over $100 million. Given increases in capital that occurred in 2013 and 2014 and further increases anticipated in 2015, Sterling’s goal for qualified investments will likely exceed ten percent of average Tier 1 capital for the three-year period ending December 31, 2015. Over time, the Bank commits to further increasing its qualified Investments from 10 percent to 14 percent of Tier 1 Capital by December 31, 2018.

The Bank has established our investment goals as a percentage of Tier 1 Capital. Sterling will seek to make qualifying investments throughout its five AA in proportion to the distribution of the Bank’s deposits among its assessment areas. Because approximately 95 percent of the Bank’s deposits come from its NY-NJ assessment area, that area will receive the preponderance of investment dollars. Sterling’s CRA Officer will work with the Bank’s Treasurer and the Bank’s investment department to seek out appropriate investment securities based on qualified investment opportunities in the Bank’s AA.

The largest number and amount of investments will likely take the form of targeted affordable housing backed MBS. Some will be backed by single-family mortgages made to borrowers with incomes of 80 percent of area median income or less. Others will be Fannie Mae Delegated Underwriting Securities (“DUS Bonds”) that are backed by loans on multifamily properties in which the majority of units are targeted for LMI persons or households. These investments will support efforts to meet the critical need for affordable housing in our AA, including our largest AA the NY-NJ MD.

The Bank will also invest in a variety of other community development instruments that support one or more of the Bank’s AA (or a broader statewide or regional area than includes the Bank’s AA). These instruments include Low-Income Housing Tax Credits, which can offer a significant level of subsidy to affordable multifamily housing, and New Markets Tax Credits, which support economic development and revitalization in LMI communities through financing small businesses, community facilities, and job creation. Other potential investment opportunities include Ginnie Mae Project Loan Securities, which are MBS backed by an FHA-insured projects, and investments in SBA-licensed Small Business Investment Companies (“SBICs”). The Bank stands prepared, as opportunities arise, to make investments that may be innovative, complex, or not routinely provided by financial markets. The Bank may also make deposits in certified community development financial institutions (“CDFIs”) and community development credit unions and women- or minority-owned financial institutions.
The Bank will selectively and strategically make grants to community-based organizations that will assist in addressing community development needs in our assessment areas. Grants are included in the Bank’s qualified investment goals set forth in Table 3, but we have not established separate goals for the amount of grants we make in a year or over a three-year period. We will support programs and organizations with which the Bank has developed relationships and partnerships as a way of leveraging those partnerships. The Bank believes that grants are an important part of its qualified investment activity, and they will be used strategically to support community development organizations that buttress the Bank’s efforts to make loans and investments for affordable housing and services for LMI persons and in LMI areas, to small businesses and to businesses in LMI areas, and for purposes of community and economic development.

The Bank has detailed criteria and priorities for approval of grants or donations; a “request for proposal form” is in development that incorporates the Bank’s criteria for funding. Grant recipients will be required to report back to the Bank on the use of funds so we can determine if the funding was deployed consistent with the Bank’s strategic objectives in this area. As part of our strategy, we anticipate working closely with certified CDFIs because of their importance in our NY - NJ assessment areas and because of the potential to leverage our grants with CDFI funding awarded by the U.S. Department of the Treasury. In addition, we will seek out strong community partners for investment and lending opportunities through which to deliver services.

The CRA Officer will monitor the Bank’s qualified investments quarterly and report on the status of the Bank’s investment performance relative to its goals to the Bank’s CRA Oversight Committee and through that management committee to the Board’s ERM Committee. Performance will be monitored for each of the Bank’s assessment areas to ensure coverage across the Bank’s markets. The Bank’s Treasurer and investment department staff will determine the specific nature and scope of qualified investments made within the respective assessment areas with guidance provided by the CRA Officer. The Bank’s CRA Investment Plan will be submitted to the CRA Oversight Group and the Board ER Committee annually for review. The CRA Officer will meet quarterly with the Bank’s Treasury and investment areas to track goals and to facilitate meeting the remainder of the investment goals. The Bank is also enhancing its internal reporting and monitoring processes to ensure that CRA-qualified grants are properly identified, documented, and reported.
COMMUNITY DEVELOPMENT SERVICE GOALS

The CRA Service Test evaluates the Bank's record of helping to meet the credit needs of its assessment areas by analyzing both the availability and effectiveness of the Bank's systems for delivering Retail Banking Services and the extent and innovativeness of its community development services. Through its retail and lending network, the Bank will endeavor to provide various community development services to LMI persons and LMI geographies.

Educating young people in financial literacy, particularly young people from LMI households, is an important community development service that Sterling offers its community. Services may include school savings programs, financial education and budgeting tools, and development or delivery of financial literacy programs targeted to LMI populations. Because the promotion of financial literacy is a priority service for the Bank, the Bank will continue to be active in providing financial literacy services and materials. The objective will be to provide financial education to LMI borrowers in locations convenient to the communities served. The centers will also be made available for community events and seminars.

The Bank will also develop and deliver first-time homebuyer seminars, with a focus on LMI households with the financial wherewithal to purchase their first home. We will look to identify community and industry partners to assist in the promotion and content of the seminars. By promoting Sterling National Bank as a valued resource for members of the community, we will equip our loan officers and financial center teams to originate CRA lending products and increase our presence in LMI communities.

In addition, Sterling encourages its employees to be involved, as representatives of the Bank, in their local assessment areas through participation with community development non-profit organizations and other economic development entities that serve broader statewide or regional areas that include the Bank’s assessment areas. Among the possibilities that will be pursued are credit counseling or budget management workshops for prospective homebuyers; financial literacy courses targeted to LMI communities; and programs carried out in conjunction with community development partners to share strategies to promote household savings, prevent foreclosure, or improve credit scores of LMI individuals or households. The Bank’s financial center managers will take the lead in delivering such services in consultation and in conjunction with the Bank’s CRA Officer. All Bank employees will be afforded opportunities to volunteer to participate in community development services activities.
Employees may volunteer for any qualifying community development service. The Bank will assist an employee who may need help in identifying a qualifying program or entity. The Bank will offer support in placing employees with locally based community development entities with which the Bank has an established relationship and with its own programs designed to improve financial literacy, enhance credit management, and promote savings among LMI persons or families. To assist in the tracking of activities by assessment areas, services provided will be reported through a newly-developed Community Involvement Reporting Form, which in turn will be reviewed quarterly by the Bank’s CRA Officer or CRA staff.

Finally, Bank executives and senior officers will be available to serve on the Board or Advisory Committee or otherwise provide professional services of a nonprofit organization engaged in community development activities. The Bank will set annual goals for the degree of participation expected among its senior officers and executives. Beginning in 2016, the Bank expects 15 percent of senior officers and executives to serve on a non-profit board or committee. By 2018, the Bank anticipates that 25 percent of senior officers and executives will provide such service.

Branch Closures

Sterling will carefully consider any adverse impact that might result from closing, relocating, or consolidating a bank facility. The Bank will adhere to all regulatory branch closure procedures at all times. Every reasonable effort will be made to mitigate disruption to customers, neighbors, and employees.

Sterling considers the following factors in determining whether to close a branch office and in determining which branch office to close:

- The evaluation of the locations of all our offices in an AA and their proximity to each other;
- The performance of our offices including transactional balances, expenses and profitability in aggregate and in trends over time;
- The ability to provide continuing services without significantly sacrificing customer convenience;
- Financial services available from other banking providers in the market;
- Changes in the requirements of the regulatory environment; and
- Transactions involving a merger or an acquisition where Sterling already has the services of a proximate financial center available.

Sterling will mail notices to all customers that maintain a savings, loan, or safe deposit relationship that was originated in the branch office scheduled to be closed. This notice will be
mailed at least 90 days prior to the anticipated closing date and will include:

- The exact location and address of the branch office to be closed; and
- The proposed closing date.

Further, the notice will identify where services can be obtained or a phone number at Sterling to contact regarding the continuity of services. In addition, a notice will be posted in a conspicuous manner on the premises of the branch office that will be closed at least 30 days prior to the anticipated closing date. This notice will identify where services can be obtained or a phone number at Sterling to contact regarding continuity of services.
To effectively execute the CRA Plan, we are taking steps to further elevate and strengthen CRA visibility, support, and resources throughout the Bank. In addition to establishing the active role of the Board’s Enterprise Risk Committee, we are:

- Hiring additional staff, strengthening job descriptions, and identifying accountabilities;
- Improving loan and investment products and methods that will effectively support CRA Plan objectives;
- Assessing the performance of CD loans and investments and considering an expansion of the range of investments the Bank is willing to make;
- Increasing levels of qualified investments and community development grants;
- Exploring ways to expand the market for the Bank’s products and services through local community publications and partnerships with community-based organizations;
- Communicating service expectations to all employees;
- Developing new CRA performance reports for executive management and the Board; and
- Expanding CRA and community development training and resources for all appropriate levels of Bank personnel.

In response to recent mergers and acquisitions, we are ensuring that our staff understands our strategic direction, including its implications for our CRA program governance and operations. Executive management and the Board will champion our overall CRA strategy. The roles of the Bank President and CEO, the Chairman of the Board’s ER Committee, the Chief Risk Officer, and the CRA Officer are particularly critical. The program will include strong internal controls and reporting mechanisms to ensure that information is communicated fully and accurately throughout the organization. The Bank’s CRA Officer will monitor for gaps and be expected to deal with them without delay. Business units will be responsible for working with the CRA Officer in a responsive manner and will be accountable for their success in meeting lending, investment, and service goals.
The Bank is also updating specific investment and loan criteria that will accommodate the types of qualified investments and CD loans that will be pursued with appropriate characteristics and flexibility. CD investment portfolio management will be coordinated with the CRA Officer to ensure appropriate accountabilities for CRA and portfolio performance including origination and asset management. Quarterly investment and CD loan reports will be prepared on CRA impact, portfolio yield, and performance.
CRA MISSION STATEMENT

Sterling National Bank is a full service bank that offers a wide array of products to customers in the communities in which we are located. Our principal focus is on residential mortgage lending and business lending. We view ourselves as a leader in providing services to business, individuals, and institutions to help them to grow and compete successfully in a dynamic world.

The Bank strives to demonstrate that it can lend to all parts of its community in a disciplined and prudent way that contributes to community well being and enhances the safety and soundness of the Bank. By being a reliable source of funding for prudently underwritten loans, we can help our customers achieve their goals while contributing to economic growth and vitality.

A strong CRA program will support that commitment by:

- Favorably affecting LMI persons and geographies;
- Supporting local businesses;
- Strengthening goodwill, trust, and credibility with regulators, customers, and community organizations; and
- Increasing employee satisfaction through the Bank’s positive impact on the businesses and communities we serve.

CRA Mission Statement: Sterling National Bank is committed to serving the credit needs of its entire CRA assessment areas, including the needs of low- and moderate-income persons, low- and moderate-income geographies, small businesses and community development organizations. The Bank will help to meet these credit needs in a safe and sound manner through prudent banking practices.

The Bank has engaged community development organizations in discussions and will seek partnerships intended to expand the Bank’s presence in underserved communities with community and economic development needs. Sterling will seek relationships with those organizations to help develop and offer products and services that enhance the economic vitality of the communities and strengthen the Bank’s reputation. Accordingly, the Bank will observe the following guidelines:

- The Bank will assure that products and services are prudently and fairly underwritten while also being responsive to the needs of the entire community, including LMI areas and residents;
- Loan terms will reflect consideration of our customers’ ability to repay;
• Loan products will be designed to meet the needs of the communities in which we operate;
• Loan products will be responsive to affordable housing and community development needs;
• The Bank will work with community-based organizations in an effort to develop new products that meet the Bank’s prudential underwriting standards while being responsive to the credit needs of LMI families and geographies;
• Bank products will be marketed throughout the Bank’s market areas;
• The Bank will use targeted marketing to reach traditionally underserved segments of our community, working with local community-based organizations when appropriate;
• The Bank will assure that potential creditworthy customers within an assessment area, including LMI tracts, are aware of the services the Bank offers and that their business is desired; and
• The Bank will offer financial literacy, budgeting, and money management programs targeted to persons with limited experience with banks or banking.
COMMITMENT TO FAIR AND RESPONSIBLE LENDING

Sterling is committed to treating its customers and applicants in a fair, forthright and respectful manner and in compliance with all applicable laws and regulations. In keeping with this commitment, the Board of Directors mandates that it is the duty of every Sterling employee and director to know and meet the ethical and compliance-related requirements of his or her job.

Sterling National Bank offers its products and services, including loans, to all qualified applicants on a consistent and fair basis without discrimination on the basis of ethnicity, race, color, religion, national origin, sex, marital status, age (provided the applicant or customer has the legal capacity to enter into a legal contract), disability or any other prohibited basis under federal or state laws or regulations.

In our effort to meet the needs of our service areas, we pledge to offer products and services, including loans, in a safe and sound manner that is consistent with the bank's goal of protecting the interests of depositors, shareholders, and customers.

Sterling respects the rights of all applicants who will receive fair treatment through the entire account process on such things as:

- Equal information and services,
- Active encouragement to submit and complete an application,
- Consistent standards in the decision process,
- Consistent terms,
- Consistent standards to evaluate loan collateral, and
- Consistent treatment in account servicing.

Sterling's commitment to fair treatment is communicated to all employees, executives, and directors and enforced through comprehensive ethics and Fair Lending training and the Bank’s compliance management program.

The Bank through product design, pricing, marketing efforts, borrower education, underwriting policy, loan administration and loss mitigation, has a history of granting home loans that support stable home ownership with minimal default experience.

The Bank has followed the public discussion of “Predatory Lending” issues among legislators, regulators, and housing policy and public advocacy groups. The bank has ensured that no definition of “predatory lending” has described or will describe any policy, practice, or loan term
employed by the bank in its Residential Loan, Home Equity lending, Consumer lending, or Commercial lending activity.

It is the philosophy and policy of the Bank to seek out credit worthy borrowers and offer competitive products and a high level of service to those customers. This philosophy views a defaulted loan as a failure in the Bank’s goal to promote home ownership, growth of personal wealth, and economic stability in the communities the Bank serves.

When reasonable efforts to assist defaulted borrowers fail, the Bank will take appropriate steps to preserve its collateral, defend its lien, and collect the debt. Collection through collateral liquidation is pursued only as the last resort.
CRA RESPONSIBILITIES AND ACCOUNTABILITY

The Directors, executive officers, managers, and employees of Sterling National Bank are committed to taking appropriate steps to ensure the Bank helps to meet the credit needs of the communities it serves, consistent with financially safe and sound operating practices. The Bank’s core business is to make loans available to its customers in a safe, sound, and responsible way. Doing so is our obligation under the law, and it is essential for the longer-term success of the Bank. The Bank has consistently earned a CRA rating of Satisfactory from the OCC, its principal federal regulator; it is the Bank’s policy to continue to meet or exceed regulatory standards that have been established under the CRA.

A successful CRA record is a corporate priority for Sterling. Consequently, our CRA Plan operates across multiple dimensions. Direction comes from the Board of Directors and, in particular, the Board’s ERM Committee. Leadership comes from the Bank’s executive officers, including the Chief Executive Officer, the Chief Risk Officer, and the CRA Oversight Committee. CRA Plan oversight and administration comes from the CRO and the CRA Officer. Execution depends on Bank employees, particularly loan officers, financial center managers, the Chief Investment Officer, and the Bank’s Marketing Director.

All Bank personnel are expected to support and assist in the execution of this CRA Plan. Of critical importance are the contributions of the Bank’s investment and accounting staff, especially with respect to investments in MBS, LIHTC, and New Markets Tax Credits; its residential and small business lending staff; the Marketing Director, and financial center managers. Sterling expects all employees to treat all current and potential customers fairly and consistently and in compliance with all fair lending laws. Discriminatory or other illegal practices will not be tolerated.
CRA PROGRAM GOVERNANCE

Sterling created a CRA working group of key executives to assist in the development of this CRA Plan. The critical elements of the plan and core strategies for implementing the plan were thoroughly vetted by the Management Enterprise Risk Committee. The final CRA Plan recommendations were also reviewed and approved by the Enterprise Risk Committee of the Board of Directors. The CRA Oversight Committee will actively oversee management’s implementation of the CRA Plan upon regulatory approval.

All Sterling employees share in the responsibility of assisting the Bank in meeting its Community Reinvestment objectives and goals. The following chart outlines the roles and responsibilities related to the activities critical to successful CRA Plan implementation.

<table>
<thead>
<tr>
<th>Roles</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors and Enterprise Risk Committee of the Board</td>
<td>Establish climate and culture supportive of CRA throughout the Bank.</td>
</tr>
<tr>
<td></td>
<td>In conjunction with the full board, approve the Bank’s Community Reinvestment Act Policy and ensure it is updated as necessary.</td>
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<tr>
<td></td>
<td>Require CRA Plan goals to be updated to reflect any future branch closures, branch openings, mergers, acquisitions, or other relevant changes.</td>
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<tr>
<td></td>
<td>Provide updates at least quarterly to the Bank Board’s Enterprise Risk Committee on the Bank’s progress in meeting CRA Plan goals.</td>
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<td></td>
<td>Hold executive officers accountable for meeting CRA Plan goals.</td>
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<tr>
<td></td>
<td>Receive reports and program updates from the CRA Officer and CRA Oversight Committee at least quarterly.</td>
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<tr>
<td></td>
<td>Review the Bank’s CRA lending, investment, and service activities quarterly.</td>
</tr>
<tr>
<td></td>
<td>Assist the full Board in fulfilling its oversight responsibilities for CRA program direction and oversight.</td>
</tr>
<tr>
<td></td>
<td>Ensure community service expectations are being met.</td>
</tr>
<tr>
<td></td>
<td>Require CRA responsibilities be incorporated into the Bank’s employee evaluation system for applicable investment, lending and financial center</td>
</tr>
</tbody>
</table>
| **CRA Oversight Committee** | staff, and managers.  
Provide the CRA Officer a direct line of communication to the Bank’s board.  
Meet regularly with Bank CRA Officer to review the Bank's CRA performance and progress in meeting Plan goals.  
Receive and review CRA self-assessment in advance of a regulatory CRA performance evaluation.  
Encourage development of loan products that enhance Bank’s ability to meet LMI credit needs consistent with the Bank’s commitment to safe and sound lending.  
Ensure Bank executives incorporate CRA service standards and responsibilities into staff performance plans.  
Meet at least annually with community development organizations, particularly organizations that have partnered with the Bank in delivery of CRA products and services. |
| CRA Officer | Annually review and update the Bank's CRA Plan goals; update goals in conjunction with any Bank merger or acquisition activity.  
Participate on the CRA Oversight Committee in reviewing CRA performance metrics, assessing the effectiveness of the Bank’s CRA program, and monitoring the Bank’s progress in meeting CRA Plan goals.  
Assist management in developing appropriate strategies, products and services to support achievement of CRA Plan goals.  
Conduct CRA Self-Assessment in advance or regulatory performance evaluations.  
Develop appropriate forms to document CRA loans and activities (CD loans, qualified investments, CD services, small business loans) and work with Bank managers to assure effective and complete identification and documentation of CRA-related activities;  
Ensure compliance with the technical CRA requirements, including the appropriateness of the Bank’s CRA assessment area delineations and the maintenance and availability of the Bank's CRA Public File.  
Advise in the process of branch openings and closures. |
<table>
<thead>
<tr>
<th>Financial Center Managers</th>
<th>Maintain an up-to-date CRA public section of the Bank's CRA File.</th>
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<tbody>
<tr>
<td></td>
<td>Conduct branch closures according to policy and procedures as required by the CRA Policy.</td>
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<tr>
<td></td>
<td>Understand CRA performance evaluation standards so to be able to communicate to the CRA Officer any activities that benefit LMI geographies, LMI residents, small businesses/farms, or community/economic development.</td>
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<tr>
<td></td>
<td>Establish LMI lending goals for branches consistent with the demographics of the surrounding area.</td>
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<tr>
<td></td>
<td>Work to enhance lending in LMI census tracts, to LMI borrowers, to small businesses, and to CD organizations.</td>
</tr>
<tr>
<td></td>
<td>Recruit staff to participate in community activities and training; ensure they meet community development service hour goals and adequately document qualifying activities.</td>
</tr>
<tr>
<td><strong>Retail Banking, Consumer, and Commercial Lending Managers and Departments</strong></td>
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<tr>
<td>Maintain familiarity with the Bank’s CRA Plan; provide support in meeting goals established in the Plan.</td>
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<tr>
<td>Assess product and services to ensure they are responsive to identified community needs; recommend enhancements to product offerings as warranted.</td>
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<tr>
<td>Take leadership role in outreach to CD organizations, sponsoring CD service activities, and encouraging staff participation in CD activities.</td>
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</tr>
<tr>
<td>In consultation with CRA Officers, assess the adequacy of branch network in helping to meet credit needs throughout the Bank’s assessment area, including LMI geographies.</td>
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</tr>
<tr>
<td>Support and adhere to the lending goals established in the Bank’s CRA Plan.</td>
<td></td>
</tr>
<tr>
<td>Develop expertise in how to leverage private and government subsidies to enhance LMI and CD lending</td>
<td></td>
</tr>
<tr>
<td>Ensure marketing and outreach supports achievement of CRA Plan goals.</td>
<td></td>
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<tr>
<td>In consultation with CRA Officer, promote staff involvement in developing relationships with local community development and affordable housing organizations to increase lending in LMI geographies.</td>
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<tr>
<td>Ensure staff attends required training in CRA and fair and responsible lending and in support of Plan initiatives.</td>
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</tr>
<tr>
<td>In consultation with CRA Officer, assess the adequacy of product and service offerings to meet identified community credit needs, including among LMI borrowers.</td>
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<tr>
<td>Make recommendations, where warranted, for new products, terms, or services to enhance lending to credit-worthy LMI borrowers and small businesses.</td>
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<tr>
<td>Direct community outreach by department staff in coordination with the Bank’s CRA Officers.</td>
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<tr>
<td>In consultation with CRA Officers, contact and seek partnerships or alliances with government and non-profit agencies throughout the</td>
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CRA Plan 2016
| market area to enhance product offerings to LMI residents and small businesses/farms. |
TRAINING AND INDEPENDENT OVERSIGHT

The CRA Officer, in conjunction with the Chief Risk Officer, will work to enhance the CRA training provided to Bank employees, executives, and directors.

The current training on the Bank’s CRA activities and related products, policies and procedures in new-hire training programs, on-the-job training in staff meetings, and as part of overall compliance training will be enhanced with expanded content and, if warranted, provide more detailed web-based or computer-based training. In addition, the CRA Officer will conduct CRA Plan introduction meetings with commercial RMs, investment managers, and financial center managers. The CRA Officer will also organize training for commercial loan officers, financial center managers, and underwriters in the credit risk management area on the subject of lending to not-for-profit organizations. Compliance focused training will be provided at least annually to the Bank’s Regulatory Compliance Department and Internal Audit Department employees.

The CRA Officer will attend training, conferences, webinars and other training to further their CRA education and to enhance the bank’s network of potential community development partners.

Sterling’s Internal Audit Department will conduct independent reviews of the Bank’s CRA Program. This will include ongoing data integrity reviews during loan audits in addition to periodic focused audits that cover various program requirements such as training, documentation, performance goals, data collection, and reporting to management, the Board, and the OCC. The results of Audit’s work will be reported to the Enterprise Risk Committee and to the Audit Committee of the Board.
To assess the needs of each community, the CRA Officer along with other branch banking and lending unit employees will meet with local community development organizations; state, county, and local government departments and agencies; and other organizations and agencies to identify specific needs and programs to discuss the credit and banking needs of LMI persons, families and communities. Each line of business will appoint a CRA liaison responsible for communicating and reporting CRA activities, production and progress to the CRA Officer.

An initial meeting relating to the development of the Bank’s CRA Plan was coordinated with the National Community Reinvestment Coalition (“NCRC”) and held in New York in September, 2015. The meeting included the Bank’s President and CEO, the CRO, Acting CRA Officer, the Bank’s Consumer Banking Executive, and representatives from the mortgage and compliance units. The Bank solicited recommendations from NCRC and three of its local NY-based member organizations that helped to shape the Plan. Bank executives also met with a prominent New Jersey-based community organization to gain an understanding of local needs in Sterling’s NJ markets. The CRA Management Team analyzed the feedback resulting from these meetings and will employ certain strategies to address comments received, including:

- Commitment to conduct annual meeting with NCRC to review annual performance and to solicit input on the changing needs in our markets;
- Identifying specific affordable mortgage products that we plan to offer;
- Aligning with community based organizations to create specific initiatives for and gain access to low- and moderate-income and minority borrowers;
- Partnering with CDFIs on providing loans and/or grants to support small business lending; and
- Bank participation in national and local CRA and/or community group conferences and training events.

Sterling will continue its dialogue with community representatives to understand the Bank can support specific credit needs within its communities. Based on previous research, Sterling anticipates that financing needs will include, but not be limited to the following:

- Financing for acquisition and renovation or new construction of for-sale affordable housing;
• Revolving Loan Funds for not-for-profit organizations for the purpose of the acquisition, rehabilitation, and sale of affordable homes;
• Construction and permanent financing for affordable multifamily housing;
• Loans for owner-occupied, non-residential properties owned by community development organizations;
• Pre-development financing in the form of loans or investments; and
• Working capital lines of credit for community development organizations.

The Bank will also define a portion of SNB Charitable Foundation to be used in conjunction with community groups.