



Quarter Ended December 31, 2014 Earnings Conference Call

**January 28, 2015**

# Forward-Looking Statements and Associated Risk Factors

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*We make statements in this presentation regarding our outlook or expectations for earnings, revenues, expenses and/or other matters regarding or affecting us that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipated," "intend," "outlook," "estimate," "forecast," "project," "target," "continue," "positions," "prospects," by future conditional verbs such as "will," "would," "should," "could," or "may," or by variations of such words or by similar expressions.*

*These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. In addition to factors previously disclosed in reports filed with the Securities and Exchange Commission, the following factors, among others, could cause our actual results to differ materially from those contemplated by such forward-looking statements: the ability to obtain regulatory approvals and meet other closing conditions in connection with the Hudson Valley Holding Corp. merger, including approval by Sterling Bancorp and Hudson Valley Holding Corp. stockholders, on the expected terms and schedule; delay in closing the merger; difficulties and delays in integrating the Sterling Bancorp and Hudson Valley Holding Corp. business or fully realizing cost savings and other benefits; inflation; the effects of, and changes in, trade; changes in asset quality and credit risk; introduction, withdrawal, success and timing of business initiatives; capital management activities; customer disintermediation; and the success of Sterling Bancorp in managing those risks. Other factors that could cause Sterling Bancorp's actual results to differ from those indicated in forward-looking statements are included in the "Risk Factors" section of Sterling Bancorp's filings with the Securities and Exchange Commission. The forward-looking statements speak only as of the date they are made and we undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.*

*Financial statement information contained in this presentation should be considered to be an estimate pending the filing with the Securities and Exchange Commission of the Company's Transition Report on Form 10-K for the period October 1, 2014 through December 31, 2014. While the Company is not aware of any need to revise the results disclosed in this release, accounting literature may require information received by management between the date of this release and the filing of the Transition Report on Form 10-K to be reflected in the results of the fiscal period, even though the new information was received by management subsequent to the date of this presentation.*

# December 2014 Quarter Highlights

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- Higher profitability, strong loan growth and significant operating leverage
- Reported net income of \$17.0 million and diluted EPS of \$0.20
- Core net income of \$19.6 million and diluted EPS of \$0.23<sup>(1)</sup>
- Total gross loans of \$4.8 billion; annualized commercial loan growth of 9.6%
- Total deposits of \$5.2 billion; weighted average cost 21 bps
- Positive momentum across all core operating and profitability ratios <sup>(2)</sup>
  - † NIM: 3.70%; core efficiency ratio: 54.0%; core ROATE: 14.4%; core ROATA: 1.13%
- Net charge-offs of \$1.2 million representing 10 bps of average loans annualized
- Strong capital position
- Announced dividend per share of \$0.07 on 1/27/2015
- Definitive agreement to acquire Hudson Valley Holding Corp.
- Fiscal year end changing from September 30 to December 31

(1) Excludes certain charges and gains. Refer to page 5 for a reconciliation of core net income and core diluted EPS.

(2) Refer to pages 13 through 15 for detail on core ratio calculations.

# Summary of Financial Performance

(\$ in millions, except per share data)

	Quarter Ended			Linked Q $\Delta$	YOY $\Delta$
	12/31/2014	9/30/2014	12/31/2013		
<b>Selected Balance Sheet Data: <sup>(1)</sup></b>					
Total Assets	\$7,425	\$7,337	\$6,667	1.2%	11.4%
Gross Loans Held for Investment	4,816	4,760	4,127	1.2%	16.7%
Securities	1,713	1,690	1,661	1.4%	3.1%
Core Deposits <sup>(2)</sup>	3,781	3,790	3,675	(0.2%)	2.9%
Tangible Equity <sup>(3)</sup>	543	527	485	3.0%	12.0%
<b>Selected Profitability Data: <sup>(1)</sup></b>					
Net Interest Income	\$60.2	\$59.6	\$45.9	\$0.6	\$14.3
Provision for Loan Losses	3.0	5.4	3.0	(2.4)	—
Non-interest Income (Excluding Securities Gains)	14.0	12.3	9.8	1.7	4.2
Non-interest Expense	45.8	43.8	73.0	2.0	(27.2)
Net Income	17.0	16.3	(14.0)	0.7	31.0
Securities Gains	0.0	0.0	(0.6)		0.6
<b>Key Performance Measures: <sup>(1)</sup></b>					
Diluted Earnings per Share	\$0.20	\$0.19	(\$0.20)	\$0.01	\$0.40
Core Diluted Earnings per Share <sup>(3)</sup>	0.23	0.22	0.14	0.01	0.09
Net Interest Margin (tax-equivalent basis)	3.70%	3.77%	3.58%	(7) bps	12 bps
Non-interest Income to Total Revenue	18.9%	18.7%	19.0%	20 bps	(10) bps
Core Efficiency Ratio <sup>(3)</sup>	54.0%	54.7%	65.4%	(70) bps	(1,140) bps
Core ROATA <sup>(3)</sup>	1.13%	1.06%	0.69%	7 bps	44 bps
Core ROATE <sup>(3)</sup>	14.4%	13.8%	9.0%	60 bps	540 bps

(1) See earnings release dated January 27, 2015.

(2) Excludes municipal deposits, certificates of deposit and wholesale deposits.

(3) See pages 13 through 15 for a reconciliation of non-GAAP financial measures.

# Reconciliation of GAAP Earnings to Core Earnings

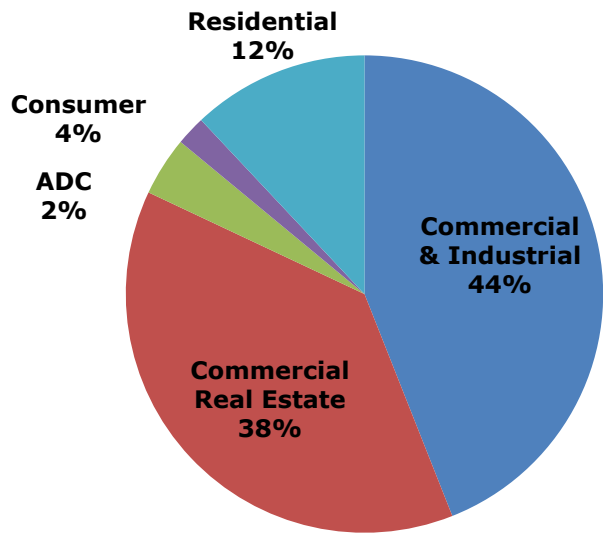
(\$ in thousands, except per share data)	Quarter Ended		
	12/31/2014	9/30/2014	12/31/2013
<b>Reported Diluted Earnings per Share</b>	<b>\$0.20</b>	<b>\$0.19</b>	<b>(\$0.20)</b>
<b>Reported Net Income</b>	<b>17,004</b>	<b>16,337</b>	<b>(14,002)</b>
Net Income Adjustments:			
Net loss (gain) on sale of securities	43	(33)	645
Merger-related expense	502	—	9,068
Charge for asset write-downs, banking systems conversion, retention and severance	2,493	1,103	22,167
Amortization of non-compete agreements	859	1,497	998
Charge on benefit plan settlement	—	—	2,743
<b>Total Adjustments</b>	<b>3,897</b>	<b>2,567</b>	<b>35,621</b>
<b>Total Adjustments (after-tax)</b>	<b>2,611</b>	<b>1,829</b>	<b>23,807</b>
<b>Core Net Income</b>	<b>19,615</b>	<b>18,166</b>	<b>9,805</b>
<b>Core Diluted Earnings per Share</b>	<b>\$0.23</b>	<b>\$0.22</b>	<b>\$0.14</b>
<i>Weighted average diluted shares outstanding</i>	<i>84,194,916</i>	<i>83,883,461</i>	<i>70,493,305</i>
<i>Core return on average tangible assets</i>	<i>1.13%</i>	<i>1.06%</i>	<i>0.69%</i>
<i>Core return on average tangible equity</i>	<i>14.4%</i>	<i>13.8%</i>	<i>9.0%</i>
<i>Core operating efficiency ratio</i>	<i>54.0%</i>	<i>54.7%</i>	<i>65.4%</i>

Note: See pages 13 through 15 for a reconciliation of non-GAAP financial measures.

# Diversified Balance Sheet

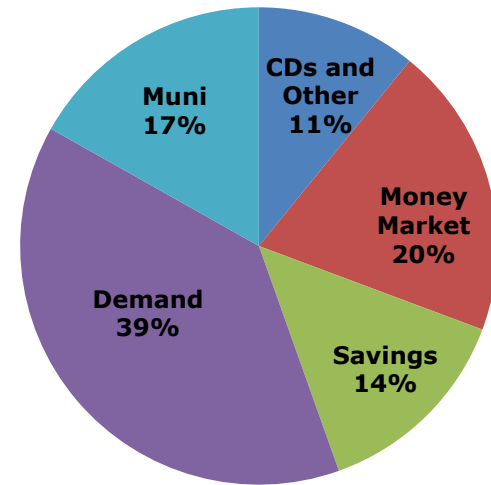
- Commercial loan growth of 9.6% <sup>(1)</sup>
- Diversification between C&I, CRE and consumer loans
- Retail, commercial and municipal transaction, money market and savings deposit accounts represent 89.3% of total deposits

## Loan Composition



**Total Loans: \$4.8 B**  
**Yield on Loans: 4.74%**

## Deposit Composition



**Total Deposits: \$5.2 B**  
**Cost of Deposits: 0.21%**

(1) Rates represent annualized growth rates for the period September 30, 2014 through December 31, 2014.

# Origination Capabilities Across Broad Asset Classes

(\$ in millions)

Line of Business	12/31/2014	9/30/2014	10/31/2013 <sup>(1)</sup>
<b>Commercial:</b>			
C&I	\$ 1,245	\$ 1,165	\$ 1,001
Warehouse Lending	174	192	176
Factoring	162	181	166
Payroll Finance	154	145	119
Equipment Finance	411	393	249
<b>Total Commercial</b>	<b>2,146</b>	<b>2,076</b>	<b>1,711</b>
<b>Commercial Real Estate:</b>			
Commercial Real Estate	1,458	1,449	1,252
Multi-Family	385	369	309
ADC	97	92	103
<b>Total Commercial Real Estate</b>	<b>1,940</b>	<b>1,910</b>	<b>1,664</b>
<b>Consumer:</b>			
Residential Mortgage	530	570	520
Other Consumer	200	204	208
<b>Total Consumer</b>	<b>730</b>	<b>774</b>	<b>728</b>
<b>Total Loans</b>	<b>\$ 4,816</b>	<b>\$ 4,760</b>	<b>\$ 4,103</b>

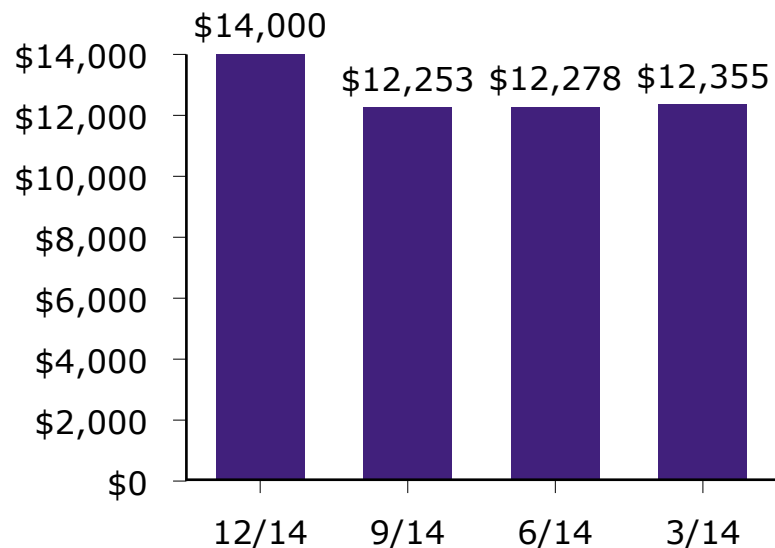
(1) Represents the effective date of the merger with legacy Sterling Bancorp.

# Growing Non-Interest Income

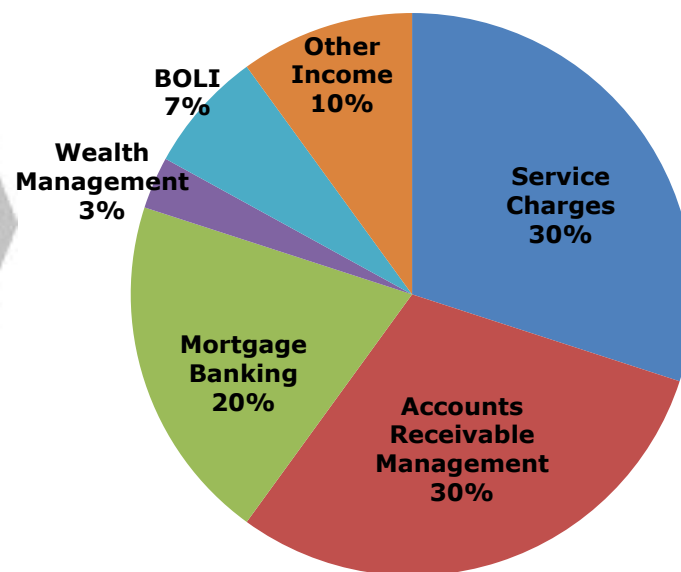
- Diversified mix of fee-based business including mortgage banking, payroll finance, factoring, wealth management and title insurance
- Total non-interest income to total revenue of 18.9%<sup>(1)</sup>

## Fee Income <sup>(1)</sup>

(\$ in thousands)



## Non-Interest Income Composition

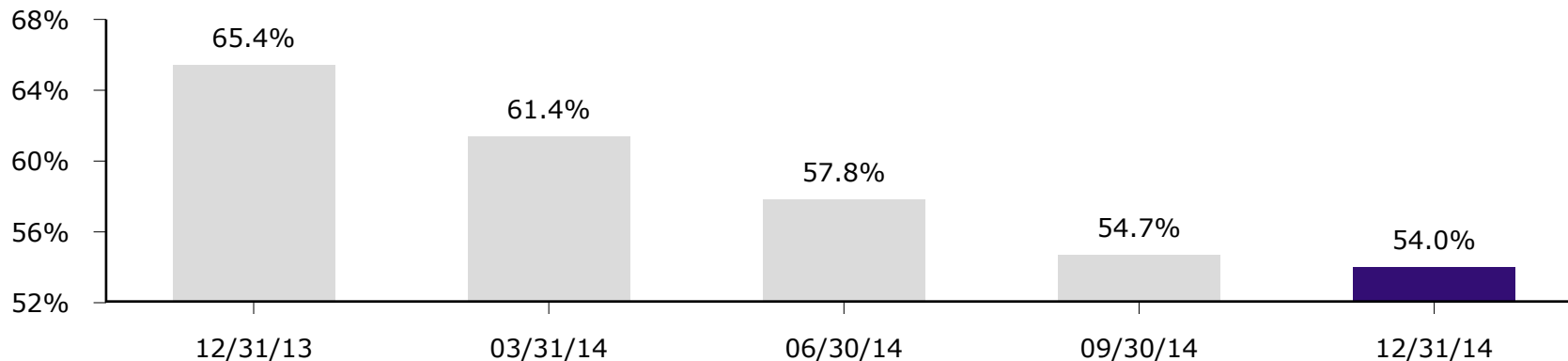


(1) Excludes net gains/(losses) on sale of securities.

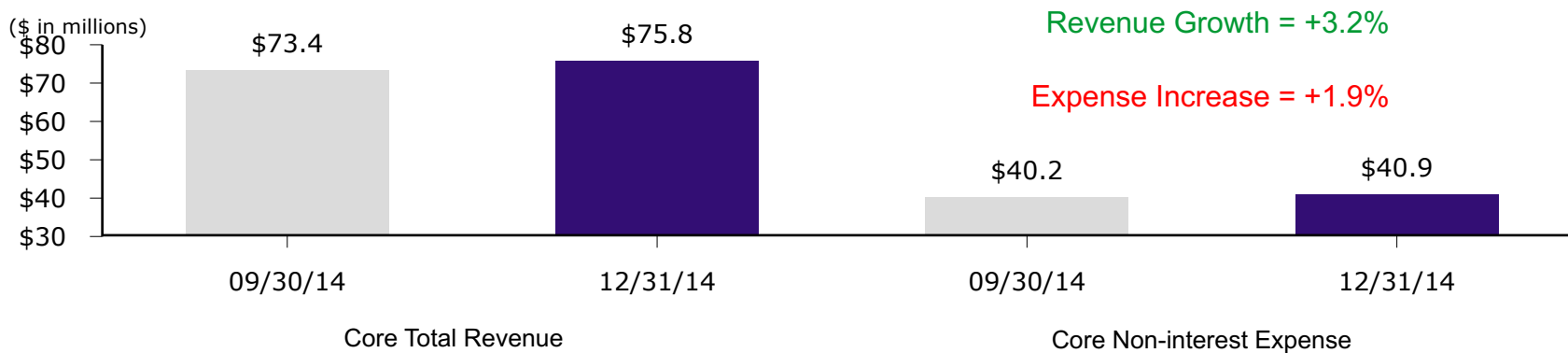


# Core Operating Efficiency

## Core Operating Efficiency Ratio



## Core Operating Leverage



Note: See pages 13 through 15 for a reconciliation of non-GAAP financial measures.

# Asset Quality Performance

Ratios and Balances	Quarter Ended						
	Dec 14	Sep 14	Jun 14	Mar 14	Dec 13	Sep 13	Jun 13
(\$ in millions)							
Non-performing loans to total loans	0.97%	1.07%	1.25%	1.42%	0.93%	1.12%	1.35%
Net charge-offs to average loans	0.10%	0.09%	0.15%	0.34%	0.14%	0.37%	0.54%
Allowance for loan losses to:							
Total loans	0.88%	0.85%	0.80%	0.75%	0.74%	1.20%	1.21%
Allowance for loan losses to non-performing loans	90.8%	79.7%	64.0%	53.1%	79.6%	107.3%	90.2%
Non-performing assets to total assets	0.71%	0.80%	0.85%	1.00%	0.75%	0.81%	0.94%
Special Mention	\$31.3	\$39.6	\$41.8	\$40.0	\$38.8	\$13.5	\$24.3
Substandard / Doubtful	74.9	73.1	79.1	82.7	77.3	61.1	62.2
Total Criticized / Classified	106.2	112.7	120.9	122.7	116.1	74.6	86.5
Non-accrual and 90 days	46.6	51.0	56.8	60.3	38.4	26.9	31.5

(1) See pages 13 through 15 for a reconciliation of non-GAAP financial measures.

# December 2014 Summary

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- Strong momentum in core earnings and profitability metrics
- Merger approval process and integration planning on-track
- Operating efficiencies continue to be realized
- Revenue growth opportunities are significant
- Continued investment in commercial banking, specialty finance, and fee-based businesses
- Strong capital and ample liquidity for organic growth
- Strong credit quality
- Fiscal year end changing from September 30 to December 31
- Execution is the key

# Adjusted Information (non-GAAP information)

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- In this presentation, we have referred to adjusted results to help illustrate the impact of certain types of items, such as the following:
  - † The impact of merger-related expenses and charge for asset write-downs, retention and severance, settlement of pension plan, banking systems conversion and amortization of non-compete agreements to our net income.
  - † Our tangible equity (common stockholders' equity, less intangible assets, other than servicing rights).
  - † The impact of securities gains and losses, non-taxable income, merger expenses, changes in intangible asset amortization, on our efficiency ratio.

We believe this additional information and reconciliations we provide may be useful to investors, analysts, regulators, and others as they evaluate the impact of these respective items on our results for the periods presented due to the extent to which the items may not be indicative of our ongoing operations. This information supplements our results as reported in accordance with GAAP, and should not be viewed in isolation from, or as a substitute for, our GAAP results.

# Non-GAAP to GAAP Reconciliation

(\$ in thousands except share and per share data)

	As of and for the quarter ended				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
<b>The following table shows the reconciliation of stockholders' equity to tangible equity and the tangible equity ratio:</b>					
Total assets	\$ 7,424,822	\$ 7,337,387	\$ 7,250,729	\$ 6,924,419	\$ 6,667,437
Goodwill and other intangibles	(432,258)	(434,204)	(435,185)	(437,727)	(440,537)
Tangible assets	6,992,564	6,903,183	6,815,544	6,486,692	6,226,900
Stockholders' equity	975,200	961,138	953,433	936,466	925,109
Goodwill and other intangibles	(432,258)	(434,204)	(435,185)	(437,727)	(440,537)
Tangible stockholders' equity	542,942	526,934	518,248	498,739	484,572
Common stock outstanding at period end	83,927,572	83,628,267	83,600,529	83,544,307	83,955,647
Tangible equity as % of tangible assets	7.76%	7.63%	7.60%	7.69%	7.78%
Tangible book value per share	\$ 6.47	\$ 6.30	\$ 6.20	\$ 5.97	\$ 5.77

**The following table shows the reconciliation of return on average tangible equity and core return on average tangible equity:**

Average stockholders' equity	\$ 973,089	\$ 956,166	\$ 944,476	\$ 934,304	\$ 780,241
Average goodwill and other intangibles	(433,396)	(434,141)	(436,805)	(439,613)	(347,538)
Average tangible stockholders' equity	539,693	522,025	507,671	494,691	432,703
Net income (loss)	17,004	16,337	15,011	10,332	(14,002)
Net income (loss), if annualized	67,462	64,815	60,209	41,902	(55,551)
Return on average tangible equity	12.50%	12.42%	11.86%	8.47%	(12.84)%
Core net income (see reconciliation on page 14)	\$ 19,615	\$ 18,166	\$ 15,715	\$ 13,094	\$ 9,805
Annualized core net income	77,820	72,072	63,033	53,103	38,900
Core return on average tangible equity	14.42%	13.81%	12.42%	10.73%	8.99%

# Non-GAAP to GAAP Reconciliation

(\$ in thousands except share and per share data)

	For the quarter ended				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
<b>The following table shows the reconciliation of the core operating efficiency ratio:</b>					
Net interest income	\$ 60,237	\$ 59,633	\$ 58,451	\$ 54,028	\$ 45,876
Non-interest income	13,957	12,286	13,471	12,415	9,148
Total net revenue	74,194	71,919	71,922	66,443	55,024
Tax equivalent adjustment on securities interest income	1,546	1,543	1,481	1,440	1,164
Net (gain) loss on sale of securities	43	(33)	(1,193)	(60)	645
Other (other (gains) and fair value loss on interest rate caps)	—	—	—	—	(93)
Core total revenue	75,783	73,429	72,210	67,823	56,740
Non-interest expense	45,814	43,780	44,904	46,723	72,974
Merger-related expense	(502)	—	—	(388)	(9,068)
Charge for asset write-downs, banking systems conversion, retention, severance	(2,493)	(1,103)	(2,321)	(678)	(22,167)
Gain on sale of financial center and redemption of TRUPs	—	—	1,637	—	—
Charge on benefit plan settlement	—	—	—	(1,486)	(2,743)
Amortization of intangible assets	(1,873)	(2,511)	(2,511)	(2,511)	(1,875)
Core non-interest expense	40,946	40,166	41,709	41,660	37,121
Core operating efficiency ratio	54.0%	54.7%	57.8%	61.4%	65.4%
<b>The following table shows the reconciliation of core net income and core earnings per share:</b>					
Income (loss) before income tax expense	\$ 25,380	\$ 22,789	\$ 21,068	\$ 14,920	\$ (20,950)
Income tax expense (benefit)	8,376	6,452	6,057	4,588	(6,948)
Net income (loss)	17,004	16,337	15,011	10,332	(14,002)
Net (gain) loss on sale of securities	43	(33)	(1,193)	(60)	645
Merger-related expense	502	—	—	388	9,068
Charge for asset write-downs, banking systems conversion, retention, severance	2,493	1,103	2,321	678	22,167
Gain on sale of financial center and redemption of TRUPs	—	—	(1,637)	—	—
Charge on benefit plan settlement	—	—	—	1,486	2,743
Amortization of non-compete agreements	859	1,497	1,497	1,497	998
Total charges (gains)	3,897	2,567	988	3,989	35,621
Income tax (benefit)	(1,286)	(738)	(284)	(1,227)	(11,814)
Total non-core charges (gains) net of taxes	2,611	1,829	704	2,762	23,807
Core net income	\$ 19,615	\$ 18,166	\$ 15,715	\$ 13,094	\$ 9,805
Weighted average diluted shares <sup>1</sup>	84,194,916	83,883,461	83,806,135	83,794,107	70,493,305
Diluted EPS as reported	\$ 0.20	\$ 0.19	\$ 0.18	\$ 0.12	\$ (0.20)
Core diluted EPS (excluding total charges)	0.23	0.22	0.19	0.16	0.14

<sup>1</sup> For the first fiscal quarter of 2014 represents diluted share calculation to compute diluted EPS assuming net income.

# Non-GAAP to GAAP Reconciliation

(\$ in thousands except share and per share data)

	For the quarter ended				
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
<b>The following table shows the reconciliation of return on tangible assets and core return on tangible assets:</b>					
Average assets	\$ 7,340,332	\$ 7,217,649	\$ 7,048,328	\$ 6,747,546	\$ 6,013,816
Average goodwill and other intangibles	(433,396)	(434,141)	(436,805)	(439,613)	(347,538)
Average tangible assets	6,906,936	6,783,508	6,611,523	6,307,933	5,666,278
Net income (loss)	17,004	16,337	15,011	10,332	(14,002)
Net income (loss), if annualized	67,462	64,815	60,209	41,902	(55,551)
Return on average tangible assets	0.98%	0.96%	0.91%	0.66%	(0.98)%
Core net income (see reconciliation on page 14)	\$ 19,615	\$ 18,166	\$ 15,715	\$ 13,094	\$ 9,805
Annualized core net income	77,820	72,072	63,033	53,103	38,900
Core return on average tangible assets	1.13%	1.06%	0.95%	0.84%	0.69 %



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