



## PUBLIC DISCLOSURE

April 27, 2015

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sterling Federal Bank, F.S.B.  
Charter Number 700073

110 E 4th Street  
Sterling, IL 61081-3671

Office of the Comptroller of the Currency  
Peoria Field Office  
211 Fulton Street, Suite 604  
Peoria, IL 61602

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **Sterling Federal Bank, F.S.B. is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

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

The major factors that support these ratings include:

- The distribution of loans to borrowers of different income levels is more than reasonable.
- A substantial majority of the loans originated by Sterling Federal Bank (SFB) are to borrowers inside its assessment area (AA).
- The geographic distribution of loans reflects reasonable dispersion throughout both AAs, including moderate-income geographies, given the bank's product offerings and local economic conditions.
- SFB's quarterly average loan-to-deposit ratio of 42 percent over the evaluation period is reasonable.
- SFB's community development (CD) performance demonstrates satisfactory responsiveness to the community development needs of its AAs through CD loans, qualified investments, and community development services.

## **Scope of Examination**

We evaluated SFB under the Intermediate Small Savings Association evaluation procedures, which include a lending test and a community development test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the bank's community development lending, qualified investments, and CD service activities.

The evaluation period is from the previous CRA evaluation, January 3, 2012, through April 27, 2015. We evaluated loans originated from January 1, 2013 through December 31, 2014, under the lending test. SFB's primary loan product is residential home loans. The bank is not located in a Metropolitan Statistical Area (MSA) and is not subject to the requirements of the Home Mortgage Disclosure Act. The bank is not required to maintain income data on residential loans outside of the individual loan files. Consequently, we sampled loans originated during the lending test evaluation period and compared them to 2010 census information.

## **Description of Institution**

SFB is a \$444 million mutual institution located in Sterling, Illinois, located in the northwestern part of the state. SFB is an interstate institution with ten locations serving

Lee, Ogle, and Whiteside Counties in Illinois and Clinton County in Iowa. The locations are all equipped with drive-up facilities. SFB operates ten automated teller machines (ATM). SFB did not open or close any facilities since the previous CRA evaluation. All of the offices are full-service locations, except for the Sterling East and Clinton Main Avenue branch locations, which operate drive-up/walk-up facilities.

SFB’s strategy is to provide innovative financial products and superior service to meet the needs of the customers in the communities they serve. The bank offers a full range of deposit and loan products and services. There are no legal, financial, or other factors impeding SFB’s ability to help meet the credit needs in the bank’s assessment areas. The bank’s previous Intermediate Small Savings Association CRA rating was “Satisfactory” as detailed in the January 3, 2012 Performance Evaluation.

SFB owns Sauk Valley Title Insurance Company and SFB Service Corporation, which provide insurance services. SFB’s subsidiaries do not negatively affect their ability to meet the credit needs of the community.

SFB’s primary lending product is residential real estate loans. This lending category accounts for seventy-five percent of loans originated and purchased from January 1, 2013 to March 17, 2015. We used this lending product for the analysis of this evaluation. Commercial and consumer lending are not a primary loan product, accounting for the remaining twenty-five percent of the loans originated and purchased during this period.

<b>Table 1 - Loan Originations and Purchases by Loan Type from January 1, 2013 through March 17, 2015</b>				
<b>Loan Category</b>	<b>Dollars (000s)</b>	<b>% of Dollars</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>
Residential Loans	\$ 55,754	75.33%	690	51.38%
Commercial Loans	\$ 14,289	19.31%	105	7.82%
Consumer Loans	\$ 3,972	5.37%	548	40.80%
<b>Total Loans</b>	<b>\$ 74,015</b>	<b>100%</b>	<b>1,343</b>	<b>100%</b>

*Source: Bank records from January 1, 2013 to March 17, 2015*

As of December 31, 2014, SFB reported total loans of \$187 million and had a net loans and leases to total assets ratio of forty-two percent. The loan portfolio composition is as follows:

<b>Table 2 - Loan Portfolio Summary by Loan Product As of December 31, 2014</b>		
<b>Loan Category</b>	<b>Dollars Outstanding (000s)</b>	<b>% of Outstanding Dollars</b>
Residential Loans	\$ 146,710	78%
Commercial Loans	\$ 37,273	20%
Consumer Loans	\$ 2,907	2%
<b>Total Loans</b>	<b>\$ 186,890</b>	<b>100%</b>

*Source: Call Report dated December 31, 2014*

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

SFB has two AAs. The Illinois AA consists of Lee, Ogle, and Whiteside Counties. The Iowa AA consists of Clinton County. We conducted a full-scope review of both AAs. We weighted the Illinois AA lending test and CD test results more heavily than the Iowa AA outcomes since the substantial majority of the bank's loans and deposits are generated in the Illinois AA.

## **Conclusions with Respect to Performance Criteria**

SFB meets the standards for satisfactory performance.

- The distribution of loans to individuals of different income levels is more than reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs, including moderate-income census tracts (CT).
- A substantial majority of the loans originated by SFB are to customers within its AA.
- SFB's quarterly average loan-to-deposit ratio is satisfactory given the bank's size, financial condition, and the AA's credit needs.

### **Loan-to-Deposit Ratio**

SFB's quarterly average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and AA credit needs. SFB's quarterly average loan-to-deposit ratio for the period December 31, 2011 to December 31, 2014 is 46 percent. SFB had a quarterly low of 42 percent and a quarterly high of 49 percent. SFB's 46 percent is down from the prior CRA evaluation's average loan-to-deposit ratio of 50 percent. This is attributed to significant market competition and a stressed local economy.

SFB's quarterly average loan-to-deposit ratio is comparable to other community banks of similar size, location, and product offerings. SFB ranks 5<sup>th</sup> among seven similarly situated banks serving its AA. The quarterly average loan-to-deposit ratio for the other nineteen banks over the same period ranged from 31 percent to 101 percent. The similarly situated banks used for comparison are community banks located in the AA and range in asset size from \$250 million to \$500 million.

### **Lending in Assessment Area**

A substantial majority of the loans originated by SFB are to borrowers inside its AA. SFB's lending to customers within the AA for its primary loan type is more than reasonable. The following table details the bank's lending within the AA by number of loan originations and dollar volume from our sample during the evaluation period.

<b>Table 3 - Lending in the Assessment Area</b>										
Loan Product	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE	81	98%	2	2%	83	\$5,818	94%	\$353	6%	\$6,171

Source: Sample of 83 residential real estate loans originated from 1/1/13 to 12/31/14.

## Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or Federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### State of Illinois

**CRA Rating for Illinois: Satisfactory.**

**The Lending test is rated: Satisfactory.**

**The Community Development test is rated: Satisfactory.**

The major factors that support this rating include:

- The proportion of loans to individuals of different income levels is more than reasonable.
- The geographic distribution of loans reflects reasonable distribution throughout the AA, including moderate-income CTs.
- SFB's community development performance demonstrates adequate responsiveness to the community development needs of its AA through CD loans, qualified investments, and community development services.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN ILLINOIS

SFB operates one limited-service office, seven full-service branch offices, and eight automated teller machines within the Illinois AA. The Illinois AA consists of Lee, Ogle, and Whiteside counties. Residential mortgage loans are the primary credit product. Ninety percent of the bank's loan originations from our evaluation period are attributed to the Illinois AA. SFB ranks first in the deposit market share among all institutions in Lee, Ogle, and Whiteside Counties according to the FDIC Deposit Market Share Report dated June 30, 2014.

The local economic condition is stable. The Lee, Ogle, and Whiteside County unemployment rates for March 2015 are comparable to both the national average and State of Illinois unemployment rates, according to the U.S. Department of Labor. The March 2015 unemployment rates for each area are: Lee County 5.6 percent, Ogle County 6.8 percent, Whiteside County 6.1 percent, State of Illinois 6.3 percent, and 5.6 percent national average rate.

The economy of the AA is concentrated in agriculture, healthcare, retail, manufacturing, and education sectors. Major employers include: local hospital and health care facilities, WalMart, Wahl Clipper Corporation, ComEd, Raynor Manufacturing Co., city and county government, and local school districts. Please see the Market Profile in Appendix A for additional information on the AA.

We made one community contact from the Illinois AA during the evaluation. The contact indicated the primary credit need in the AA is affordable housing and small

business loans. The contact also stated there are no credit needs or banking services not met or provided for by the local financial institutions. Overall, the contact felt SFB and the other local financial institutions are meeting the credit needs of the area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

### LENDING TEST

The bank’s performance under the lending test in Illinois is rated Satisfactory.

The major factors that support this rating include:

- The distribution of loans to individuals of different income levels is excellent.
- The geographic distribution of loans reflects reasonable distribution throughout the AA, including moderate-income CTs.
- SFB did not receive any complaints regarding its CRA performance in the Illinois AA.

### Lending to Borrowers of Different Incomes

The distribution of residential loans to borrowers of different income levels exceeds the standards for satisfactory performance. SFB’s lending to low- and moderate-income borrowers exceeds the level conveyed by HMDA-reporting financial institutions in the AA. SFB’s lending to low-income families within the AA is comparable to the demographic comparator. SFB’s lending to moderate-income borrowers shows excellent distribution and exceeds the percentage of moderate-income families in the Illinois AA.

Income Category	Percent Families by Income Category	Peer Data Lending % 2014	Sterling Federal	
			Number of Loans	Percent of Loans
<b>Low</b>	16%	11%	6	15%
<b>Moderate</b>	17%	22%	11	28%
<b>Middle</b>	23%	30%	7	18%
<b>Upper</b>	44%	37%	15	38%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>39</b>	<b>100%</b>

Source: Residential real estate loan data sampled; 2010 Census data

## Geographic Distribution of Loans

SFB’s geographic distribution of residential lending reflects a reasonable dispersion in CTs of different income levels, including moderate-income CTs. There are no low-income CTs within the Illinois AA. SFB’s lending levels is below the level reported by HMDA-reporting financial institutions in the AA; however, SFB’s lending in moderate-income CTs is comparable to the level of owner-occupied housing located in the moderate-income geographies in the Illinois AA. Performance under this criterion meets the standards for satisfactory performance. We did not identify any conspicuous gaps in the bank’s lending performance.

Income Category	Distribution of OOHU’s*	Peer Data Lending % 2014	Sterling Federal	
			Number of Loans	Percent of Loans
<b>Low</b>	N/A	N/A	N/A	N/A
<b>Moderate</b>	7%	12%	3	8%
<b>Middle</b>	60%	58%	28	72%
<b>Upper</b>	33%	30%	8	20%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>39</b>	<b>100%</b>

Source: Residential real estate loan data sampled; 2010 Census data

\* Owner Occupied Housing Unit (OOHU)

## Responses to Complaints

SFB did not receive any complaints regarding its performance in helping to meet the credit needs within the Illinois AA during this evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank’s performance under the community development test in Illinois is rated Satisfactory. SFB’s CD performance demonstrates an adequate responsiveness to the community development needs of its AA through CD loans, qualified investments, and CD services.

## Number and Amount of Community Development Loans

SFB originated one qualifying loan from the Illinois AA totaling \$1.6 million during the evaluation period. The loan is for the financing of a low-income housing facility for the elderly. The facility is located in a moderate-income CT.

In addition, SFB participates in the USDA Guaranteed Rural Housing Loan Program. This federal government program is designed to encourage people to purchase homes in rural areas. The USDA sets maximum income guidelines for people to qualify for the program. SFB originated 76 USDA Guaranteed Rural Housing loans totaling \$5.4

million to LMI individuals in the Illinois AA during this evaluation period.

### **Number and Amount of Qualified Investments**

SFB made a total of \$86 thousand in cash contributions and donations to several organizations assisting low- and moderate-income individuals and families in the Illinois AA.

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

Delivery systems are reasonably accessible to individuals of different income levels. SFB operates one limited-service office, seven full-service branch offices, and eight ATMs within the Illinois AA. One office is located in a moderate-income CT while the remaining are located in middle- or upper-income census tracts. Extended hours are available at all drive-up locations. SFB's loan and deposit products are available at all branch locations except for the drive-up only facility in Sterling. The officers and employees of the bank are involved in a number of community service organizations in the Illinois AA.

SFB recently began offering the Federal Home Loan Bank's Downpayment Plus Program. This program offers grants for low- and moderate-income families to assist with down payment and closing costs. The Federal Home Loan Bank sets maximum income guidelines for people to qualify for the program. In 2015, SFB provided initial funding of \$12 thousand on two loans in the Illinois AA.

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

The bank displays adequate responsiveness to community development needs of the Illinois AA through community development lending, investments, and services.

## State Rating

### State of Iowa

**CRA Rating for Iowa: Needs to Improve.**

**The Lending test is rated: Satisfactory.**

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

The major factors that support this rating include:

- The distribution of loans to individuals of different income levels is excellent.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA, including moderate-income CTs.
- SFB's community development performance demonstrates poor responsiveness to the community development needs of the Iowa AA through CD loans, qualified investments, and community development services.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

SFB operates one full-service branch office, one limited-service location, and two ATMs within the Iowa AA. The Iowa AA consists of Clinton County. Residential mortgage loans are the primary credit products. SFB's deposits in Clinton County total \$57 million and represent six percent of the market. SFB's deposit market share ranks eighth among the eight institutions in Clinton County according to the FDIC Deposit Market Share Report dated June 30, 2014.

The local economic condition remains stable. The Clinton County unemployment rate for March 2015 is 5.3 percent, which is comparable to the national average rate of 5.6 percent. Clinton County compares unfavorably to the State of Iowa's unemployment average rate of 4.2 percent, according to the U.S. Department of Labor.

The economy of the AA is concentrated in the agriculture, manufacturing, healthcare, and education sectors. Major employers include: local hospital and healthcare facilities, ADM, local school districts, and city and county governmental units. Please see the Market Profile in Appendix A for additional information on the AA.

We made one community contact from the Iowa AA during the evaluation. The contact stated there are no credit needs or banking services not met or provided for by the local financial institutions. The contact indicated the primary credit needs in the AA are affordable housing and small business loans as well as education on what is needed to develop a good business plan. Overall, the contact felt SFB and the other local financial institutions are meeting the credit needs of the area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IOWA

### LENDING TEST

The bank's performance under the lending test in Iowa is rated Satisfactory.

The major factors that support this rating include:

- The distribution of loans to individuals of different income levels is excellent.
- The geographic distribution of loans reflects reasonable distribution throughout the AA, including moderate-income CTs.
- SFB did not receive any complaints regarding its CRA performance in the Iowa AA

The 2014 Office of Management and Budget (OMB) changes resulted in a change in census tract designations for the Iowa AA. One CT in the Iowa AA went from moderate-income to middle-income effective January 1, 2014. Therefore, we conducted the lending performance tests for the years 2013 and 2014 separately. We weighted the year 2013 more heavily due to the larger loan volume originated by the bank for the lending test analysis.

#### Lending to Borrowers of Different Incomes

The distribution of borrowers reflects excellent penetration among individuals of different income levels given the demographics of the AA.

#### 2013

SFB's lending to low- and moderate-income borrowers shows excellent penetration and exceeds the peer lending data in the Iowa AA for 2013. Lending to low-income borrowers is below the percentage of low-income families in the Iowa AA, lending to moderate-income borrowers exceeds the demographics in the AA.

Income Category	Percent Families by Income Category	Peer Data Lending % 2013	Sterling Federal	
			Number of Loans	Percent of Loans
<b>Low</b>	17%	6%	2	7%
<b>Moderate</b>	18%	31%	10	36%
<b>Middle</b>	24%	35%	11	39%
<b>Upper</b>	41%	28%	5	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>28</b>	<b>100%</b>

Source: Residential real estate loan data sampled; 2010 Census data

2014

SFB's lending to low- and moderate-income borrowers shows excellent penetration in the Iowa AA for 2014. SFB's lending to low- and moderate-income borrowers was higher than HMDA-reporting financial institutions in the AA and exceeded the percentage of low- and moderate-income families in the Iowa AA.

Income Category	Percent Families by Income Category	Peer Data Lending % 2014	Sterling Federal	
			Number of Loans	Percent of Loans
<b>Low</b>	16%	11%	2	15%
<b>Moderate</b>	18%	22%	3	23%
<b>Middle</b>	24%	33%	4	31%
<b>Upper</b>	42%	34%	4	31%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>28</b>	<b>100%</b>

Source: Residential real estate loan data sampled; 2010 Census data using 2014 OMB changes

### Geographic Distribution of Loans

SFB's geographic distribution of residential lending reflects a reasonable dispersion in CTs of different income levels, including moderate-income CTs. We weighted 2013 more heavily in our conclusions due to the limited loan originations in 2014. There are no low-income CTs within SFB's Iowa AA. We did not identify any conspicuous gaps in the bank's lending performance.

2013

SFB's geographic distribution of residential lending reflects a reasonable dispersion in CTs of different income levels, including moderate-income CTs. SFB's lending in moderate-income CTs is slightly below the level reported by HMDA-reporting financial institutions in the AA for 2013 as well as the level of owner-occupied housing located in the moderate-income geographies in the Iowa AA. This lower level of lending is attributed to the limited opportunities in the moderate-income tracts, as fifteen percent of the households in the moderate-income census tracts are below the poverty level. In addition, twelve percent of the housing units in the moderate-income tracts are rental properties. An additional nine percent of the housing units are vacant in the moderate-income tracts. Performance under this criterion meets the standards for satisfactory performance.

<b>Table 8 – Iowa AA Geographic Distribution vs. HMDA Lending for 2013</b>				
<b>Income Category</b>	<b>Distribution of OOHU's</b>	<b>Peer Data Lending % 2013</b>	<b>Sterling Federal</b>	
			<b>Number of Loans</b>	<b>Percent of Loans</b>
<b>Low</b>	N/A	N/A	N/A	N/A
<b>Moderate</b>	18%	17%	4	14%
<b>Middle</b>	59%	69%	22	79%
<b>Upper</b>	23%	14%	2	7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>28</b>	<b>100%</b>

Source: Residential real estate loan data sampled; 2010 Census data using 2014 OMB changes

2014

SFB did not originate any loans in moderate-income CTs in 2014, which reflects poor dispersion. This level is below the level reported by HMDA-reporting financial institutions in the AA as well as the level of owner-occupied housing located in the moderate-income geographies in the Iowa AA. It should be noted SFB only originated 13 loans in this AA in 2014. Performance under this criterion meets the standards for poor performance.

<b>Table 9 – Iowa AA Geographic Distribution vs. HMDA Lending for 2014</b>				
<b>Income Category</b>	<b>Distribution of OOHU's</b>	<b>Peer Data Lending % 2014</b>	<b>Sterling Federal</b>	
			<b>Number of Loans</b>	<b>Percent of Loans</b>
<b>Low</b>	N/A	N/A	N/A	N/A
<b>Moderate</b>	9%	10%	0	0%
<b>Middle</b>	68%	76%	10	77%
<b>Upper</b>	23%	14%	3	23%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>13</b>	<b>100%</b>

Source: Residential real estate loan data sampled; 2010 Census data using 2014 OMB changes

**Responses to Complaints**

SFB did not receive any complaints regarding its performance in helping to meet the credit needs within the Iowa AA during this evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the community development test in Iowa is rated Needs to Improve. SFB’s community development performance demonstrates a poor

responsiveness to the CD needs of its Iowa AA through community development loans, qualified investments, and community development services.

### **Number and Amount of Community Development Loans**

SFB participates in the USDA Guaranteed Rural Housing Loan Program. This federal government program is designed to encourage people to purchase homes in rural areas. The USDA sets maximum income guidelines for people to qualify for the program. SFB originated one USDA Guaranteed Rural Housing loan totaling \$59 thousand to a LMI individual in the Iowa AA.

### **Number and Amount of Qualified Investments**

SFB made a total of \$8 thousand in cash contributions and donations to several community development organizations assisting low- and moderate-income individuals and families in the Iowa AA.

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

Delivery systems are reasonably accessible to individuals of different income levels. SFB operates one full-service branch, one limited-service drive-up/walk-up facility, and two ATMs in the AA. The full-service branch is located in a moderate-income CT. The drive-up/walk-up facility is in a middle-income tract. Extended hours are available at the drive-up locations. The officers and employees of the bank are involved in some community service organizations in the Iowa AA.

SFB recently began offering the Federal Home Loan Bank's Downpayment Plus Program. This program offers grants for low- and moderate-income families to assist with down payment and closing costs. The Federal Home Loan Bank sets maximum income guidelines for people to qualify for the program. Although SFB has not originated any of these loans in the Iowa AA yet, this product is available to its customers.

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

The bank displays poor responsiveness to community development needs of the Iowa AA through CD lending, investments, and services.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/13 to 12/31/14) Community Development Test: (01/03/12 to 04/27/15)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Sterling Federal Bank, F.S.B. (SFB) Sterling, IL	Home mortgage and community development loans; qualified investments	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Illinois AA	Full Scope	Lee, Ogle, and Whiteside Counties
Iowa AA	Full Scope	Clinton County

## Market Profile Tables

### Illinois AA

The Illinois AA is not located in an MSA and consists of thirty-eight geographies: nine geographies in Lee County, eleven geographies in Ogle County, and eighteen geographies in Whiteside County. Four geographies are designated moderate-income (10%), while the remaining thirty-four geographies are designated middle- or upper-income (90%). The four moderate-income geographies are located in the town portions of Sterling and Rock Falls in Whiteside County.

Table 16 - Demographic Information for the Illinois AA					
Demographic Characteristics	#	Low % of #	Mod % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	38	0%	10%	58%	32%
Population by Geography	148,026	0%	8%	61%	31%
Owner-Occupied Housing by Geography	43,703	0%	7%	60%	33%
Businesses by Geography	8,099	0%	7%	61%	32%
Farms by Geography	1,301	0%	1%	56%	43%
Family Distribution by Census Tract	40,023	0%	8%	61%	31%
Family Distribution by Income Level	40,023	16%	17%	23%	44%
Median Family Income	\$60,039	Median Housing Value		\$121,472	
Median Household Income	\$50,483	Median Year Built		1959	
2014 FFIEC Estimated Median Family Income	\$58,600	Average Monthly Gross Rent		\$612	
Households Below the Poverty Level	10%				

Source: 2010 U.S. Census Data

**Iowa AA – 2013**

The Iowa AA is not located in an MSA and consists of Clinton County, which is composed of twelve geographies. In 2013, three geographies were designated moderate-income (25%), while the remaining nine geographies were designated middle- or upper-income (75%). The three moderate-income geographies were located in a portion of the city of Clinton.

<b>Table 17 - Demographic Information for the 2013 Iowa AA</b>					
Demographic Characteristics	#	Low % of #	Mod % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	12	0%	25%	58%	17%
Population by Geography	49,116	0%	22%	57%	21%
Owner-Occupied Housing by Geography	15,104	0%	18%	59%	23%
Businesses by Geography	3,909	0%	18%	55%	27%
Farms by Geography	646	0%	2%	54%	44%
Family Distribution by Census Tract	13,220	0%	19%	58%	23%
Family Distribution by Income Level	13,220	17%	18%	24%	41%
Median Family Income	\$46,835	Median Housing Value		\$107,806	
Median Household Income	\$47,129	Median Year Built		1955	
2013 FFIEC Estimated Median Family Income	\$59,800	Average Monthly Gross Rent		\$531	
Households Below the Poverty Level	10%				

Source: 2010 U.S. Census Data

**Iowa AA – 2014**

In 2014, two geographies were designated moderate-income (17%), while the remaining ten geographies were designated middle- or upper-income (83%). The two moderate-income geographies remain located in a portion of the city of Clinton.

<b>Table 18 - Demographic Information for the 2014 Iowa AA</b>					
Demographic Characteristics	#	Low % of #	Mod % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	12	0%	17%	67%	16%
Population by Geography	49,116	0%	11%	68%	21%
Owner-Occupied Housing by Geography	15,104	0%	9%	68%	23%
Businesses by Geography	3,339	0%	14%	58%	28%
Farms by Geography	591	0%	1%	56%	43%
Family Distribution by Census Tract	13,220	0%	9%	68%	23%
Family Distribution by Income Level	13,220	16%	18%	24%	42%
Median Family Income	\$59,735	Median Housing Value		\$107,806	
Median Household Income	\$47,129	Median Year Built		1955	
2013 FFIEC Estimated Median Family Income	\$60,700	Average Monthly Gross Rent		\$531	
Households Below the Poverty Level	10%				

Source: 2010 U.S. Census Data using 2014 OMB changes

## Appendix B: Summary of State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Sterling Federal Bank, F.S.B.	Satisfactory	Satisfactory	Satisfactory
Illinois	Satisfactory	Satisfactory	Satisfactory
Iowa	Satisfactory	Needs to Improve	Needs to Improve