

FEDERAL RESERVE SYSTEM

EverBank Financial Corp
Jacksonville, Florida

Order Approving the Acquisition of a Bank

EverBank Financial Corp (“EFC”), Jacksonville, Florida, a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to acquire 100 percent of the voting shares of Sterling Bank and Trust, FSB (“Sterling Bank”), Southfield, Michigan.³ Following the proposed acquisition, Sterling Bank would be merged with and into EFC’s national bank subsidiary, EverBank, National Association (“EverBank”), Jacksonville, Florida, with EverBank as the surviving entity.⁴

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (89 Federal Register 84140 (October 21, 2024)), in accordance with the Board’s Rules of Procedure.⁵ The time for submitting comments has

¹ 12 U.S.C. § 1841 et seq.

² 12 U.S.C. § 1842.

³ Sterling Bank has elected to operate as a covered savings association. Therefore, EFC’s proposal to acquire Sterling Bank requires the Board’s approval under section 3 of the BHC Act. See 12 U.S.C. § 1464a; Frequently Asked Questions about Covered Savings Associations Pursuant to Section 5A of the Home Owners’ Loan Act, available at <https://www.federalreserve.gov/supervisionreg/legalinterpretations/covered-savings-associations-frequently-asked-questions.htm>.

⁴ The merger of Sterling Bank with and into EverBank is subject to the approval of the Office of the Comptroller of the Currency (“OCC”) under section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c) (“Bank Merger Act”). The OCC approved the Bank Merger Act application on March 13, 2025.

⁵ 12 CFR 262.3(b).

expired, and the Board received an adverse comment from one commenter. The Board has considered the proposal and the comment received in light of the factors set forth in section 3 of the BHC Act.

EFC, with consolidated assets of approximately \$40.8 billion, is the 61st largest insured depository organization in the United States. EFC controls approximately \$32.0 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁶ EFC controls EverBank, which operates in Arizona, California, Florida, Illinois, Massachusetts, Minnesota, Missouri, New Hampshire, New Jersey, New York, Nevada, North Carolina, and Texas. EverBank represents that it controlled deposits of approximately \$127.7 million in California as of December 24, 2024, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.⁷

Sterling Bank, with total assets of approximately \$2.4 billion, is the 478th largest insured depository organization in the United States. Sterling Bank controls approximately \$2.1 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Sterling Bank operates in California, Michigan, and New York. Sterling Bank is the 54th largest insured depository institution in California, controlling deposits of approximately \$2.0 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in that state.

On consummation of this proposal, EFC would remain the 61st largest insured depository organization in the United States, with consolidated assets of approximately \$43.2 billion, which would represent less than 1 percent of the total assets of insured depository organizations in the United States. EFC would control total

⁶ Consolidated asset, ranking, consolidated national deposit, and market share data are as of December 31, 2024. State deposit and ranking data are as of June 30, 2024, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

⁷ EverBank does not accept deposits through its operations in New York.

consolidated deposits of approximately \$34.1 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. EverBank would become the 51st largest insured depository institution in California, controlling deposits of approximately \$2.1 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

Interstate Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction would be prohibited under state law.⁸ The Board may not approve under this provision an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.⁹ When determining whether to approve an application under this provision, the Board must take into account the record of the applicant's depository institution under the Community Reinvestment Act of 1977 ("CRA")¹⁰ and the applicant's record of compliance with applicable state community reinvestment laws.¹¹ In addition, the Board may not approve an interstate application under this provision if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control 30 percent or more of the total

⁸ 12 U.S.C. § 1842(d)(1)(A).

⁹ 12 U.S.C. § 1842(d)(1)(B).

¹⁰ 12 U.S.C. § 2901 et seq.

¹¹ 12 U.S.C. § 1842(d)(3).

deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.¹²

For purposes of this provision, the home state of EFC is Florida.¹³ Sterling Bank is located in California, Michigan, and New York. EFC is well capitalized and well managed under applicable law. EverBank has a “Satisfactory” rating under the CRA, and none of the jurisdictions in which EverBank operates has a state community reinvestment law that applies to this proposal. There are no minimum age requirements under state law that apply to EFC’s acquisition of Sterling Bank.

On consummation of the proposed transaction, EFC would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. EFC and Sterling Bank have overlapping operations only in the state of California, which does not impose a limit on the total amount of in-state deposits that a single banking organization may control.¹⁴ The combined organization would control less than 1 percent of the total amount of deposits of insured depository institutions in California. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act.

¹² 12 U.S.C. § 1842(d)(2)(A) and (B). Under section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, is headquartered, or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7).

¹³ 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

¹⁴ EverBank maintains two offices, which are not branches, in New York. See 12 U.S.C. § 1841(o)(3). Accordingly, EverBank is not “located” in New York for purposes of section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.¹⁵ The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.¹⁶

EverBank and Sterling Bank compete directly in the Los Angeles, California, banking market (“Los Angeles market”).¹⁷ The Board has considered the competitive effects of the proposal in this banking market. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the market (“market deposits”) that EFC would control;¹⁸ the concentration level of market deposits and the increase in this level, as measured by the Herfindahl-Hirschman Index (“HHI”) under the 1995 Bank Merger Competitive Review guidelines (“1995 Bank

¹⁵ 12 U.S.C. § 1842(c)(1)(A).

¹⁶ 12 U.S.C. § 1842(c)(1)(B).

¹⁷ The Los Angeles market is defined as the Los Angeles metropolitan area in Los Angeles and Orange counties, the western portions of San Bernardino and Ventura counties, and the southernmost edge of Kern County.

¹⁸ Local deposit and market share data are as of December 24, 2024, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

Merger Guidelines”);¹⁹ the number of competitors that would remain in the market; and other characteristics of the market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the 1995 Bank Merger Guidelines in the Los Angeles market. On consummation, the Los Angeles market would remain unconcentrated, as measured by the HHI, and there would be no change in the HHI. Numerous competitors would remain in the market.²⁰

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that it did not conclude that the proposal would have a significantly adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

¹⁹ Department of Justice, Bank Merger Competitive Review – Introduction and Overview, <https://www.justice.gov/sites/default/files/atr/legacy/2007/08/14/6472.pdf> (1995). On September 17, 2024, the U.S. Department of Justice (“DOJ”) announced its withdrawal from the 1995 Bank Merger Guidelines and emphasized that the 2023 Merger Guidelines, issued on December 18, 2023, remain its sole and authoritative statement across all industries. Press Release, Department of Justice, “Justice Department Withdraws from 1995 Bank Merger Guidelines,” <https://www.justice.gov/opa/pr/justice-department-withdraws-1995-bank-merger-guidelines>. The 1995 Bank Merger Guidelines had been adopted together with the federal banking agencies, and none of the federal banking agencies have withdrawn from the 1995 Bank Merger Guidelines. The Board continues to apply the 1995 Bank Merger Guidelines in evaluating bank merger proposals.

²⁰ EFC represents that it controls approximately \$84.1 million in deposits in the Los Angeles market, which would make it the 91st largest depository organization in the market. Sterling Bank is the 58th largest depository organization in the market, controlling approximately \$460.1 million in deposits, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, EFC would become the 52nd largest depository organization in the market, controlling approximately \$544.2 million in deposits, which would represent less than 1 percent of market deposits. The HHI for the Los Angeles market would remain unchanged at 998, and 113 competitors would remain in the market.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.²¹ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

EFC, EverBank, and Sterling Bank are well capitalized, and the combined organization would remain so upon consummation of the proposal. The proposed

²¹ 12 U.S.C. § 1842(c)(2), (5), and (6).

transaction is a bank acquisition that is structured as a cash purchase.²² The capital, asset quality, earnings, and liquidity of EFC, EverBank, and Sterling Bank are consistent with approval, and EFC and EverBank appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization.²³ The Board has reviewed the examination records of EFC, EverBank, and Sterling Bank, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by EFC; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws; and the public comment on the proposal.

EFC and EverBank are each considered to be well managed. EFC's directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and EFC's risk-management program appears consistent with approval.

²² To effect the transaction, EFC would acquire all of the issued and outstanding shares of common stock of Sterling Bank from Sterling Bancorp, Inc., Southfield, Michigan, for cash consideration. EFC has the financial resources to effect the proposed transaction.

²³ A commenter objected to the proposal on grounds that "Sterling Bancorp was recently prosecuted by [the] DOJ." This appears to be a reference to Sterling Bancorp's March 15, 2023, guilty plea related to securities fraud ("Sterling Bancorp DOJ Plea Agreement"). See <https://www.justice.gov/opa/pr/sterling-bancorp-inc-plead-guilty-69m-securities-fraud>. The U.S. District Court for the Eastern District of Michigan approved the Sterling Bancorp DOJ Plea Agreement in July 2023. EFC asserts that none of the individuals responsible for the conduct related to the Sterling Bancorp DOJ Plea Agreement would join EverBank's board of directors or management team. The Sterling Bank DOJ Plea Agreement observes that Sterling Bank had engaged in extensive remedial measures related to the conduct discussed in that agreement. EFC represents that it does not expect that the operations of EFC or EverBank would be materially impacted by the Sterling Bancorp DOJ Plea Agreement.

The Board also has considered EFC's plans for implementing the proposal. EFC has conducted comprehensive due diligence and is devoting sufficient financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, EFC's management has the experience and resources to operate the resulting organization in a safe and sound manner. EFC plans to apply its risk-management policies, procedures, and controls at the combined organization following the transaction.

Based on all the facts of record, including EFC's and EverBank's supervisory records, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of EFC and EverBank in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.²⁴ In evaluating whether the proposal satisfies the convenience and needs statutory factor, the Board considers the impact that the proposal will or is likely to have on the communities served by the combined organization. The Board reviews a variety of information to determine whether the relevant institutions' records demonstrate a history of helping to meet the needs of their customers and communities. The Board also reviews the combined institution's post-consummation plans and the expected impact of those plans on the communities served by the combined institution, including on low- and moderate-income ("LMI") individuals and communities. The Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve and are providing access to banking products and services that meet the needs of

²⁴ 12 U.S.C. § 1842(c)(2). Where applicable, the Board also considers any timely substantive comments on the proposal and, in its discretion, may consider any untimely substantive comments on the proposal.

customers and communities, including the potential impact of branch closures, consolidations, and relocations on that access. In addition, the Board reviews the records of the relevant depository institutions under the CRA.²⁵ The Board strongly encourages insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation and their obligations under the CRA.²⁶

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, gender, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and public comments on the proposal. The Board also may consider the acquiring institution's business model and intended marketing and outreach, the combined organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of EverBank and Sterling Bank, the fair lending and compliance records of both banks, the supervisory views of the OCC, confidential supervisory information, information provided by EFC, and the public comment received on the proposal.

Public Comment on the Proposal

The Board received one adverse comment on the proposal. The commenter criticized the CRA record of Sterling Bank with respect to its "Needs to Improve" rating on the investment test ("Investment Test") component of the bank's statewide ratings in Michigan, New York, and Washington.

²⁵ 12 U.S.C. § 2901 et seq.

²⁶ See 12 U.S.C. § 2901(b).

Businesses of the Involved Institutions and Response to the Public Comment

Through EverBank, EFC offers a wide variety of consumer and business products and services. These products include a range of personal and business deposit accounts, treasury and merchant services, and several lines of commercial lending. EverBank markets and distributes its banking products and services primarily through its integrated online and mobile financial portal and its branches located in Florida and California.

In response to the comment, EFC states that Sterling Bank received overall statewide ratings of “Satisfactory” in each of the states (California, Michigan, New York, and Washington) for which it was evaluated during its most recent CRA performance evaluation and received “Satisfactory” ratings for each of the lending test (“Lending Test”), Investment Test, and service test (“Service Test”) in California, where Sterling Bank has the majority of its deposits and branches. EFC asserts that the comment criticizes Sterling Bank’s CRA performance in states where Sterling Bank had a small presence. EFC further asserts that the combined bank would not have CRA assessment areas in either Washington or Michigan following consummation of the proposed transaction, as Sterling Bank sold its only branch in Washington in July 2021 and Sterling Bank’s only office in Michigan would be closed in connection with the proposed transaction. EFC represents that, following completion of the proposed transaction, the combined bank would operate under EverBank’s CRA program and would remain committed to serving the communities in which it operates.

Records of Performance under the CRA

In evaluating the CRA performance of the involved institutions, the Board generally considers each institution’s most recent CRA evaluation and the supervisory views of relevant federal supervisors, which in this case is the OCC with respect to both

EverBank and Sterling Bank.²⁷ In addition, the Board considers information provided by the applicant and the public commenter.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.²⁸ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a Lending Test, an Investment Test, and a Service Test to evaluate the performance of large banks, such as EverBank and Sterling Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution's lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution's data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA"),²⁹ in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA assessment areas ("AAs"); (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in

²⁷ See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48506, 48548 (July 25, 2016).

²⁸ 12 U.S.C. § 2906.

²⁹ 12 U.S.C. § 2801 et seq.

low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;³⁰ (4) the institution's community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.³¹ The Investment Test evaluates the number and amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.³²

CRA Performance of EverBank

EverBank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of November 11, 2024 ("EverBank Evaluation").³³ The bank received "High Satisfactory" ratings for both the Investment and Lending Tests, and a "Low Satisfactory" rating for the Service Test.³⁴ With respect

³⁰ Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less; small business and small farm loans by loan amount at origination; and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3) (2023).

³¹ See 12 CFR 228.22(b) (2023).

³² See 12 CFR 228.23 and 228.24 (2023).

³³ The EverBank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed mortgage loan originations from January 1, 2021, through January 1, 2022, and community development ("CD") loans, qualified investments, and CD services from January 1, 2021, through December 31, 2023.

³⁴ The EverBank Evaluation involved a full-scope review of the bank's activities in its Miami-Port St. Lucie-Fort Lauderdale, Florida, Combined Statistical Area ("CSA"); Jacksonville, Florida, Metropolitan Statistical Area ("MSA"); and Tampa-St. Petersburg-

to the Lending Test, examiners found that EverBank's lending activity reflected excellent responsiveness to the credit needs in the bank's AAs. Examiners also found that the overall geographic distribution of the bank's loans within its AAs was excellent; however, examiners noted that EverBank exhibited a poor distribution of loans among individuals of different income levels. Examiners determined that the bank's CD loans had a neutral impact on the Lending Test conclusion.

With respect to the Investment Test, examiners found that EverBank had a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly with respect to those that are not routinely provided by private investors. Examiners determined that the bank was responsive to CD needs and opportunities in its AAs.

With respect to the Service Test, examiners determined that EverBank's delivery systems were unreasonably accessible to geographies and individuals of different income levels within most of the bank's AAs. However, examiners noted that EverBank offers several alternative delivery systems that provide additional delivery availability and access to banking services to both retail and business customers. Examiners also noted that, during the evaluation period, EverBank was a leader in providing CD services.

CRA Performance of Sterling Bank

Sterling Bank was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of March 7, 2022 ("Sterling Bank

Clearwater, Florida, MSA AAs. The EverBank Evaluation also involved a limited-scope review of its Cape Coral-Fort Myers-Naples, Florida, CSA AA.

Evaluation”).³⁵ The bank received a “High Satisfactory” rating for the Lending Test and “Low Satisfactory” ratings for both the Investment and Service Tests.³⁶

With respect to the Lending Test, in California, examiners found that Sterling Bank’s lending activity was good, including an excellent geographic distribution and adequate distribution among borrowers of different income levels and businesses of different sizes. Examiners also noted that the bank’s CD lending in California provided a positive impact. Examiners found that Sterling Bank’s overall lending activity was good in Michigan and Washington, and adequate in New York, including with respect to the geographic distribution of home mortgage loans and the distribution of home mortgage loans by income level of borrower. Overall, examiners found that the bank made little use of innovative or flexible lending practices in order to serve AA credit needs.

With respect to the Investment Test, examiners found that, in California, Sterling Bank had an adequate level of qualified CD investments and grants. However, in Michigan, New York, and Washington, examiners found that Sterling Bank made a poor level of qualified CD investments.

With respect to the Service Test, examiners determined that, in California, Sterling Bank’s service delivery systems were accessible to geographies and individuals of different income levels in the bank’s AAs and the bank provided a relatively high level of CD services, which were responsive to community needs. In Michigan, New York,

³⁵ The Sterling Bank Evaluation was conducted using Interagency Large Institution CRA Examination Procedures. Examiners reviewed home mortgage and small business loan originations and purchases and CD activities from January 1, 2018, through December 31, 2020.

³⁶ The Sterling Bank Evaluation involved full-scope reviews of the bank’s activities in its San Francisco-Oakland-Hayward, California, MSA; Los Angeles-Long Beach-Anaheim, California, MSA; Detroit-Warren-Dearborn, Michigan, MSA; New York-Newark-Jersey City, New York-New Jersey-Pennsylvania, MSA; and Seattle-Tacoma-Bellevue, Washington, MSA AAs. The Sterling Bank Evaluation also involved limited-scope reviews of its San Jose-Sunnyvale-Santa Clara, California, MSA and Riverside-San Bernardino-Ontario, California, MSA AAs. Examiners placed the most weight on the bank’s performance in California because a significant majority of the bank’s deposits, reported loans, and qualified investments are from California.

and Washington, examiners found that Sterling Bank's service delivery systems were reasonably accessible to geographies and individuals of different income levels and its level of CD services were adequate.

Sterling Bank's Efforts since the Sterling Bank Evaluation

EFC represents that, since the Sterling Bank Evaluation, Sterling Bank has focused on CD loans to third parties that support housing for LMI individuals. EFC represents that Sterling Bank has also made investments in community development financial institutions and minority depository institutions. EFC represents that Sterling Bank provides a high level of community service efforts, including through Sterling Bank employees who volunteer at organizations specializing in affordable housing and economic development.

Additional Supervisory Views

In its review of the proposal, the Board consulted with and considered the views of the OCC as the primary federal supervisor of both EverBank and Sterling Bank. The Board also considered the results of the most recent consumer compliance examinations of EverBank and Sterling Bank, which included reviews of the banks' compliance management programs and their compliance with consumer protection laws and regulations, including fair lending.

The Board has taken this information, as well as the CRA performance records of EverBank and Sterling Bank, into account in evaluating the proposal, including in considering whether EFC has the experience and resources to ensure that the combined organization would help meet the credit needs of the communities to be served following consummation of the proposed transaction.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. This includes, for example, the combined organization's business model and intended marketing and outreach and existing and anticipated product and service offerings in the communities to be served by the organization; any additional plans the combined organization has for meeting the

needs of its communities following consummation; and any other information the Board deems relevant.

EFC represents that, as a result of the transaction, it would offer an expanded branch and ATM network, as well as access to a wider variety of banking products and services, to customers of both EverBank and Sterling Bank. EFC represents that the combined organization would continue to attract nationwide consumer accounts via its current online banking model and would continue to complement its traditional service delivery methods with alternative retail delivery systems across both banks' current market areas. EFC represents that Sterling Bank customers would gain access to products such as specialty deposits and treasury services platforms, as well as additional commercial and industrial loan products. EFC further represents that EverBank intends to renovate many of Sterling Bank's existing branches.

Branch Closures

Physical branches remain important to many banking organizations' ability to meet the credit needs of the local communities in which they operate. When banking organizations combine, whether through acquisitions, mergers, or consolidations, the combination has the potential to increase or to reduce consumers' and small businesses' access to available credit and other banking services. Although the Board does not have the authority to prohibit a bank from closing a branch, the Board focuses on the impact of expected branch closures, consolidations, and relocations that occur in connection with a proposal on the convenience and needs of the communities to be served by the resulting institution. In particular, the Board considers the effect of any closures, consolidations, or relocations on LMI communities.

Federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed.³⁷ In addition, the federal banking

³⁷ See 12 U.S.C. § 1831r-1. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

supervisory agencies evaluate a bank's record of opening and closing branches, particularly branches located in LMI geographies or that primarily service LMI individuals, as part of the CRA examination process.³⁸

EFC represents that Sterling Bank's only Michigan branch would be closed in connection with the proposed transaction. EFC represents that it does not expect the proposed transaction to result in any other branch closures. EFC asserts that customers of the affected office have received closure notices consistent with the requirements of applicable law.

The Board has considered all the facts of record relating to branch closures, consolidations, and relocations, including the records of the relevant depository institutions under the CRA and fair lending laws in relation to branch closures; the institutions' policies and procedures on and records of compliance with federal banking law regarding branch closures; the views of the OCC; supervisory information; and information provided by EFC. Based on that review, the Board concludes that EverBank has established policies, programs, and procedures designed to ensure the bank's branching network is consistent with the bank's CRA and fair lending obligations and to mitigate the impact of any branch closures on communities to be served by the combined bank.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, supervisory information, information provided by EFC, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

³⁸ See, e.g., 12 CFR 228.24(d)(2) (2023).

Financial Stability Considerations

Section 3 of the BHC Act requires the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.”³⁹

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.⁴⁰ These categories are not exhaustive, and additional categories could inform the Board’s decision.

In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.⁴¹

The Board’s experience has shown that proposals involving an acquisition of less than \$10 billion in total assets, or that result in a firm with less than \$100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets

³⁹ 12 U.S.C. § 1842(c)(7).

⁴⁰ Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

⁴¹ For further discussion of the financial stability standard, see Bank of Montreal and BMO Financial Corp., FRB Order No. 2023-01 at 43 (January 17, 2023), and Capital One Financial Corporation, FRB Order No. 2012-2 (February 14, 2012).

involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁴²

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target with less than \$10 billion in total assets and a pro forma organization with less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.⁴³ The pro forma organization would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

⁴² See People's United Financial, Inc., FRB Order No. 2017-08 at 25–26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

⁴³ EFC and Sterling Bank offer a range of retail and commercial banking products and services. EFC has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the proposal should be, and hereby is, approved.⁴⁴ In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by EFC with all the conditions imposed in this order and on any commitments made to the Board in connection with the proposal. The Board's approval also is conditioned on receipt by EFC of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is

⁴⁴ The commenter requested that the Board hold public hearings on the proposal. Under section 3(b) of the BHC Act, the Board must hold a public hearing on a proposal if the appropriate supervisory authorities for the acquiring bank or the bank to be acquired make a timely written recommendation of disapproval of the proposal. 12 U.S.C. § 1842(b); see also 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. Under its rules, the Board, in its discretion, may hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, the commenter has had ample opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and would be clarified by a public hearing. In addition, the request does not demonstrate why written comments do not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for public hearings on the proposal is denied.

The commenter also requested an extension of the comment period for the application. The commenter's request for additional time to comment did not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the Board has determined not to extend the comment period.

extended for good cause by the Board or the Federal Reserve Bank of Atlanta, acting under delegated authority.

By order of the Board of Governors,⁴⁵ effective March 14, 2025.

(signed) Michele Taylor Fennell

Michele Taylor Fennell
Associate Secretary of the Board

⁴⁵ Voting for this action: Chair Powell, Vice Chair Jefferson, Governors Bowman, Waller, Cook, Barr, and Kugler.