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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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## **Public Disclosure**

July 6, 1999

# **Community Reinvestment Act Performance Evaluation**

**Sterling National Bank  
Charter Number: 13295  
430 Park Avenue  
New York, New York 10022**

**Office of the Comptroller of the Currency  
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830 Morris Turnpike, 2<sup>nd</sup> Floor  
Short Hills, New Jersey 07078**

**NOTE:** 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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## Definitions

Community development - affordable housing or community services targeted to low or moderate income individuals, activities that promote economic development by financing small businesses or farms, and activities that revitalize or stabilize low or moderate-income geographies.

Community development loan - a loan that has its primary purpose in community development, benefits the AA, and has not been reported or collected by the bank for consideration as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling.

Community development service - a service that has its primary purpose in community development, is related to the provision of financial services, and has not been considered in the evaluation of the bank's retail banking services.

Geography - a census tract or block numbering area.

HMDA loan - a "home improvement loan", "refinance loan", or "home purchase loan" that is reported on the Home Mortgage Disclosure Act Report.

Home improvement loan - any loan that is for the purpose in whole or in part of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which it is located and is classified by the financial institution as a home improvement loan.

Home purchase loan - any loan secured by and made for the purpose of purchasing a dwelling.

Low Income - an individual income that is less than 50% of the area median income, or a median family income (MFI) that is less than 50%, in the case of geography.

Middle Income - an individual income that is at least 80% and less than 120% of the area median income, or a MFI that is at least 80% and less than 120%, in the case of a geography.

Moderate Income - an individual income that is at least 50% and less than 80% of the area median income, or a MFI that is at least 50% and less than 80%, in the case of a geography.

Multifamily loan - any loan secured by and made for the purpose of purchasing a dwelling for five or more families. The Home Mortgage Disclosure Act does not require banks to report income data on these loans.

Upper Income - an individual income that is 120% or more of the area median income, or a MFI that is 120% or more, in the case of a geography.

Qualified investment - a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Refinance loan - any loan in which the existing obligation, involving either a home purchase or a home improvement loan, is satisfied and replaced by a new obligation.

Small Business Loan - a business loan (Bank Call Report definition) for \$1 million or less.

Small Farm Loan - A farm loan (Bank Call Report definition) for \$500 thousand or less.

Small Business or Small Farm - A business or farm with annual revenues of \$1 million or less.

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low and moderate income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Sterling National Bank and Trust Company of N.Y.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 6, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

**Institution's CRA Rating:** This institution is rated "**Satisfactory.**"

The primary factors supporting the overall rating are:

- SNB's lending levels reflect adequate responsiveness to the credit needs of the assessment area;
- An adequate level of small business loans, leases, and home improvement loans are originated within the assessment area;
- The distribution of loans is adequate based on borrower income and size of business;
- The geographic distribution of small business loans, lease financing, and home improvement loans reflect good penetration within the assessment area, including low- and moderate-income geographies;
- A high level of community development loans was originated during the evaluation period, which is responsive to identified credit needs;
- A good level of qualified community development investments was purchased during the evaluation period; and,
- SNB's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.

The following chart indicates the performance level with respect to the lending, investment, and service tests:

SNB Performance Tests			
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory	X	X	X
Needs to Improve			
Substantial noncompliance			

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

## Description of Institution

Sterling National Bank (“SNB”) is the principal banking subsidiary of Sterling Bancorp, a banking and financial services company headquartered in New York, New York. SNB is chartered as a full service, intrastate bank with five bank offices. Three offices are located in Manhattan and two in Queens. The assessment area includes the five boroughs of New York City. SNB also offers asset management, trust, and investment services.

SNB has total assets of \$913 million as of March 31, 1999. This includes \$536 million in loans and leases and \$325 million in investments. Total deposits aggregate \$667 million. Of all FDIC-Insured Institutions, SNB’s market share is ranked 35<sup>th</sup> with 0.32% of the deposits in Queens County, and 26<sup>th</sup> with 0.30% of the deposits in New York County. The loan to deposit ratio is 79%. The loan portfolio consists primarily of commercial loans 69%, commercial real estate 6%, leases 10%, and residential mortgage loans 12%. Retail loans represent 3% of gross loans.

The bank’s business strategy historically has served the commercial business market, typically businesses with revenues of \$1 million to \$10 million. SNB has served the textile and related apparel industries since its inception and has recently expanded into other fields such as health care and equipment lease financing. Specialty commercial loan products/services such as asset

based lending and factoring are offered and provided by SNB and its operating subsidiary, Sterling Factors Corporation, respectively.

SNB has four active wholly owned subsidiaries. The operating subsidiaries are Sterling Factors Corporation (SFC), Sterling National Mortgage Company, Inc. (SNMCI), Sterling Holding Company of Virginia, Inc. (SHCV), and Sterling National Mortgage Corporation (SNMC). The four operating subsidiaries have combined total assets of \$410 million or approximately 45% of the bank's assets. The operating subsidiaries have approximately \$175 million in loans or 32% of the bank's loan portfolio. The largest operating subsidiary, based on asset size, is SHCV. SHCV is a real estate investment trust (REIT) with total assets of \$300 million. SNMCI and SNMC are mortgage operating subsidiaries, with combined assets of approximately \$50 million or 45% of the remaining \$110 million in assets. The two mortgage operating subsidiaries are headquartered in Great Neck, New York and Richmond, Virginia, respectively, and primarily lend outside of SNB's assessment area. Management has elected not to have any of its operating subsidiaries considered for CRA purposes. The operating subsidiaries do not have a negative effect on the bank's capacity to lend.

SNB operates in a highly competitive financial services market with strong competition from several major regional and nationwide banking organizations as well as non-bank institutions. These institutions are substantially larger and compete with SNB for business loans. Management considers similar sized banks as well as the middle market divisions of the money center banks as their primary competitors. SNB is not subject to any known financial, legal, or regulatory restrictions that impede its ability to help meet the credit needs of its assessment areas.

### **Description of Assessment Areas (AA)**

SNB has one defined assessment area (AA). The AA consists of the five boroughs of New York City, which is part of the New York, New York MSA 5600. The AA meets regulatory guidelines and does not arbitrarily exclude any low- and moderate-income ("LMI") geographies. Management expanded the AA since the last examination when only Queens and Manhattan were considered.

The AA consists of 2,216 geographies. The number of low-income geographies and moderate-income geographies are 314 and 419, respectively. Low- and moderate-income geographies represent 14% and 19% of all geographies in the AA, respectively. Based on the 1990 U.S. Census Data, the population of the AA is 7.3 million. The distribution of families in the AA is as follows: 28% low-income families, 16% moderate-income families, 19% middle-income families, and 37% upper-income families.

The New York City residential market is dominated by high rise multifamily apartment buildings. According to 1990 U.S. Census Data, the median housing value is \$186,350. The median age of housing stock is 50 years. Total occupied housing units are 94%, with owner occupied housing at 27% and rental occupied at 67%; 6% are vacant. For the AA, 3% and 10% of owner-occupied housing units are located in low-income and moderate-income geographies, respectively. Housing units are predominantly (62%) multi-family units. Manhattan leads the

other boroughs in pricing and sales activity. The rental market has remained relatively healthy. Vacancy rates in Manhattan are generally low at approximately 3% due to the high cost of building, stringent zoning regulations, rent controls, and rent stabilization laws.

Business demographic data for 1998 provided by Dun and Bradstreet indicates there are approximately 259 thousand businesses in the AA. Small businesses (businesses with revenues of \$1 million or less) total almost 191 thousand or 86% of the businesses reporting revenues. A substantial majority of the businesses employ less than 10 persons. New York City is also the headquarters for some of the largest companies in industries such as advertising, banking, finance, manufacturing, and service companies. The city is also the largest wholesale trade center in the United States for commodities. Retail trade in New York is centered in Midtown Manhattan. Queens and Brooklyn also have important wholesale and retailing districts. The unemployment rate for New York City was 6.6% in June 1999 compared to the state average of 5%.

A comparison of housing costs to median income shows that affordable owner occupied housing is generally beyond the reach of low-income families in the AA, indicating a demand for affordable rental housing units. This need was confirmed by the one community contact, representing affordable housing, made during the examination. Community contacts made during the past year at other CRA examinations have identified other credit needs. These include loans for the rehabilitation of existing housing stock, small business loans to encourage the formation and expansion of small businesses, economic development lending to strengthen communities, and funding to support nonprofit organizations.

## **Conclusions with Respect to Performance Tests**

### **Scope of Review**

This review covers calendar years 1997 and 1998 for the lending and service tests. The review period includes information provided by the bank through June 30, 1999, for the investment test. The market share and peer comparisons contained in the Lending Test are based on information derived from the aggregate Home Mortgage Disclosure Act (HMDA) Loan Report and the Small Business Report for 1997. The 1998 information is based on the bank's HMDA Loan Application Register (LAR) and Small Business Register. The aggregate HMDA Disclosure and Small Business Reports are available for public review. The 1998 information will not be available for public review until midyear 1999.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business Reports for 1997. Small business reporting is required of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or an affiliate of a holding company with \$1 billion or more in assets during the same time periods.

Tables referred to throughout this report are found in Appendix B of this report.

# **Lending Test**

## **Level of Lending Activity**

The bank's lending levels reflect an adequate level of activity overall considering the bank's business strategy and strong competition. As noted previously, SNB has a 79% loan to deposit ratio. SNB originated 556 small business loans and equipment leases totaling \$75.8 million. The bank purchased 108 home improvement loans for \$746 thousand, in the AA, during the evaluation period. Additionally, SNB made ten community development loans, totaling approximately \$3 million.

Under the lending test, small business loans, equipment lease financing and home improvement loans were given equal weight. Community development lending was given increased consideration in determining lending performance. SNB originated a high level of community development loans. These loans are very responsive to the identified credit needs in the assessment area.

## **Small Business Loans**

The volume of small business loans originated during the evaluation period is adequate. SNB originated 282 small business loans totaling \$59.9 million during the evaluation period within the AA. In 1997, SNB ranked 23<sup>rd</sup> in the number of small business loans made, in a market of 234 reporting lenders. Information submitted by the bank for both the 1997 and 1998 Small Business Reports contained significant inaccuracies. The reported public data could not be relied upon. Revised numbers are used in this evaluation. The top four ranked institutions originated almost 64% of the 65,000 small business loans in the AA during 1997. These institutions include money center banks and large credit card institutions. The other institutions ranked higher than SNB all had total assets of greater size.

## **HMDA Loans**

The number and dollar volume of home improvement loans during the evaluation period is adequate. SNB purchased 108 HMDA reportable loans totaling \$746 thousand during the evaluation period within the AA. The bank ranked 20<sup>th</sup> in the AA in home improvement lending in 1997. The bank incorrectly reported home purchase and refinance loans in 1997 under its name. The loans should have been reported under the bank's mortgage company name and were not considered as part of this evaluation.

## **Other Loans**

The number and dollar volume of equipment leases during the evaluation period is adequate. SNB originated 274 equipment leases totaling \$15.9 million during the evaluation period in the AA that were for \$1 million or less. Lease financing is a major business line for SNB. A



substantial majority of the leases are less than \$100 thousand. Lease financing allows companies and non-profit organizations to acquire equipment without substantial cash outlays. Lease financing provides hospitals, nursing homes and other health care organizations, as well as other companies, with alternative financing product. A substantial majority of the leases have dollar purchase options at the end of the lease term.

### **AA Concentration of Lending Activity**

An adequate percentage of the bank's small business loans, equipment leases, and home improvement loans are made within the AA. The number of small business loans, home improvement loans and leases originated within the AA represent 81%, 56%, and 26% of the total number of small business loans, home improvement loans and equipment leases originated during the evaluation period, respectively. The level of equipment lease originations is much lower than the other products because the business is conducted on a national level.

### **Borrower Characteristics**

SNB's overall lending activity regarding borrower income and size of business is adequate based on its business strategy, strong competition, and improved lending performance to small businesses, in 1998. The money center banks and large credit card companies dominate the bank's market area.

### **Small Business Loans**

The bank's distribution of loans to small size businesses is adequate. Management significantly increased the number of loans to small size businesses in 1998. Loan originations to small size businesses as a percentage of all small business loans increased in 1998 to 26% from 10% in 1997. Additionally 76% of small business loans are under \$250 thousand, with 52% under \$100 thousand.

For the evaluation period, SNB originated 21% of its small business loans to small size businesses. By comparison, lenders in the AA originated 40% of the small business loans to small size businesses, in 1997. Approximately 74% of all businesses have revenues of \$1 million or less. Table 10 shows the bank's distribution of small business loans.

### **HMDA Loans**

Home improvement lending to moderate-income borrowers is excellent. During the evaluation period, 21% of the bank's home improvement loans were to moderate-income borrowers, which substantially exceeds the demographic data that indicates 16% of families are moderate-income in the AA. SNB's home improvement market share to moderate-income borrowers was twice the bank's overall market share for 1997.

Home improvement lending to low-income borrowers is good. SNB originated 6% of its home improvement loans to families that are low-income, which slightly exceeds the 5.7% attained by the average lender in the AA. The bank's 1997 market share for low-income borrowers were also slightly higher than its overall market share in the AA. Home improvement lending to low-income borrowers is below the demographic data that indicates 27% of families are reported as low-income in the AA.

As noted earlier, home ownership for low-income individuals is very difficult to attain, in the AA. The median housing value is \$186,350, based on 1990 census data. The 1998 updated median family income is \$49,800. Low income is less than 50% of the median family income, 50% of the median family income is \$24,900. Table 8 shows the bank's distribution of home improvement loans and market share by borrower income categories.

### **Other Loans**

The distribution of leases to small size businesses is adequate. During 1998, SNB originated 13% of its leases to small size businesses, 40% to large businesses, and 47% to businesses with unknown revenues. The high percentage of unknown revenues resulted from a credit-scoring system that did not require revenue information. A substantial majority of the leases (84%) were for amounts less than \$100,000. The small size of the leases, used as a proxy, generally correlates to the size of the business. As noted above, 74% of the businesses in the AA have revenues of \$1 million or less.

### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the AA, including low- and moderate-income geographies. Home improvement and small business lending in moderate-income census tracts, and home improvement and lease financing in low-income census tracts all exceeded the demographics for the AA. We did not identify any unexplained conspicuous gaps in the geographic distribution of HMDA and small business originations that warranted review.

### **Small Business Loans**

The geographic distribution of small business loans in moderate-income geographies is excellent. SNB originated 22% of its small business loans in moderate-income geographies. This exceeds the 18% of businesses located in moderate-income geographies. Lending in low-income geographies is adequate. SNB originated 5% of its small business loans in low-income geographies compared to 8% of all businesses being located in low-income geographies. The bank's 1997 market shares of small business loans originated in low- and moderate-income geographies are comparable to its overall market share. Information regarding the geographic distribution of small business loans is located in Table 5.

## **HMDA Loans**

The geographic distribution of home improvement loans is excellent. The percentages of home improvement loans purchased in low-income and moderate-income geographies during the evaluation period were 9% and 18%, respectively. The geographic distribution of home improvement loans in low and moderate-income geographies significantly exceeds the owner occupied housing units in those income geographies. Owner occupied housing units in low and moderate-income geographies represent 3% and 10% of all owner-occupied housing in the AA, respectively. Information regarding the geographic distribution of home improvement loans is located in Table 3.

## **Other Loans**

The geographic distribution of leases originated during the evaluation period is good. SNB originated 10% and 14% of its leases in low-income and moderate-income geographies, respectively. These results exceed the percentages of businesses in low-income census tracts and are comparable in the moderate-income census tracts.

## **Community Development Lending**

SNB originated a high level of level of community development loans during the evaluation period. SNB's community development lending is very responsive to credit needs identified in the AA. Community contacts identified credit needs for loans for the rehabilitation of existing housing stock, small business loans to encourage the formation and expansion of small businesses, economic development lending to strengthen communities, and funding to support nonprofit organizations.

Community development loans are those that do not meet the definition of home mortgage, small business or small farm loans, but do meet the definition of community development loans as stated in the CRA regulation. SNB originated ten community development loans and lines of credit totaling \$2.9 million. The following highlight the community development loans originated by SNB:

Two lines of credit for working capital and equipment financing totaling \$1.5 million were granted to a non-profit organization that specializes in continuing and long term care, and specialty hospital and ambulatory programs. The organization primarily serves low and moderate-income individuals based on a majority of its funding being derived from Medicaid payments.

A line of credit to a non-profit mortgage lender that specializes in financing low- and moderate-income housing was increased by \$250,000 during the evaluation period. The subject makes construction and long- term financing to private and non-profit owners to create, rehabilitate, and preserve both rental and privately owned residential properties. In addition, the corporation finances construction and rehabilitation of commercial properties.

A \$100,000 line of credit was granted and funded to a non-profit organization whose primary mission is to provide human services, community stabilization and development projects throughout the lower eastside of New York City. The monies are used for a project that provides job training and employment opportunities for low-income residents, as well as social service and economic development initiatives.

The bank provided a \$150,000 loan to a non-profit organization that is a premier financial intermediary to channel grants, investments, and technical support to community development corporations rebuilding neighborhoods. The bank also committed to provide an additional financing of \$150,000 in 1999.

A \$100,000 equipment loan was originated to a non-profit organization for the purchase of parking equipment. The purpose is to help provide affordable parking. The nonprofit organization's primary purpose is assisting in the revitalization and redevelopment of Jamaica, Queens. Jamaica, Queens primarily consists of moderate-income census tracts.

A \$100,000 loan was granted in April 1998 to a non-profit community development financial institution that provides innovative financing for low-income and special needs housing, and community facilities that provide services to low-income and special needs populations.

A \$500,000 line of credit was established in October 1998 with a leading non-profit housing organization in New York City. These funds are earmarked for a rehabilitation program that assists homeowners of one-to-four unit buildings to completely renovate their properties. The mission of the nonprofit is to increase and protect investment in declining neighborhoods, to help people help themselves through education, to encourage and support neighborhood self-reliance, and to create, preserve, and promote affordable housing in New York City neighborhoods. In addition, the bank loaned \$50,000 to this organization in September 1998.

The bank also originated or purchased other loans in excess of \$1 million that met the definition of community development but were considered under the small business lending section of the lending test.

## **Investment Test**

During the evaluation period, SNB's qualified investments totaled \$2.4 million. The qualified community development investments made by the bank are neither innovative nor complex.

In January 1999, SNB invested \$2 million in mortgage-backed securities targeted primarily to low- and moderate-income individuals. The investment covers a broader statewide area that includes the AA. The bank also made or renewed deposits of \$300,000 in three community development financial institutions. Other investments totaling \$100,000 were made during the

evaluation period. These investments consisted of grants and donations to approximately 30 organizations whose activities primarily benefit low- and moderate-income individuals and geographies. The bank also contributed office furniture and computers to community development and educational organizations.

## **Service Test**

### **Retail Banking Services**

SNB's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area. SNB operates five full service offices and operates one proprietary ATM. Customers can use nonproprietary ATMs that are in the MAC®, CIRRUS®, and HONOR® networks. These networks are accessible throughout the world, including low- and moderate-income geographies.

The distribution of branches in the various income level geographies in comparison to the population demographics is reasonable. One office (20%) is located a moderate-income geography. One office (20%) is in a middle-income geography, and three offices (60%) are located in upper-income geography. By comparison, the percentage of the population living in low, moderate, middle and upper income geographies in the AA are 17%, 22%, 33%, and 28%, respectively. The mass New York City transit system provides reasonable accessibility to the branch system. The ATM is at the main office, in upper-income geography. The distribution of branches and the ATM delivery system are depicted in Table 13.

Office hours are considered reasonable. The Main Office - Sterling on Park and the Grand Central Office operate from 9:00 a.m. to 3:00 p.m. Sterling on Seventh, Queens Banking Center, and the Briarwood Branch operate from 8:30 a.m. to 3:00 p.m. Differences in the hours of operations are not considered to be material. No offices have extended business hours in terms of weekends, evenings, or by appointment.

The bank neither opened nor closed any branch offices since the previous examination. The main office was relocated to the current Sterling on Park location in November 1996. The relocation occurred within the immediate neighborhood (approximately 1.5 blocks from its previous location) and did not substantially affect the nature of business services or customers served. Changes made to branch locations have not adversely affected the accessibility of delivery systems in low- and moderate-income geographies and low- and moderate-income individuals. Services and business hours do not vary in a way that inconveniences portions of the assessment area.

SNB's alternative delivery systems include banking by mail, PC banking, and 24-hour telephone banking. Accessibility to these systems is dependent on mail carriers, access to a personal computer, and access to a telephone, respectively. SNB will also arrange for bank by courier

services for its business customers. In April 1999, SNB launched transactional internet banking through its website, [www.sterling.bancorp.com](http://www.sterling.bancorp.com). Accessibility to the website is dependent on accessibility to the Internet via public or private access, without regard to an individual's income or geography designation. SNB offers an acceptable quantity, quality, and accessibility of service-delivery systems; however, none are tailored to the convenience and needs of any particular geographies. A significant amount of weight was not placed on the alternative delivery systems because no data is available on how low- and moderate-income individuals and geographies are affected.

### **Community Development Services**

The bank has two qualified community development services that benefit the assessment area.

One nonprofit organization provides services that include affordable childcare for low-income parents. A member of the SNB's Board of Directors serves on the Board of Directors of this organization.

An Executive Vice President is actively involved with a nonprofit housing organization. This community revitalization organization mission is to increase investment in undeserved neighborhoods; to encourage and support neighborhood self-reliance; and to create, preserve, and promote affordable housing in New York City neighborhoods. Clients are low- to moderate-income individuals, including single parents, retirees living on fixed incomes, and disabled workers. The organization consists of a citywide office, eight neighborhood-based programs, and a homeownership center. The officer assisted the organization in obtaining a mortgage for its administrative offices in Jamaica, Queens.

### **FAIR LENDING EXAMINATION**

A concurrent fair lending review did not identify any substantive violations of the various anti-discrimination laws and regulations. We reviewed purchase money mortgage loans with gender selected as the prohibited basis. Analysis was performed utilizing the rates and terms approach.

## Content of Standardized Tables

A separate set of tables is provided for each state. References to the Abank@ include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

**Table 4. Geographic Distribution of Refinance Loans** - See Table 2.

**Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.

**Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

**Table 9. Borrower Distribution of Refinance Loans** - See Table 7.



- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the bank's percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the bank's percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**  
- Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)**  
- For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

## Appendix A

### Scope of Examination

The table below lists the scope of the examination. Specifically, it lists the lending products reviewed, the branches visited, and the time period covered in the review.

<b>Time Period Reviewed</b>	The time period beginning January 1, 1997 through December 31, 1998		
<b>Financial institution</b>  Sterling National Bank and Trust Co. New York, New York	<b>Products Reviewed</b> Home improvement loans, small business loans and leases, community development loans, investments		
<u>Affiliates</u>  Sterling Factors Corporation Sterling National Mortgage Company, Inc. Sterling Holding Company of Virginia, Inc. Sterling National Mortgage Corporation	<u>Affiliate Relationship</u>  Banking Subsidiary Banking Subsidiary Banking Subsidiary  Banking Subsidiary	<u>Products Reviewed</u>  None None None  None	
<b>List of Assessment Areas and Type of Examination</b>			
Assessment Area	Type of Examination	Branches Visited	Other Information
New York City portion of New York MSA (5600)	On-site	Sterling on Seventh	



