

# Section 1: 8-K (8-K)

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 20, 2021

**STERLING BANCORP**

(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)  
  
Two Blue Hill Plaza, Second Floor  
Pearl River New York  
(Address of Principal Executive Office)

001-35385  
(Commission File No.)

80-0091851  
(IRS Employer ID No.)

10965  
(Zip Code)

Registrant's telephone number, including area code:  
(845) 369-8040

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered pursuant to Section 12(b) of the Act:

| Title of each class   | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common Stock, par value \$0.01 per share  | STL               | New York Stock Exchange                   |
| Depository Shares, each representing 1/40 interest in a share of 6.50% Non-Cumulative Perpetual Preferred Stock, Series A | STLPRA            | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



**Item 2.02. Results of Operations and Financial Condition**

On January 20, 2021, Sterling Bancorp (the “Company”) issued a press release regarding its results for the three months and full year ended December 31, 2020. The press release is included as Exhibit 99.1 to this report.

The information contained in this report, including Exhibit 99.1 attached hereto, is considered to be “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that Section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

The release contains forward-looking statements regarding the Company and includes a cautionary statement identifying important factors that could cause actual results to differ materially from those anticipated.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

The LTI Plan is a key element of the Company’s executive compensation program as it provides equity-based compensation that supports the Company’s goal of aligning management and stockholders’ interests and recruiting and retaining key personnel. The LTI Plan targets 75% of an award in performance shares (with vesting based on certain adjusted metrics including return on average tangible assets (“ROATA”) and earnings per share available to common stockholders (“EPS”)) (“Performance Award”) and 25% of an award in time-vested stock. Performance Award payouts can range from 0% to 150% of target based on the Company’s three-year adjusted EPS growth and adjusted ROATA relative to the KBW Regional Bank Index. For participants to be eligible to earn a Performance Award payout, the Company is required to meet a minimum adjusted EPS and adjusted ROATA in the final year of a performance period (the “Minimum Threshold Requirements”).

On January 20, 2021, the Board of Directors (the “Board”) of the Company, upon the recommendation of the Compensation Committee of the Board (the “Committee”), approved the removal of the Minimum Threshold Requirements for the three-year performance periods ended December 31, 2020, 2021 and 2022 as well as prospective three-year performance periods under the Long-Term Incentive Plan (the “LTI Plan”) and will rely on the relative performance measures to determine the payouts. The Board believes this change maintains robust relative performance criteria and was made to retain and ensure sustained engagement of key executives, recognize the significant impact of the COVID-19 pandemic on the Company and drive long-term business results.

Except as disclosed herein and previously disclosed in Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 24, 2020, awards under the LTI Plan remain unchanged.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits.

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 99.1               | Press Release of Sterling Bancorp, dated January 20, 2021 |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**STERLING BANCORP**

DATE: January 20, 2021 By: /s/ Luis Massiani

Luis Massiani  
Chief Financial Officer and  
Principal Financial Officer

## EXHIBIT INDEX

| Exhibit Number | Description   |
|----------------|---|
| 99.1           | <a href="#">Press Release of Sterling Bancorp, dated January 20, 2021</a> |

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## Section 2: EX-99.1 (EX-99.1)



FOR IMMEDIATE RELEASE  
January 20, 2021

STERLING BANCORP CONTACT:  
Emlen Harmon, Senior Managing Director - Investor Relations  
212.309.7646  
<http://www.sterlingbancorp.com>

**Sterling Bancorp announces results for the fourth quarter and full year 2020. Diluted income per share available to common stockholders in the fourth quarter of \$0.38 (as reported) and \$0.49 (as adjusted).**

### Key Performance Highlights

- Adjusted PPNR excluding accretion income<sup>1,2</sup> of \$130.3 million; increased \$7.0 million, or 5.7% over linked quarter.
- Adjusted total revenue<sup>1</sup> was \$256.1 million; an increase of \$10.5 million, or 4.3% over linked quarter.
- Net interest margin excluding accretion income<sup>1</sup> of 3.25%, an increase of 15 basis points (“bps”) over the linked quarter.
- Earning asset yields increased by six bps to 3.69% while cost of funding liabilities decreased by nine bps to 33 bps.
- Total commercial loans were \$20.0 billion, an increase of 5.5% over a year ago.
- Total deposits were \$23.1 billion, an increase of 3.1% over a year ago.
- Total core deposits were \$21.5 billion, an increase of 4.5% over a year ago.
- Adjusted non-interest expense<sup>1</sup> was \$110.1 million, an increase of \$4.3 million relative to the linked quarter. Adjusted operating efficiency ratio<sup>3</sup> was 43.0%.
- NPLs decreased by \$13.8 million to \$167.1 million; ACL / portfolio loans of 1.49% and ACL / NPLs of 195.2%.
- TCE / TA<sup>1</sup> was 9.55% and tangible book value per common share<sup>1</sup> was \$13.87, an increase of 6.0% over a year ago.
- Completed \$225.0 million subordinated debt capital raise; anticipate redeeming bank subordinated debt in April 2021.
- Declared dividend per common share of \$0.07.
- Restarted share repurchase program in Q4 2020; with 1.9 million repurchased and 14.7 million available for repurchase under the program; targeting a 50% pay out ratio.

### Results for the Three Months ended December 31, 2020 vs. December 31, 2019

(\$ in thousands except per share amounts)

|   | GAAP / As Reported |               |                | Non-GAAP / As Adjusted <sup>1</sup> |               |                |
|---|--------------------|---------------|----------------|-------------------------------------|---------------|----------------|
|   | 12/31/2019         | 12/31/2020    | Change % / bps | 12/31/2019                          | 12/31/2020    | Change % / bps |
| Total assets                                      | \$ 30,586,497      | \$ 29,820,138 | (2.5)%         | \$ 30,586,497                       | \$ 29,820,138 | (2.5)%         |
| Total portfolio loans, gross                      | 21,440,212         | 21,848,409    | 1.9            | 21,440,212                          | 21,848,409    | 1.9            |
| Total deposits                                    | 22,418,658         | 23,119,522    | 3.1            | 22,418,658                          | 23,119,522    | 3.1            |
| PPNR <sup>1,2</sup>                               | 145,188            | 122,474       | (15.6)         | 131,380                             | 130,257       | (0.9)          |
| Net income available to common                    | 104,722            | 74,457        | (28.9)         | 108,855                             | 94,323        | (13.3)         |
| Diluted EPS available to common                   | 0.52               | 0.38          | (26.9)         | 0.54                                | 0.49          | (9.3)          |
| Net interest margin                               | 3.37 %             | 3.33 %        | (4)            | 3.42 %                              | 3.38 %        | (4)            |
| Tangible book value per common share <sup>1</sup> | \$ 13.09           | \$ 13.87      | 6.0            | \$ 13.09                            | \$ 13.87      | 6.0            |

### Results for the Three Months ended December 31, 2020 vs. September 30, 2020

(\$ in thousands except per share amounts)

|  | GAAP / As Reported |  |  | Non-GAAP / As Adjusted <sup>1</sup> |  |  |
|--|--------------------|--|--|-------------------------------------|--|--|
|--|--------------------|--|--|-------------------------------------|--|--|

|   | <u>9/30/2020</u> | <u>12/31/2020</u> | <u>Change<br/>% / bps</u> | <u>9/30/2020</u> | <u>12/31/2020</u> | <u>Change<br/>% / bps</u> |
|---|------------------|-------------------|---------------------------|------------------|-------------------|---------------------------|
| PPNR <sup>1,2</sup>                               | \$ 126,687       | \$ 122,474        | (3.3)                     | \$ 123,286       | \$ 130,257        | 5.7                       |
| Net income available to common                    | 82,438           | 74,457            | (9.7)                     | 87,682           | 94,323            | 7.6                       |
| Diluted EPS available to common                   | 0.43             | 0.38              | (11.6)                    | 0.45             | 0.49              | 8.9                       |
| Net interest margin                               | 3.19 %           | 3.33 %            | 14                        | 3.24 %           | 3.38 %            | 14                        |
| Operating efficiency ratio <sup>3</sup>           | 48.5             | 52.1              | 360                       | 43.1             | 43.0              | (10)                      |
| Allowance for credit losses ("ACL") - loans       | \$ 325,943       | \$ 326,100        | —                         | \$ 325,943       | \$ 326,100        | —                         |
| ACL to portfolio loans                            | 1.46 %           | 1.49 %            | 3                         | 1.46 %           | 1.49 %            | 3                         |
| ACL to NPLs                                       | 180.2            | 195.2             | 15                        | 180.2            | 195.2             | 15                        |
| Tangible book value per common share <sup>1</sup> | \$ 13.57         | \$ 13.87          | 2.2                       | \$ 13.57         | \$ 13.87          | 2.2                       |

<sup>1</sup>. Non-GAAP / as adjusted measures are defined in the non-GAAP tables beginning on page 18.

<sup>2</sup>. PPNR represents pretax pre-provision net revenue. PPNR and PPNR excluding accretion income are non-GAAP measures and are measured as net interest income plus non-interest income less operating expenses before tax.

<sup>3</sup>. Operating efficiency ratio is a non-GAAP measure. See page 20 for an explanation of the operating efficiency ratio.

**PEARL RIVER, N.Y. – January 20, 2021 – Sterling Bancorp (NYSE: STL) (the “Company”), the parent company of Sterling National Bank (the “Bank”), today announced results for the three months and year ended December 31, 2020.** Net income available to common stockholders for the three months ended December 31, 2020 was \$74.5 million, or \$0.38 per diluted share, compared to net income available to common stockholders of \$82.4 million, or \$0.43 per diluted share, for the linked quarter ended September 30, 2020, and net income available to common stockholders of \$104.7 million, or \$0.52 per diluted share, for the three months ended December 31, 2019.

Net income available to common stockholders for the year ended December 31, 2020 was \$217.9 million, or \$1.12 per diluted share, compared to net income available to common stockholders of \$419.1 million, or \$2.03 per diluted share, for the year ended December 31, 2019.

### **President’s Comments**

Jack Kohnsky, President and Chief Executive Officer, commented: “We experienced a difficult operating environment in 2020, yet I could not be more pleased with our response to these challenges and how well we performed. The dedication of our colleagues, resilience of our business model and high quality of our client relationships is evident in our operating results. We have prioritized supporting our clients, colleagues and communities, and delivered strong profitability and substantial growth in tangible capital and tangible book value per common share.

“We closed 2020 with strong performance in the fourth quarter. Adjusted PPNR excluding accretion income was \$130.3 million, an increase of 5.7% relative to the linked quarter. Our adjusted net income available to common stockholders was \$94.3 million, or \$0.49 per diluted share, which was an increase of four cents per share over the linked quarter. We saw improvements across many of our key profitability metrics, with positive operating leverage in the fourth quarter of 2.5x, adjusted return on average tangible assets of 1.33% and adjusted return on average tangible common equity 14.0%. At December 31, 2020, our tangible book value per common share was \$13.87, an increase of 6.0% over last year.

“We continued to focus on those business segments that deliver the most attractive risk-adjusted returns. At December 31, 2020, our total core deposits were \$21.5 billion, which represented growth of \$934.1 million, or 4.5%, over last year. Our loan pipelines and origination activity increased significantly in the fourth quarter, and we anticipate this will continue in the first quarter of 2021. Total commercial loans grew to \$20.0 billion, an increase of 5.5% over the same period a year ago. Most importantly, we effectively managed our interest rate margin by substantially reducing our funding costs and protecting our earning asset yields. Our net interest income was \$222.0 million in the fourth quarter, an increase of \$4.2 million relative to the linked quarter, and our tax equivalent net interest margin excluding accretion income was 3.25%, an increase of 15 basis points.

“In our fee-based businesses, client activity and transaction volumes are beginning to recover. In the fourth quarter, total non-interest income was \$33.9 million, which included a gain of \$3.7 million on the sale of commercial loans related to the Paycheck Protection Program (“PPP”) program. We anticipate fee revenue will return to pre-pandemic levels as business activity continues to recover in our factoring, payroll finance, syndications and cash management businesses.

“In the fourth quarter, our adjusted non-interest expenses were \$110.1 million and our adjusted operating efficiency ratio was 43.0%. Given the improving economic outlook, we are making targeted investments in technology through Brio Direct, Banking as a Service and other digital platforms. We are also investing in our business development functions, including hires in key commercial areas that include syndications, innovation finance, treasury management and small business. We are investing for the future, and are confident that these investments will drive scalable and efficient growth in our business and revenues.

“Asset quality performance was also strong and in-line with our expectations. As of December 31, 2020, the majority of our clients on loan payment deferrals had resumed making payments; total loan payment deferrals decreased to \$208.4 million and were 1.0% of total portfolio loans. Total net charge-offs in the fourth quarter were \$27.3 million, which included adjusting the carrying value of our remaining taxi medallion relationships. We anticipate we will sell or exit the remaining taxi medallion balances in the first quarter of 2021. As of December 31, 2020, our allowance for credit losses - portfolio loans was \$326.1 million, or 1.49% of total loans and 195.2% of non-performing loans.

“We have a strong capital position. Our tangible common equity to tangible assets ratio increased 40 basis points in the fourth quarter to 9.55% and our Tier 1 leverage ratio was 10.13%. We declared our regular dividend of \$0.07 on our common stock, payable on February 16, 2021 to holders of record as of February 1, 2021. We restarted our stock repurchase program in Q4 2020 and repurchased 1.9 million shares. The program had 14.7 million shares available for repurchase as of December 31, 2020.

“Finally, I would like to thank our clients, shareholders, and colleagues, all of whom have exhibited extraordinary resilience through these trying times. The dedication and hard work of our colleagues positions us well to emerge from these events as a better company and take advantage of the significant opportunities in front of us in 2021.”



### Reconciliation of GAAP Results to Adjusted Results (non-GAAP)

The Company's GAAP net income available to common stockholders of \$74.5 million, or \$0.38 per diluted share, for the fourth quarter of 2020, included the following items:

- a pre-tax loss of \$111 thousand on the sale of investment securities;
- a pre-tax charge of \$13.3 million related to the sale and disposition of nine financial centers and two back office locations;
- a pre-tax charge of \$2.7 million related to the repayment of FHLB borrowings and a portion of the subordinated notes - Bank; and
- the pre-tax amortization of non-compete agreements and acquired customer list intangible assets of \$172 thousand.

Excluding the impact of these items, adjusted net income available to common stockholders was \$94.3 million, or \$0.49 per diluted share, for the three months ended December 31, 2020. Our effective income tax rate for the full year 2020 was 13.5%, which is the tax rate we use to calculate our adjusted earnings in the three months ended December 31, 2020.

For the year ended December 31, 2020, our GAAP net income available to common stockholders was \$217.9 million, or \$1.12 per diluted share. Our adjusted net income available to common stockholders was \$234.1 million, or \$1.20 per diluted share. Adjusted earnings for the year ended December 31, 2020, are calculated using our effective income tax rate of 13.5%

Non-GAAP financial measures include the terms "adjusted" or "excluding". See the reconciliation of the Company's non-GAAP financial measures beginning on page 18.

### Net Interest Income and Margin

(\$ in thousands)

|  | For the three months ended |               |               | Change % / bps |            |
|--|----------------------------|---------------|---------------|----------------|------------|
|  | 12/31/2019                 | 9/30/2020     | 12/31/2020    | Y-o-Y          | Linked Qtr |
| Interest and dividend income                                 | \$ 295,474                 | \$ 244,658    | \$ 242,610    | (17.9)%        | (0.8)%     |
| Interest expense   | 67,217                     | 26,834        | 20,584        | (69.4)         | (23.3)     |
| Net interest income  | \$ 228,257                 | \$ 217,824    | \$ 222,026    | (2.7)          | 1.9        |
| Accretion income on acquired loans                           | \$ 19,497                  | \$ 9,172      | \$ 8,560      | (56.1)%        | (6.7)%     |
| Yield on loans   | 4.84 %                     | 3.82 %        | 3.90 %        | (94)           | 8          |
| Tax equivalent yield on investment securities <sup>4</sup>   | 2.89                       | 3.09          | 2.94          | 5              | (15)       |
| Tax equivalent yield on interest earning assets <sup>4</sup> | 4.41                       | 3.63          | 3.69          | (72)           | 6          |
| Cost of total deposits                                       | 0.89                       | 0.31          | 0.22          | (67)           | (9)        |
| Cost of interest bearing deposits                            | 1.10                       | 0.40          | 0.29          | (81)           | (11)       |
| Cost of borrowings   | 2.38                       | 1.95          | 3.35          | 97             | 140        |
| Cost of interest bearing liabilities                         | 1.28                       | 0.53          | 0.43          | (85)           | (10)       |
| Total cost of funding liabilities <sup>5</sup>               | 1.06                       | 0.42          | 0.33          | (73)           | (9)        |
| Tax equivalent net interest margin <sup>6</sup>              | 3.42                       | 3.24          | 3.38          | (4)            | 14         |
| Average commercial loans                                     | \$ 18,473,473              | \$ 20,090,445 | \$ 19,992,074 | 8.2 %          | (0.5)%     |
| Average loans, including loans held for sale                 | 21,000,949                 | 22,159,535    | 21,879,511    | 4.2            | (1.3)      |
| Average cash balances  | 573,861                    | 424,249       | 331,587       | (42.2)         | (21.8)     |
| Average investment securities                                | 5,064,936                  | 4,392,864     | 4,155,784     | (17.9)         | (5.4)      |
| Average total interest earning assets                        | 26,901,439                 | 27,163,337    | 26,522,991    | (1.4)          | (2.4)      |
| Average deposits and mortgage escrow                         | 22,289,097                 | 23,665,916    | 23,849,187    | 7.0            | 0.8        |

<sup>4</sup> Tax equivalent basis represents interest income earned on tax exempt securities divided by the applicable federal tax rate of 21%.

<sup>5</sup> Includes interest bearing liabilities and non-interest bearing deposits.

<sup>6</sup> Tax equivalent net interest margin is equal to net interest income plus the tax equivalent adjustment for tax exempt securities divided by average interest earning assets. The tax equivalent adjustment is assumed at a 21% federal tax rate in all periods presented.

### Fourth quarter 2020 compared with fourth quarter 2019

Net interest income was \$222.0 million for the quarter ended December 31, 2020, a decrease of \$6.2 million compared to the

fourth quarter of 2019. This was mainly due to a decline in accretion income on acquired loans. Other key components of changes in net interest income were the following:

- The tax equivalent yield on interest earning assets decreased 72 basis points to 3.69% mainly due to lower accretion income on acquired loans and changes in market rates of interest.
- The yield on loans was 3.90% compared to 4.84% for the three months ended December 31, 2019. The decrease in yield on loans was mainly due to the decline in market interest rates. Accretion income on acquired loans was \$8.6 million in the fourth quarter of 2020, compared to \$19.5 million in the fourth quarter of 2019.
- The tax equivalent yield on investment securities was 2.94% compared to 2.89% for the three months ended December 31, 2019. Average investment securities were \$4.2 billion, or 15.7%, of average total interest earning assets for the fourth quarter of 2020 compared to \$5.1 billion, or 18.8%, of average total interest earning assets for the fourth quarter of 2019. The increase in yield was mainly due to an increase in corporate securities in 2020.
- In the fourth quarter of 2020, average cash balances were \$331.6 million compared to \$573.9 million in the fourth quarter of 2019. In the fourth quarter of 2019, we maintained higher cash prior to the completion of an equipment finance portfolio acquisition.
- Total interest expense was \$20.6 million, a decline of \$46.6 million compared to the fourth quarter of 2019. This was mainly due to lower interest expense paid on deposits and repayment of higher cost FHLB borrowings.
- The cost of total deposits was 22 basis points for the fourth quarter of 2020 compared to 89 basis points for the same period a year ago. The decrease was mainly due to deposit pricing strategies we implemented in response to the declining interest rate environment.
- The cost of borrowings was 3.35% for the fourth quarter of 2020 compared to 2.38% for the same period a year ago. The increase was mainly due to the change in composition of our borrowings. We repaid the majority of our FHLB borrowings during the year, which left a higher relative amount of longer term borrowings, which have higher interest coupons.
- The total cost of interest bearing liabilities was 0.43% for the fourth quarter of 2020 compared to 1.28% for the same period a year ago. The decline was due to both changes in market rates of interest and changes in funding mix.
- Average interest bearing deposits increased \$391.4 million during the fourth quarter of 2020 compared to the same period a year ago, due to growth generated by our commercial banking teams and financial centers. Average borrowings decreased \$2.0 billion compared to the fourth quarter of 2019.

#### *Fourth quarter 2020 compared with linked quarter ended September 30, 2020*

Net interest income increased \$4.2 million for the quarter ended December 31, 2020 compared to the linked quarter. The increase was mainly due to a decrease in interest expense. Other key components of the changes in net interest income were the following:

- The tax equivalent net interest margin was 3.38% compared to 3.24% in the linked quarter. Excluding accretion income on acquired loans, tax equivalent net interest margin increased 15 basis points to 3.25%.
- The yield on loans was 3.90% compared to 3.82% for the linked quarter. The increase was mainly due to prepayment penalties on multi-family loans and resolution of residential mortgage loans that were under forbearance. Accretion income on acquired loans decreased \$612 thousand to \$8.6 million for the fourth quarter of 2020.
- The tax equivalent yield on interest earning assets was 3.69% compared to 3.63% in the linked quarter mainly due to higher prepayment penalties on multi-family loans and recognition of interest income on loans in which we deferred income recognition while under CARES Act forbearance.
- The cost of total deposits decreased nine basis points to 22 basis points, mainly due to deposit pricing strategies we implemented in response to the declining interest rate environment.
- Total interest expense decreased \$6.3 million from the linked quarter as a result of continued repricing of deposits and repayment of higher cost FHLB borrowings.
- The average balance of commercial loans decreased \$98.4 million and the average balance of residential mortgage loans declined \$170.8 million.
- The total balance of PPP loans was \$142.8 million at the end of the year. We recognized \$846 thousand in PPP loan fees as interest income in the fourth quarter of 2020, compared to \$1.5 million in the linked quarter.
- The tax equivalent yield on investment securities was 2.94% compared to 3.09% for the linked quarter. The decrease in yield was mainly due to premium amortization recognized in the linked quarter related to accelerated repayments on mortgage-backed securities.
- The total cost of borrowings increased 140 basis points to 3.35%, mainly due to the change in mix of borrowings as we

repaid FHLB borrowings and issued \$225.0 million of subordinated notes in the period. We anticipate we will redeem the subordinated notes - Bank in April 2021.

- Average deposits and mortgage escrow increased by \$183.3 million and average borrowings decreased by \$895.9 million relative to the linked quarter.

### Non-interest Income

(\$ in thousands)

|   | For the three months ended |           |            | Change % |            |
|---|----------------------------|-----------|------------|----------|------------|
|   | 12/31/2019                 | 9/30/2020 | 12/31/2020 | Y-o-Y    | Linked Qtr |
| Deposit fees and service charges  | \$ 6,506                   | \$ 5,960  | \$ 5,975   | (8.2)%   | 0.3 %      |
| Accounts receivable management / factoring commissions and other related fees | 6,572                      | 5,393     | 6,498      | (1.1)%   | 20.5 %     |
| Bank owned life insurance ("BOLI")  | 4,770                      | 5,363     | 4,961      | 4.0 %    | (7.5)%     |
| Loan commissions and fees   | 8,698                      | 7,290     | 13,220     | 52.0 %   | 81.3 %     |
| Investment management fees  | 1,597                      | 1,735     | 1,700      | 6.4 %    | (2.0)%     |
| Net (loss) gain on sale of securities   | (76)                       | 642       | (111)      | 46.1 %   | (117.3)%   |
| (Loss) on termination of pension plan   | (280)                      | —         | —          | NM       | NM         |
| Other   | 4,594                      | 1,842     | 1,678      | (63.5)%  | (8.9)%     |
| Total non-interest income   | 32,381                     | 28,225    | 33,921     | 4.8 %    | 20.2 %     |
| Net (loss) gain on sale of securities   | (76)                       | 642       | (111)      | 46.1 %   | (117.3)%   |
| (Loss) on termination of pension plan   | (280)                      | —         | —          | NM       | NM         |
| Adjusted non-interest income  | \$ 32,737                  | \$ 27,583 | \$ 34,032  | 4.0 %    | 23.4 %     |

#### Fourth quarter 2020 compared with fourth quarter 2019

Adjusted non-interest income increased \$1.3 million in the fourth quarter of 2020 to \$34.0 million, compared to \$32.7 million in the same quarter last year. The increase was mainly due to the gain on sale of PPP loans of \$3.7 million, and an increase in income received on operating leases that were acquired in the equipment portfolio transaction in the fourth quarter of 2019.

Loan swap fees, which are included in other income, declined \$2.6 million due to lower transaction volumes.

In the fourth quarter of 2019, we realized a loss on termination of a pension plan of \$280 thousand.

#### Fourth quarter 2020 compared with linked quarter ended September 30, 2020

Adjusted non-interest income increased approximately \$6.4 million relative to the linked quarter to \$34.0 million. The increase was primarily a result of increased transactional activity in our account receivable management business and an increase in loan commissions and fees, which increased \$5.9 million relative to the linked quarter. This increase includes \$3.7 million of gain from sale of PPP loans, gain from sale of Main Street Lending Program of \$370 thousand, an increase of \$1.0 million in loan syndication fees and an increase in operating lease revenues.

In the fourth quarter of 2020, we realized a loss of \$111 thousand on sale of securities compared to a gain of \$642 thousand in the third quarter of 2020.

## Non-interest Expense

(\$ in thousands)

|  | For the three months ended |            |            | Change % / bps |            |
|--|----------------------------|------------|------------|----------------|------------|
|  | 12/31/2019                 | 9/30/2020  | 12/31/2020 | Y-o-Y          | Linked Qtr |
| Compensation and benefits  | \$ 52,453                  | \$ 55,960  | \$ 56,563  | 7.8 %          | 1.1 %      |
| Stock-based compensation plans   | 5,180                      | 5,869      | 5,222      | 0.8            | (11.0)     |
| Occupancy and office operations  | 15,886                     | 14,722     | 14,742     | (7.2)          | 0.1        |
| Information technology   | 9,313                      | 8,422      | 9,559      | 2.6            | 13.5       |
| Amortization of intangible assets  | 4,785                      | 4,200      | 4,200      | (12.2)         | —          |
| FDIC insurance and regulatory assessments                                      | 3,134                      | 3,332      | 2,865      | (8.6)          | (14.0)     |
| Other real estate owned (“OREO”), net  | (132)                      | 151        | 283        | (314.4)        | 87.4       |
| Impairment related to financial centers and real estate consolidation strategy | —                          | —          | 13,311     | NM             | NM         |
| Charge for asset write-downs, systems integration, retention and severance     | 5,133                      | —          | —          | NM             | NM         |
| Loss on extinguishment of borrowings   | —                          | 6,241      | 2,749      | —              | (56.0)     |
| Other expenses   | 19,698                     | 20,465     | 23,979     | 21.7           | 17.2       |
| Total non-interest expense   | \$ 115,450                 | \$ 119,362 | \$ 133,473 | 15.6           | 11.8       |
| Full time equivalent employees (“FTEs”) at period end                          | 1,639                      | 1,466      | 1,460      | (10.9)         | (0.4)      |
| Financial centers at period end  | 82                         | 78         | 76         | (7.3)          | (2.6)      |
| Operating efficiency ratio, as reported <sup>8</sup>                           | 44.3 %                     | 48.5 %     | 52.1 %     | 780            | 360        |
| Operating efficiency ratio, as adjusted <sup>8</sup>                           | 39.9                       | 43.1       | 43.0       | 310            | (10)       |

<sup>8</sup> See a reconciliation of non-GAAP financial measures beginning on page 18.

### Fourth quarter 2020 compared with fourth quarter 2019

Total non-interest expense increased \$18.0 million relative to the fourth quarter of 2019. Key components of the change in non-interest expense between the periods were the following:

- Compensation and benefits increased \$4.1 million as decreases in financial center personnel were offset by hiring of information technology, risk management and commercial banking personnel. Severance costs for displaced personnel were \$1.2 million. Total FTEs declined to 1,460 from 1,639.
- Occupancy and office operations expense decreased \$1.1 million, mainly due to the consolidation of financial centers and other back-office locations. We have consolidated 6 financial centers in the past twelve months.
- Impairment related to financial centers and real estate consolidation strategy represents loss on sale of financial center and other locations and early termination payments on leased locations.
- Charge for asset write-downs, systems integration, retention and severance incurred in the fourth quarter of 2019 was related to the equipment finance loan portfolio acquisition.
- Other expenses increased \$4.3 million to \$24.0 million, mainly due to \$3.1 million of depreciation expense on operating leases acquired in the fourth quarter of 2019. The remainder of the increase was mainly due to an increase in consulting fees related to information technology projects.

### Fourth quarter 2020 compared with linked quarter ended September 30, 2020

Total non-interest expense increased \$14.1 million to \$133.5 million in the fourth quarter of 2020. Key components of the change in non-interest expense were the following:

- Compensation and benefits increased \$603 thousand to \$56.6 million in the fourth quarter of 2020. The increase was mainly due to an increase in annual bonus compensation.
- Information technology increased \$1.1 million to \$9.6 million. The increase was mainly due to the amortization of investments related to various back-office automation and digital loan and deposit product initiatives.
- Loss on extinguishment of borrowings in the fourth quarter was incurred in connection with the repayment of \$250.0 million of FHLB advances and \$30.0 million of subordinated notes - Bank. In the linked quarter, the loss was incurred in connection with the repayment of \$450.0 million of FHLB advances.

- Other expenses increased by \$3.5 million, mainly due to an increase in charitable contributions and other donations, increased operating expenses associated with maintenance of office locations, and a write-down associated with repossessed assets related to foreclosed equipment finance loans.

## Taxes

We recorded income tax expense of \$18.6 million in the fourth quarter of 2020, compared to income tax expense of \$12.3 million in the linked quarter and income tax expense of \$27.9 million in the prior year period. For the three months ended December 31, 2020, we recorded income tax expense at an estimated effective income tax rate of 19.5% compared to 12.7% for the three months ended September 30, 2020. The increase in the effective tax rate was mainly due to an adjustment related to a net operating loss carryback benefit we recorded in our 2019 tax return in connection with provisions of the CARES Act. For the three months ended December 31, 2019, we recorded income tax expense at an estimated effective income tax rate of 20.7%.

Our estimated effective income tax rate for full year 2020 prior to discrete items was 13.5%. Discrete items include mainly the impact of vesting of stock-based compensation, adjustments to our estimates related to the amount of available net loss carryback available under the CARES Act, and our accrual for uncertain tax positions. Our actual estimated income tax rate for the full year 2020 after discrete items was 11.7%.

## Key Balance Sheet Highlights as of December 31, 2020

(\$ in thousands)

|   | As of         |               |               | Change % / bps |            |
|---|---------------|---------------|---------------|----------------|------------|
|   | 12/31/2019    | 9/30/2020     | 12/31/2020    | Y-o-Y          | Linked Qtr |
| Total assets  | \$ 30,586,497 | \$ 30,617,722 | \$ 29,820,138 | (2.5)%         | (2.6)%     |
| Total portfolio loans, gross                            | 21,440,212    | 22,281,940    | 21,848,409    | 1.9            | (1.9)      |
| Commercial & industrial ("C&I") loans                   | 8,232,719     | 9,331,717     | 9,160,268     | 11.3           | (1.8)      |
| Commercial real estate loans (including multi-family)   | 10,295,518    | 10,377,282    | 10,238,650    | (0.6)          | (1.3)      |
| Acquisition, development and construction ("ADC") loans | 467,331       | 633,166       | 642,943       | 37.6           | 1.5        |
| Total commercial loans                                  | 18,995,568    | 20,342,165    | 20,041,861    | 5.5            | (1.5)      |
| Residential mortgage loans                              | 2,210,112     | 1,739,563     | 1,616,641     | (26.9)         | (7.1)      |
| Loan portfolio composition:                             |               |               |               |                |            |
| Commercial & industrial ("C&I") loans                   | 38.4 %        | 41.9 %        | 41.9 %        | 350            | —          |
| Commercial real estate loans (including multi-family)   | 48.0          | 46.6          | 46.9          | (110)          | 30         |
| Acquisition, development and construction ("ADC") loans | 2.2           | 2.8           | 2.9           | 70             | 10         |
| Residential and consumer                                | 11.4          | 8.7           | 8.3           | (310)          | (40)       |
| BOLI  | \$ 613,848    | \$ 625,236    | \$ 629,576    | 2.6            | 0.7        |
| Core deposits <sup>9</sup>                              | 20,548,459    | 22,563,276    | 21,482,525    | 4.5            | (4.8)      |
| Total deposits  | 22,418,658    | 24,255,333    | 23,119,522    | 3.1            | (4.7)      |
| Municipal deposits (included in core deposits)          | 1,988,047     | 2,397,072     | 1,648,945     | (17.1)         | (31.2)     |
| Investment securities, net                              | 5,075,309     | 4,201,350     | 4,039,456     | (20.4)         | (3.9)      |
| Total borrowings  | 2,885,958     | 993,535       | 1,321,714     | (54.2)         | 33.0       |
| Loans to deposits                                       | 95.6 %        | 91.9 %        | 94.5 %        | (110)          | 260        |
| Core deposits <sup>9</sup> to total deposits            | 91.7          | 93.0          | 92.9          | 120            | (10)       |
| Investment securities, net to earning assets            | 18.8          | 15.6          | 15.4          | (340)          | (20)       |

<sup>9</sup> Core deposits include retail, commercial and municipal transaction, money market, savings accounts and certificates of deposit accounts, and reciprocal Certificate of Deposit Account Registry balances and exclude brokered and wholesale deposits.

Highlights in balance sheet items as of December 31, 2020 were the following:

- C&I loans includes traditional C&I, PPP, asset-based lending, payroll finance, warehouse lending, factored receivables, equipment financing and public sector finance loans. C&I loans and commercial real estate loans represented 88.8% of our loan portfolio at December 31, 2020 compared to 86.4% a year ago. Residential and consumer loans are now less than 10% of our total portfolio loans. During the year, we have continued to experience run-off of broker originated multi-family

loans, which resulted in the decline in the proportion of commercial real estate loans. In the fourth quarter of 2020, we sold \$464.2 million of PPP loans, which included the majority of such loans for which the forgiveness process had not yet been started.

- Residential mortgage loans were \$1.6 billion at December 31, 2020, a decline of \$122.9 million from the linked quarter and a decline of \$593.5 million from the same period a year ago. In the third quarter of 2020, we sold non-performing residential mortgage loans with a net book value of \$53.2 million.
- Core deposits at December 31, 2020 were \$21.5 billion and decreased \$1.1 billion compared to September 30, 2020, and increased \$934.1 million compared to December 31, 2019. The decline in the fourth quarter of both core deposits and total deposits was mainly due to expected seasonal outflows of municipal deposits. Money market balances declined \$247.2 million as certain institutional non-relationship balances were withdrawn. The growth compared to December 31, 2019 in both core deposits and total deposits was mainly due to successful commercial banking and financial center deposit gathering strategies and the increase in balances that has occurred since the outset of the pandemic.
- Total deposits at December 31, 2020 decreased \$1.1 billion compared to September 30, 2020, and total deposits increased \$700.9 million compared to December 31, 2019. The decrease over the linked quarter and the increase compared to December 31, 2019 was mainly due to the same factors as discussed in relation to the change in core deposits.
- Municipal deposits at December 31, 2020 were \$1.6 billion, a decrease of \$748.1 million relative to September 30, 2020. Municipal deposits reach their peak at the end of the third quarter in connection with seasonal tax collections by local municipalities.
- Investment securities, net decreased by \$161.9 million from September 30, 2020 and \$1.0 billion from December 31, 2019, and represented 15.4% of earning assets at December 31, 2020. The decline is consistent with our goal in the current interest rate environment of investment securities representing approximately 15.0% of earning assets.
- Total borrowings at December 31, 2020 were \$1.3 billion, an increase of \$328.2 million relative to September 30, 2020 and a decrease of \$1.6 billion relative to December 31, 2019. The increase was mainly due to the issuance of \$225.0 million of Subordinated notes. We anticipate a portion of these proceeds will be used to redeem the subordinated notes - Bank in April 2021. Compared to December 31, 2019, the sale of securities and deposit inflows allowed us to reduce borrowings.

## Credit Quality

(\$ in thousands)

|   | For the three months ended |           |            | Change % / bps |            |
|---|----------------------------|-----------|------------|----------------|------------|
|   | 12/31/2019                 | 9/30/2020 | 12/31/2020 | Y-o-Y          | Linked Qtr |
| Provision for credit losses                 | \$ 10,585                  | \$ 31,000 | \$ 27,500  | 159.8 %        | (11.3)%    |
| Net charge-offs                             | 9,082                      | 70,546    | 27,343     | 201.1          | (61.2)     |
| Allowance for credit losses ("ACL") - loans | 106,238                    | 325,943   | 326,100    | 207.0          | —          |
| Loans 30 to 89 days past due accruing       | 52,880                     | 68,979    | 72,912     | 37.9           | 5.7        |
| Non-performing loans                        | 179,161                    | 180,851   | 167,059    | (6.8)          | (7.6)      |
| Annualized net charge-offs to average loans | 0.17 %                     | 1.27 %    | 0.50 %     | 33             | (77)       |
| Special mention loans                       | 159,976                    | 204,267   | 461,458    | 188.5          | 125.9      |
| Substandard loans                           | 295,428                    | 375,427   | 528,760    | 79.0           | 40.8       |
| ACL - loans to total loans                  | 0.50                       | 1.46      | 1.49       | 99             | 3          |
| ACL - loans to non-performing loans         | 59.3                       | 180.2     | 195.2      | 13,590         | 1,500      |

For the three months ended December 31, 2020, provision for credit losses on portfolio loans was \$27.5 million, which was \$157 thousand greater than net charge-offs. The provision for credit losses was based on our reasonable and supportable forecasts of future macroeconomic scenarios used to estimate expected credit losses. ACL - loans was \$326.1 million, or 1.49% of total portfolio loans compared to 1.46% at September 30, 2020, and increased to 195.2% of non-performing loans from 180.2% at September 30, 2020.

Net charge-offs were \$27.3 million in the fourth quarter of 2020 and consisted mainly of charge-offs related to taxi medallion, asset-based lending, factored receivables, traditional C&I and commercial real estate loans.

Non-performing loans declined by \$13.8 million to \$167.1 million at December 31, 2020 compared to the linked quarter. Loans 30 to 89 days past due were \$72.9 million, an increase of \$3.9 million from the linked quarter.

Special mention loans increased \$257.2 million compared to the linked quarter. Substandard loans, which include non-performing loans, increased \$153.3 million relative to the linked quarter. The increase was mainly due to CRE and multi-family

loans and the majority of these loans are related to borrowers that previously requested payment forbearance under the CARES Act. As of December 31, 2020, loan payment deferrals were \$208.4 million, or 1.0% of the total portfolio loans.

## Capital

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

|  | As of        |              |              | Change % / bps |            |
|--|--------------|--------------|--------------|----------------|------------|
|  | 12/31/2019   | 9/30/2020    | 12/31/2020   | Y-o-Y          | Linked Qtr |
| Total stockholders' equity                                     | \$ 4,530,113 | \$ 4,557,785 | \$ 4,590,514 | 1.3 %          | 0.7 %      |
| Preferred stock  | 137,581      | 136,917      | 136,689      | (0.6)          | (0.2)      |
| Goodwill and other intangible assets                           | 1,793,846    | 1,781,246    | 1,777,047    | (0.9)          | (0.2)      |
| Tangible common stockholders' equity <sup>10</sup>             | \$ 2,598,686 | \$ 2,639,622 | \$ 2,676,778 | 3.0            | 1.4        |
| Common shares outstanding                                      | 198,455,324  | 194,458,841  | 192,923,371  | (2.8)          | (0.8)      |
| Book value per common share                                    | \$ 22.13     | \$ 22.73     | \$ 23.09     | 4.3            | 1.6        |
| Tangible book value per common share <sup>10</sup>             | 13.09        | 13.57        | 13.87        | 6.0            | 2.2        |
| Tangible common equity as a % of tangible assets <sup>10</sup> | 9.03 %       | 9.15 %       | 9.55 %       | 52             | 40         |
| Est. Tier 1 leverage ratio - Company                           | 9.55         | 9.93         | 10.13        | 58             | 20         |
| Est. Tier 1 leverage ratio - Company fully implemented         | —            | 9.59         | 9.80         | N/A            | 21         |
| Est. Tier 1 leverage ratio - Bank                              | 10.11        | 10.48        | 11.33        | 122            | 85         |
| Est. Tier 1 leverage ratio - Bank fully implemented            | —            | 10.13        | 11.01        | N/A            | 88         |

<sup>10</sup> See a reconciliation of non-GAAP financial measures beginning on page 18.

Total stockholders' equity increased \$32.7 million as of December 31, 2020 compared to September 30, 2020 to \$4.6 billion. For the fourth quarter of 2020, net income of \$76.4 million and stock-based compensation activity that totaled \$5.6 million was partially offset by common stock repurchases of \$30.6 million, common dividends of \$13.5 million, preferred dividends of \$2.2 million, and other comprehensive loss of \$3.1 million.

We elected the five-year transition provision to delay for two years the full impact of the Current Expected Credit Losses ("CECL") methodology on regulatory capital, followed by a three-year transition period. The December 31, 2020 fully implemented ratio data reflects the full impact of CECL and excludes the benefits of phase-ins.

Total goodwill and other intangible assets were \$1.8 billion at December 31, 2020, a decrease of \$4.2 million compared to September 30, 2020, which was due to amortization.

Diluted weighted average common shares outstanding declined relative to the linked quarter by approximately 185 thousand. Total common shares outstanding at December 31, 2020 were approximately 192.9 million.

Tangible book value per common share was \$13.87 at December 31, 2020, which represented an increase of 6.0% compared to a year ago.

## Conference Call Information

Sterling Bancorp will host a teleconference and webcast on Thursday, January 21, 2021 at 8:00 AM Eastern Time to discuss the Company's results. Analysts, investors and interested parties are invited to listen to the webcast and view accompanying slides on the Company's website at [www.sterlingbancorp.com](http://www.sterlingbancorp.com) or by dialing (888) 394-8218 Conference ID 5798619. A replay of the teleconference can be accessed through the Company's website.

## About Sterling Bancorp

Sterling Bancorp, whose principal subsidiary is Sterling National Bank, specializes in the delivery of services and solutions to business owners, their families and consumers within the communities it serves through teams of dedicated and experienced relationship managers. Sterling National Bank offers a complete line of commercial, business, and consumer banking products and services. For more information, visit the Sterling Bancorp website at [www.sterlingbancorp.com](http://www.sterlingbancorp.com).

#### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

*This release may contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may concern Sterling Bancorp’s current expectations about its future results, revenues, expenses, tax rates, capital and liquidity levels and ratios, asset levels, asset quality, financial position, plans, operations and prospects. Forward-looking statements involve certain risks, including the effects of the novel coronavirus disease (COVID-19), which include, but are not limited to, the federal, state and local government actions and reactions to COVID-19, the health of our staff and that of our clients, the continuity of our, our clients’ and our third party providers’ operations, the increased likelihood of cyber and payment fraud risk, the continued ability of our borrowers to repay their loans throughout and following the pandemic, the potential decline in collateral values resulting from COVID-19 and its effects, and the resulting impact upon our financial position, results of operations, cash flows and our outlook, as well as the following: business disruption; a failure to grow revenues faster than we grow expenses; a deterioration in general economic conditions, either nationally, internationally, or in our market areas, including extended declines in the real estate market and constrained financial markets; 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 information contained in this release should be considered to be an estimate pending the filing with the Securities and Exchange Commission of the Company’s Annual Report on Form 10-K for the twelve months ended December 31, 2020. 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 Annual 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 release.*



Sterling Bancorp and Subsidiaries  
CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL CONDITION  
(unaudited, in thousands, except share and per share data)

|   | <u>12/31/2019</u>    | <u>9/30/2020</u>     | <u>12/31/2020</u>    |
|---|----------------------|----------------------|----------------------|
| <b>Assets:</b>  |                      |                      |                      |
| Cash and cash equivalents                               | \$ 329,151           | \$ 437,558           | \$ 305,002           |
| Investment securities, net                              | 5,075,309            | 4,201,350            | 4,039,456            |
| Loans held for sale                                     | 8,125                | 36,826               | 11,749               |
| <b>Portfolio loans:</b>                                 |                      |                      |                      |
| Commercial and industrial (“C&I”)                       | 8,232,719            | 9,331,717            | 9,160,268            |
| Commercial real estate (including multi-family)         | 10,295,518           | 10,377,282           | 10,238,650           |
| Acquisition, development and construction (“ADC”) loans | 467,331              | 633,166              | 642,943              |
| Residential mortgage                                    | 2,210,112            | 1,739,563            | 1,616,641            |
| Consumer  | 234,532              | 200,212              | 189,907              |
| Total portfolio loans, gross                            | <u>21,440,212</u>    | <u>22,281,940</u>    | <u>21,848,409</u>    |
| Allowance for credit losses                             | (106,238)            | (325,943)            | (326,100)            |
| Total portfolio loans, net                              | <u>21,333,974</u>    | <u>21,955,997</u>    | <u>21,522,309</u>    |
| FHLB and Federal Reserve Bank Stock, at cost            | 251,805              | 167,293              | 166,190              |
| Accrued interest receivable                             | 100,312              | 102,379              | 97,505               |
| Premises and equipment, net                             | 227,070              | 217,481              | 202,555              |
| Goodwill  | 1,683,482            | 1,683,482            | 1,683,482            |
| Other intangibles                                       | 110,364              | 97,764               | 93,565               |
| BOLI  | 613,848              | 625,236              | 629,576              |
| Other real estate owned                                 | 12,189               | 6,919                | 5,347                |
| Other assets  | 840,868              | 1,085,437            | 1,063,402            |
| Total assets  | <u>\$ 30,586,497</u> | <u>\$ 30,617,722</u> | <u>\$ 29,820,138</u> |
| <b>Liabilities:</b>                                     |                      |                      |                      |
| Deposits  | \$ 22,418,658        | \$ 24,255,333        | \$ 23,119,522        |
| FHLB borrowings   | 2,245,653            | 397,000              | 382,000              |
| Federal Funds Purchased                                 | —                    | —                    | 277,000              |
| Paycheck Protection Program Lending Facility            | —                    | 117,497              | —                    |
| Other borrowings  | 22,678               | 35,223               | 27,101               |
| Senior notes  | 173,504              | —                    | —                    |
| Subordinated notes - Company                            | 270,941              | 270,445              | 491,910              |
| Subordinated notes - Bank                               | 173,182              | 173,370              | 143,703              |
| Mortgage escrow funds                                   | 58,316               | 84,031               | 59,686               |
| Other liabilities                                       | 693,452              | 727,038              | 728,702              |
| Total liabilities                                       | <u>26,056,384</u>    | <u>26,059,937</u>    | <u>25,229,624</u>    |
| <b>Stockholders' equity:</b>                            |                      |                      |                      |
| Preferred stock   | 137,581              | 136,917              | 136,689              |
| Common stock  | 2,299                | 2,299                | 2,299                |
| Additional paid-in capital                              | 3,766,716            | 3,761,216            | 3,761,993            |
| Treasury stock  | (583,408)            | (660,312)            | (686,911)            |
| Retained earnings                                       | 1,166,709            | 1,229,799            | 1,291,628            |
| Accumulated other comprehensive income                  | 40,216               | 87,866               | 84,816               |
| Total stockholders' equity                              | <u>4,530,113</u>     | <u>4,557,785</u>     | <u>4,590,514</u>     |
| Total liabilities and stockholders' equity              | <u>\$ 30,586,497</u> | <u>\$ 30,617,722</u> | <u>\$ 29,820,138</u> |
| Shares of common stock outstanding at period end        | 198,455,324          | 194,458,841          | 192,923,371          |
| Book value per common share                             | \$ 22.13             | \$ 22.73             | \$ 23.09             |
| Tangible book value per common share <sup>1</sup>       | 13.09                | 13.57                | 13.87                |

<sup>1</sup> See reconciliation of non-GAAP financial measures beginning on page 18.

Sterling Bancorp and Subsidiaries  
CONSOLIDATED INCOME STATEMENTS  
(unaudited, in thousands, except share and per share data)

|  | For the Quarter Ended |             |             | For the Year Ended |             |
|--|-----------------------|-------------|-------------|--------------------|-------------|
|  | 12/31/2019            | 9/30/2020   | 12/31/2020  | 12/31/2019         | 12/31/2020  |
| <b>Interest and dividend income:</b>   |                       |             |             |                    |             |
| Loans and loan fees  | \$ 256,377            | \$ 213,009  | \$ 214,522  | \$ 1,029,369       | \$ 882,874  |
| Securities taxable   | 20,367                | 18,623      | 15,679      | 94,823             | 73,786      |
| Securities non-taxable   | 13,031                | 12,257      | 11,839      | 55,802             | 49,924      |
| Other earning assets   | 5,699                 | 769         | 570         | 22,546             | 7,437       |
| Total interest and dividend income   | 295,474               | 244,658     | 242,610     | 1,202,540          | 1,014,021   |
| <b>Interest expense:</b>   |                       |             |             |                    |             |
| Deposits   | 49,907                | 18,251      | 13,417      | 192,361            | 105,559     |
| Borrowings   | 17,310                | 8,583       | 7,167       | 91,256             | 43,541      |
| Total interest expense   | 67,217                | 26,834      | 20,584      | 283,617            | 149,100     |
| Net interest income  | 228,257               | 217,824     | 222,026     | 918,923            | 864,921     |
| Provision for credit losses - loans  | 10,585                | 31,000      | 27,500      | 45,985             | 251,683     |
| Provision for credit losses - held to maturity securities                      | —                     | (1,000)     | —           | —                  | 703         |
| Net interest income after provision for credit losses                          | 217,672               | 187,824     | 194,526     | 872,938            | 612,535     |
| <b>Non-interest income:</b>  |                       |             |             |                    |             |
| Deposit fees and service charges   | 6,506                 | 5,960       | 5,975       | 26,398             | 23,903      |
| Accounts receivable management / factoring commissions and other related fees  | 6,572                 | 5,393       | 6,498       | 23,837             | 21,847      |
| BOLI   | 4,770                 | 5,363       | 4,961       | 20,670             | 20,292      |
| Loan commissions and fees  | 8,698                 | 7,290       | 13,220      | 24,129             | 39,537      |
| Investment management fees   | 1,597                 | 1,735       | 1,700       | 7,305              | 6,660       |
| Net (loss) gain on sale of securities  | (76)                  | 642         | (111)       | (6,905)            | 9,428       |
| Net gain on security calls   | —                     | —           | —           | —                  | 4,880       |
| Gain on sale of residential mortgage loans                                     | —                     | —           | —           | 8,313              | —           |
| (Loss) gain on termination of pension plan                                     | (280)                 | —           | —           | 11,817             | —           |
| Other  | 4,594                 | 1,842       | 1,678       | 15,301             | 9,015       |
| Total non-interest income  | 32,381                | 28,225      | 33,921      | 130,865            | 135,562     |
| <b>Non-interest expense:</b>   |                       |             |             |                    |             |
| Compensation and benefits  | 52,453                | 55,960      | 56,563      | 215,766            | 222,067     |
| Stock-based compensation plans   | 5,180                 | 5,869       | 5,222       | 19,473             | 23,010      |
| Occupancy and office operations  | 15,886                | 14,722      | 14,742      | 64,363             | 59,358      |
| Information technology   | 9,313                 | 8,422       | 9,559       | 35,580             | 33,311      |
| Amortization of intangible assets  | 4,785                 | 4,200       | 4,200       | 19,181             | 16,800      |
| FDIC insurance and regulatory assessments                                      | 3,134                 | 3,332       | 2,865       | 12,660             | 13,041      |
| Other real estate owned, net   | (132)                 | 151         | 283         | 622                | 1,719       |
| Impairment related to financial centers and real estate consolidation strategy | —                     | —           | 13,311      | 14,398             | 13,311      |
| Charge for asset write-downs, systems integration, retention and severance     | 5,133                 | —           | —           | 8,477              | —           |
| Loss (gain) on extinguishment of borrowings                                    | —                     | 6,241       | 2,749       | (46)               | 19,462      |
| Other  | 19,698                | 20,465      | 23,979      | 73,363             | 90,350      |
| Total non-interest expense   | 115,450               | 119,362     | 133,473     | 463,837            | 492,429     |
| Income before income tax expense   | 134,603               | 96,687      | 94,974      | 539,966            | 255,668     |
| Income tax expense   | 27,905                | 12,280      | 18,551      | 112,925            | 29,899      |
| Net income   | 106,698               | 84,407      | 76,423      | 427,041            | 225,769     |
| Preferred stock dividend   | 1,976                 | 1,969       | 1,966       | 7,933              | 7,883       |
| Net income available to common stockholders                                    | \$ 104,722            | \$ 82,438   | \$ 74,457   | \$ 419,108         | \$ 217,886  |
| <b>Weighted average common shares:</b>   |                       |             |             |                    |             |
| Basic  | 199,719,747           | 193,494,929 | 193,036,678 | 205,679,874        | 194,084,358 |
| Diluted  | 200,252,542           | 193,715,943 | 193,530,930 | 206,131,628        | 194,393,343 |
| <b>Earnings per common share:</b>  |                       |             |             |                    |             |
| Basic earnings per share   | \$ 0.52               | \$ 0.43     | \$ 0.39     | \$ 2.04            | \$ 1.12     |
| Diluted earnings per share   | 0.52                  | 0.43        | 0.38        | 2.03               | 1.12        |
| Dividends declared per share   | 0.07                  | 0.07        | 0.07        | 0.28               | 0.28        |

Sterling Bancorp and Subsidiaries  
 SELECTED FINANCIAL DATA  
 (unaudited, in thousands, except share and per share data)

| <b>End of Period</b>                              | <b>As of and for the Quarter Ended</b> |                  |                  |                  |                   |
|---|--|------------------|------------------|------------------|-------------------|
|   | <b>12/31/2019</b>                      | <b>3/31/2020</b> | <b>6/30/2020</b> | <b>9/30/2020</b> | <b>12/31/2020</b> |
| Total assets                                      | \$ 30,586,497                          | \$ 30,335,036    | \$ 30,839,893    | \$ 30,617,722    | \$ 29,820,138     |
| Tangible assets <sup>1</sup>                      | 28,792,651                             | 28,545,390       | 29,054,447       | 28,836,476       | 28,043,091        |
| Securities available for sale                     | 3,095,648                              | 2,660,835        | 2,620,624        | 2,419,458        | 2,298,618         |
| Securities held to maturity, net                  | 1,979,661                              | 1,956,177        | 1,924,955        | 1,781,892        | 1,740,838         |
| Loans held for sale <sup>2</sup>                  | 8,125                                  | 8,124            | 44,437           | 36,826           | 11,749            |
| Portfolio loans                                   | 21,440,212                             | 21,709,957       | 22,295,267       | 22,281,940       | 21,848,409        |
| Goodwill  | 1,683,482                              | 1,683,482        | 1,683,482        | 1,683,482        | 1,683,482         |
| Other intangibles                                 | 110,364                                | 106,164          | 101,964          | 97,764           | 93,565            |
| Deposits  | 22,418,658                             | 22,558,280       | 23,600,621       | 24,255,333       | 23,119,522        |
| Municipal deposits (included above)               | 1,988,047                              | 2,091,259        | 1,724,049        | 2,397,072        | 1,648,945         |
| Borrowings  | 2,885,958                              | 2,598,698        | 2,582,609        | 993,535          | 1,321,714         |
| Stockholders' equity                              | 4,530,113                              | 4,422,424        | 4,484,187        | 4,557,785        | 4,590,514         |
| Tangible common equity <sup>1</sup>               | 2,598,686                              | 2,495,415        | 2,561,599        | 2,639,622        | 2,676,778         |
| <b>Quarterly Average Balances</b>                 |  |                  |                  |                  |                   |
| Total assets                                      | 30,349,691                             | 30,484,433       | 30,732,914       | 30,652,856       | 30,024,165        |
| Tangible assets <sup>1</sup>                      | 28,569,589                             | 28,692,033       | 28,944,714       | 28,868,840       | 28,244,364        |
| Loans, gross:                                     |  |                  |                  |                  |                   |
| Commercial real estate (includes multi-family)    | 10,061,625                             | 10,288,977       | 10,404,643       | 10,320,930       | 10,191,707        |
| ADC   | 459,372                                | 497,009          | 519,517          | 636,061          | 685,368           |
| C&I:  |  |                  |                  |                  |                   |
| Traditional C&I (includes PPP loans)              | 2,399,901                              | 2,470,570        | 3,130,248        | 3,339,872        | 3,155,851         |
| Asset-based lending <sup>3</sup>                  | 1,137,719                              | 1,107,542        | 981,518          | 864,075          | 876,377           |
| Payroll finance <sup>3</sup>                      | 228,501                                | 217,952          | 173,175          | 143,579          | 162,762           |
| Warehouse lending <sup>3</sup>                    | 1,307,645                              | 1,089,576        | 1,353,885        | 1,550,425        | 1,637,507         |
| Factored receivables <sup>3</sup>                 | 258,892                                | 229,126          | 188,660          | 163,388          | 214,021           |
| Equipment financing <sup>3</sup>                  | 1,430,715                              | 1,703,016        | 1,677,273        | 1,590,855        | 1,535,582         |
| Public sector finance <sup>3</sup>                | 1,189,103                              | 1,216,326        | 1,286,265        | 1,481,260        | 1,532,899         |
| Total C&I   | 7,952,476                              | 8,034,108        | 8,791,024        | 9,133,454        | 9,114,999         |
| Residential mortgage                              | 2,284,419                              | 2,152,440        | 2,006,400        | 1,862,390        | 1,691,567         |
| Consumer  | 243,057                                | 233,643          | 219,052          | 206,700          | 195,870           |
| Loans, total <sup>4</sup>                         | 21,000,949                             | 21,206,177       | 21,940,636       | 22,159,535       | 21,879,511        |
| Securities (taxable)                              | 2,905,545                              | 2,883,367        | 2,507,384        | 2,363,059        | 2,191,333         |
| Securities (non-taxable)                          | 2,159,391                              | 2,163,206        | 2,122,672        | 2,029,805        | 1,964,451         |
| Other interest earning assets                     | 835,554                                | 727,511          | 669,422          | 610,938          | 487,696           |
| Total interest earning assets                     | 26,901,439                             | 26,980,261       | 27,240,114       | 27,163,337       | 26,522,991        |
| Deposits:   |  |                  |                  |                  |                   |
| Non-interest bearing demand                       | 4,361,642                              | 4,346,518        | 5,004,907        | 5,385,939        | 5,530,334         |
| Interest bearing demand                           | 4,359,767                              | 4,616,658        | 4,766,298        | 4,688,343        | 4,870,544         |
| Savings (including mortgage escrow funds)         | 2,614,523                              | 2,800,021        | 2,890,402        | 2,727,475        | 2,712,041         |
| Money market                                      | 7,681,491                              | 7,691,381        | 8,035,750        | 8,304,834        | 8,577,920         |
| Certificates of deposit                           | 3,271,674                              | 3,237,990        | 2,766,580        | 2,559,325        | 2,158,348         |
| Total deposits and mortgage escrow                | 22,289,097                             | 22,692,568       | 23,463,937       | 23,665,916       | 23,849,187        |
| Borrowings  | 2,890,407                              | 2,580,922        | 2,101,016        | 1,747,941        | 852,057           |
| Stockholders' equity                              | 4,524,417                              | 4,506,537        | 4,464,403        | 4,530,334        | 4,591,770         |
| Tangible common stockholders' equity <sup>1</sup> | 2,606,617                              | 2,576,558        | 2,538,842        | 2,609,179        | 2,675,055         |

<sup>1</sup> See a reconciliation of non-GAAP financial measures beginning on page 18.

<sup>2</sup> Loans held for sale mainly includes commercial syndication loans.

<sup>3</sup> Asset-based lending, payroll finance, warehouse lending, factored receivables, equipment finance and public sector finance comprise our commercial finance loan portfolio.

<sup>4</sup> Includes loans held for sale, but excludes allowance for credit losses.

Sterling Bancorp and Subsidiaries  
**SELECTED FINANCIAL DATA AND PERFORMANCE RATIOS**  
(unaudited, in thousands, except share and per share data)

| <b>Per Common Share Data</b>                                   | <b>As of and for the Quarter Ended</b> |                  |                  |                  |                   |
|--|--|------------------|------------------|------------------|-------------------|
|  | <b>12/31/2019</b>                      | <b>3/31/2020</b> | <b>6/30/2020</b> | <b>9/30/2020</b> | <b>12/31/2020</b> |
| Basic earnings per share                                       | \$ 0.52                                | \$ 0.06          | \$ 0.25          | \$ 0.43          | \$ 0.39           |
| Diluted earnings per share                                     | 0.52                                   | 0.06             | 0.25             | 0.43             | 0.38              |
| Adjusted diluted earnings per share, non-GAAP <sup>1</sup>     | 0.54                                   | (0.02)           | 0.29             | 0.45             | 0.49              |
| Dividends declared per common share                            | 0.07                                   | 0.07             | 0.07             | 0.07             | 0.07              |
| Book value per common share                                    | 22.13                                  | 22.04            | 22.35            | 22.73            | 23.09             |
| Tangible book value per common share <sup>1</sup>              | 13.09                                  | 12.83            | 13.17            | 13.57            | 13.87             |
| Shares of common stock o/s                                     | 198,455,324                            | 194,460,656      | 194,458,805      | 194,458,841      | 192,923,371       |
| Basic weighted average common shares o/s                       | 199,719,747                            | 196,344,061      | 193,479,757      | 193,494,929      | 193,036,678       |
| Diluted weighted average common shares o/s                     | 200,252,542                            | 196,709,038      | 193,604,431      | 193,715,943      | 193,530,930       |
| <b>Performance Ratios (annualized)</b>                         |  |                  |                  |                  |                   |
| Return on average assets                                       | 1.37 %                                 | 0.16 %           | 0.64 %           | 1.07 %           | 0.99 %            |
| Return on average equity                                       | 9.18                                   | 1.09             | 4.40             | 7.24             | 6.45              |
| Return on average tangible assets                              | 1.45                                   | 0.17             | 0.68             | 1.14             | 1.05              |
| Return on average tangible common equity                       | 15.94                                  | 1.90             | 7.73             | 12.57            | 11.07             |
| Return on average tangible assets, adjusted <sup>1</sup>       | 1.51                                   | (0.04)           | 0.79             | 1.21             | 1.33              |
| Return on avg. tangible common equity, adjusted <sup>1</sup>   | 16.57                                  | (0.49)           | 9.02             | 13.37            | 14.03             |
| Operating efficiency ratio, as adjusted <sup>1</sup>           | 39.9                                   | 42.4             | 45.1             | 43.1             | 43.0              |
| <b>Analysis of Net Interest Income</b>                         |  |                  |                  |                  |                   |
| Accretion income on acquired loans                             | \$ 19,497                              | \$ 10,686        | \$ 10,086        | \$ 9,172         | \$ 8,560          |
| Yield on loans   | 4.84 %                                 | 4.47 %           | 4.03 %           | 3.82 %           | 3.90 %            |
| Yield on investment securities - tax equivalent <sup>2</sup>   | 2.89                                   | 2.96             | 3.05             | 3.09             | 2.94              |
| Yield on interest earning assets - tax equivalent <sup>2</sup> | 4.41                                   | 4.13             | 3.79             | 3.63             | 3.69              |
| Cost of interest bearing deposits                              | 1.10                                   | 1.00             | 0.61             | 0.40             | 0.29              |
| Cost of total deposits   | 0.89                                   | 0.81             | 0.48             | 0.31             | 0.22              |
| Cost of borrowings   | 2.38                                   | 2.49             | 2.26             | 1.95             | 3.35              |
| Cost of interest bearing liabilities                           | 1.28                                   | 1.19             | 0.78             | 0.53             | 0.43              |
| Net interest rate spread - tax equivalent basis <sup>2</sup>   | 3.13                                   | 2.94             | 3.01             | 3.10             | 3.26              |
| Net interest margin - GAAP basis                               | 3.37                                   | 3.16             | 3.15             | 3.19             | 3.33              |
| Net interest margin - tax equivalent basis <sup>2</sup>        | 3.42                                   | 3.21             | 3.20             | 3.24             | 3.38              |
| <b>Capital</b>   |  |                  |                  |                  |                   |
| Tier 1 leverage ratio - Company <sup>3</sup>                   | 9.55 %                                 | 9.41 %           | 9.51 %           | 9.93 %           | 10.13 %           |
| Tier 1 leverage ratio - Bank only <sup>3</sup>                 | 10.11                                  | 9.99             | 10.09            | 10.48            | 11.33             |
| Tier 1 risk-based capital ratio - Bank only <sup>3</sup>       | 12.32                                  | 12.19            | 12.24            | 12.39            | 13.38             |
| Total risk-based capital ratio - Bank only <sup>3</sup>        | 13.63                                  | 13.80            | 13.85            | 13.86            | 14.73             |
| Tangible common equity - Company <sup>1</sup>                  | 9.03                                   | 8.74             | 8.82             | 9.15             | 9.55              |
| <b>Condensed Five Quarter Income Statement</b>                 |  |                  |                  |                  |                   |
| Interest and dividend income                                   | \$ 295,474                             | \$ 273,527       | \$ 253,226       | \$ 244,658       | \$ 242,610        |
| Interest expense   | 67,217                                 | 61,755           | 39,927           | 26,834           | 20,584            |
| Net interest income  | 228,257                                | 211,772          | 213,299          | 217,824          | 222,026           |
| Provision for credit losses                                    | 10,585                                 | 138,280          | 56,606           | 30,000           | 27,500            |
| Net interest income after provision for credit losses          | 217,672                                | 73,492           | 156,693          | 187,824          | 194,526           |
| Non-interest income  | 32,381                                 | 47,326           | 26,090           | 28,225           | 33,921            |
| Non-interest expense   | 115,450                                | 114,713          | 124,881          | 119,362          | 133,473           |
| Income before income tax expense                               | 134,603                                | 6,105            | 57,902           | 96,687           | 94,974            |
| Income tax expense (benefit)                                   | 27,905                                 | (8,042)          | 7,110            | 12,280           | 18,551            |
| Net income   | \$ 106,698                             | \$ 14,147        | \$ 50,792        | \$ 84,407        | \$ 76,423         |

<sup>1</sup> See a reconciliation of non-GAAP financial measures beginning on page 18.

<sup>2</sup> Tax equivalent basis represents interest income earned on tax exempt securities divided by the applicable federal tax rate of 21%.

<sup>3</sup> Regulatory capital amounts and ratios are preliminary estimates pending filing of the Company's and Bank's regulatory reports.

Sterling Bancorp and Subsidiaries  
**ASSET QUALITY INFORMATION**  
(unaudited, in thousands, except share and per share data)

| <b>Allowance for Credit Losses Roll Forward</b>           | <b>As of and for the Quarter Ended</b> |                  |                  |                  |                   |
|---|--|------------------|------------------|------------------|-------------------|
|   | <b>12/31/2019</b>                      | <b>3/31/2020</b> | <b>6/30/2020</b> | <b>9/30/2020</b> | <b>12/31/2020</b> |
| Balance, beginning of period                              | \$ 104,735                             | \$ 106,238       | \$ 326,444       | \$ 365,489       | \$ 325,943        |
| Implementation of CECL accounting standard:               |  |                  |                  |                  |                   |
| Gross up from purchase credit impaired loans              | —                                      | 22,496           | —                | —                | —                 |
| Transition amount charged to equity                       | —                                      | 68,088           | —                | —                | —                 |
| Provision for credit losses - loans                       | 10,585                                 | 136,577          | 56,606           | 31,000           | 27,500            |
| Loan charge-offs <sup>1</sup> :                           |  |                  |                  |                  |                   |
| Traditional C&I   | (470)                                  | (298)            | (3,988)          | (1,089)          | (17,757)          |
| Asset-based lending                                       | (5,856)                                | (985)            | (1,500)          | (1,297)          | —                 |
| Payroll finance   | (168)                                  | —                | (560)            | —                | (730)             |
| Factored receivables                                      | (68)                                   | (7)              | (3,731)          | (6,893)          | (2,099)           |
| Equipment financing                                       | (1,739)                                | (4,793)          | (7,863)          | (42,128)         | (3,445)           |
| Commercial real estate                                    | (583)                                  | (1,275)          | (11)             | (3,650)          | (3,266)           |
| Multi-family  | —                                      | —                | (154)            | —                | (430)             |
| ADC   | —                                      | (3)              | (1)              | —                | (307)             |
| Residential mortgage                                      | (334)                                  | (1,072)          | (702)            | (17,353)         | (23)              |
| Consumer  | (401)                                  | (1,405)          | (172)            | (97)             | (62)              |
| Total charge-offs   | (9,619)                                | (9,838)          | (18,682)         | (72,507)         | (28,119)          |
| Recoveries of loans previously charged-off <sup>1</sup> : |  |                  |                  |                  |                   |
| Traditional C&I   | 232                                    | 475              | 116              | 677              | 194               |
| Payroll finance   | 5                                      | 9                | 1                | 262              | 38                |
| Factored receivables                                      | 9                                      | 4                | 1                | 185              | 122               |
| Equipment financing                                       | 91                                     | 1,105            | 387              | 816              | 217               |
| Commercial real estate                                    | —                                      | 60               | 584              | —                | 174               |
| Multi-family  | 105                                    | —                | 1                | —                | —                 |
| Acquisition development & construction                    | —                                      | 105              | —                | —                | —                 |
| Residential mortgage                                      | 5                                      | —                | —                | —                | 1                 |
| Consumer  | 90                                     | 1,125            | 31               | 21               | 30                |
| Total recoveries  | 537                                    | 2,883            | 1,121            | 1,961            | 776               |
| Net loan charge-offs                                      | (9,082)                                | (6,955)          | (17,561)         | (70,546)         | (27,343)          |
| Balance, end of period                                    | \$ 106,238                             | \$ 326,444       | \$ 365,489       | \$ 325,943       | \$ 326,100        |
| <b>Asset Quality Data and Ratios</b>                      |  |                  |                  |                  |                   |
| Non-performing loans (“NPLs”) non-accrual                 | \$ 179,051                             | \$ 252,205       | \$ 260,333       | \$ 180,795       | \$ 166,889        |
| NPLs still accruing                                       | 110                                    | 1,545            | 272              | 56               | 170               |
| Total NPLs  | 179,161                                | 253,750          | 260,605          | 180,851          | 167,059           |
| Other real estate owned                                   | 12,189                                 | 11,815           | 8,665            | 6,919            | 5,347             |
| Non-performing assets (“NPAs”)                            | \$ 191,350                             | \$ 265,565       | \$ 269,270       | \$ 187,770       | \$ 172,406        |
| Loans 30 to 89 days past due                              | \$ 52,880                              | \$ 69,769        | \$ 66,268        | \$ 68,979        | \$ 72,912         |
| Net charge-offs as a % of average loans (annualized)      | 0.17 %                                 | 0.13 %           | 0.32 %           | 1.27 %           | 0.50 %            |
| NPLs as a % of total loans                                | 0.84                                   | 1.17             | 1.17             | 0.81             | 0.76              |
| NPAs as a % of total assets                               | 0.63                                   | 0.88             | 0.87             | 0.61             | 0.58              |
| Allowance for credit losses as a % of NPLs                | 59.3                                   | 128.6            | 140.2            | 180.2            | 195.2             |
| Allowance for credit losses as a % of total loans         | 0.50                                   | 1.50             | 1.64             | 1.46             | 1.49              |
| Special mention loans                                     | \$ 159,976                             | \$ 132,356       | \$ 141,805       | \$ 204,267       | \$ 461,458        |
| Substandard loans   | 295,428                                | 402,393          | 415,917          | 375,427          | 528,760           |
| Doubtful loans  | —                                      | —                | —                | —                | 304               |

<sup>1</sup> There were no charge-offs or recoveries on warehouse lending or public sector finance loans during the periods presented. There were no asset-based lending recoveries during the periods presented.

Sterling Bancorp and Subsidiaries  
Non-GAAP Financial Measures  
(unaudited, in thousands, except share and per share data)

|   | For the Quarter Ended |                   |            |                      |                   |            |
|---|-----------------------|-------------------|------------|----------------------|-------------------|------------|
|   | September 30, 2020    |                   |            | December 31, 2020    |                   |            |
|   | Average balance       | Interest          | Yield/Rate | Average balance      | Interest          | Yield/Rate |
| (Dollars in thousands)  |                       |                   |            |                      |                   |            |
| Interest earning assets:  |                       |                   |            |                      |                   |            |
| Traditional C&I and commercial finance loans                                    | \$ 9,133,454          | \$ 83,415         | 3.63 %     | \$ 9,114,999         | \$ 83,429         | 3.64 %     |
| Commercial real estate (includes multi-family)                                  | 10,320,930            | 104,463           | 4.03       | 10,191,707           | 105,193           | 4.11       |
| ADC   | 636,061               | 6,117             | 3.83       | 685,368              | 6,500             | 3.77       |
| Commercial loans  | 20,090,445            | 193,995           | 3.84       | 19,992,074           | 195,122           | 3.88       |
| Consumer loans  | 206,700               | 2,025             | 3.90       | 195,870              | 2,028             | 4.12       |
| Residential mortgage loans  | 1,862,390             | 16,989            | 3.65       | 1,691,567            | 17,372            | 4.11       |
| Total gross loans <sup>1</sup>  | 22,159,535            | 213,009           | 3.82       | 21,879,511           | 214,522           | 3.90       |
| Securities taxable  | 2,363,059             | 18,623            | 3.14       | 2,191,333            | 15,679            | 2.85       |
| Securities non-taxable  | 2,029,805             | 15,515            | 3.06       | 1,964,451            | 14,985            | 3.05       |
| Interest earning deposits   | 424,249               | 154               | 0.14       | 331,587              | 105               | 0.13       |
| FHLB and Federal Reserve Bank Stock   | 186,689               | 615               | 1.31       | 156,109              | 465               | 1.18       |
| Total securities and other earning assets                                       | 5,003,802             | 34,907            | 2.78       | 4,643,480            | 31,234            | 2.68       |
| Total interest earning assets   | 27,163,337            | 247,916           | 3.63       | 26,522,991           | 245,756           | 3.69       |
| Non-interest earning assets   | 3,489,519             |                   |            | 3,501,174            |                   |            |
| Total assets  | <u>\$ 30,652,856</u>  |                   |            | <u>\$ 30,024,165</u> |                   |            |
| Interest bearing liabilities:   |                       |                   |            |                      |                   |            |
| Demand and savings <sup>2</sup> deposits  | \$ 7,415,818          | \$ 4,116          | 0.22 %     | \$ 7,582,585         | \$ 3,230          | 0.17 %     |
| Money market deposits   | 8,304,834             | 8,078             | 0.39       | 8,577,920            | 6,065             | 0.28       |
| Certificates of deposit   | 2,559,325             | 6,057             | 0.94       | 2,158,348            | 4,122             | 0.76       |
| Total interest bearing deposits   | 18,279,977            | 18,251            | 0.40       | 18,318,853           | 13,417            | 0.29       |
| Other borrowings  | 1,303,849             | 3,378             | 1.03       | 261,787              | 518               | 0.79       |
| Subordinated debentures - Bank  | 173,328               | 2,360             | 5.45       | 168,222              | 2,293             | 5.45       |
| Subordinated debentures - Company   | 270,764               | 2,845             | 4.20       | 422,048              | 4,356             | 4.13       |
| Total borrowings  | 1,747,941             | 8,583             | 1.95       | 852,057              | 7,167             | 3.35       |
| Total interest bearing liabilities  | 20,027,918            | 26,834            | 0.53       | 19,170,910           | 20,584            | 0.43       |
| Non-interest bearing deposits   | 5,385,939             |                   |            | 5,530,334            |                   |            |
| Other non-interest bearing liabilities  | 708,665               |                   |            | 731,151              |                   |            |
| Total liabilities   | 26,122,522            |                   |            | 25,432,395           |                   |            |
| Stockholders' equity  | 4,530,334             |                   |            | 4,591,770            |                   |            |
| Total liabilities and stockholders' equity                                      | <u>\$ 30,652,856</u>  |                   |            | <u>\$ 30,024,165</u> |                   |            |
| Net interest rate spread <sup>3</sup>   |                       |                   | 3.10 %     |                      |                   | 3.26 %     |
| Net interest earning assets <sup>4</sup>  | <u>\$ 7,135,419</u>   |                   |            | <u>\$ 7,352,081</u>  |                   |            |
| Net interest margin - tax equivalent  |                       | 221,082           | 3.24 %     |                      | 225,172           | 3.38 %     |
| Less tax equivalent adjustment  |                       | (3,258)           |            |                      | (3,146)           |            |
| Net interest income   |                       | 217,824           |            |                      | 222,026           |            |
| Accretion income on acquired loans  |                       | 9,172             |            |                      | 8,560             |            |
| Tax equivalent net interest margin excluding accretion income on acquired loans |                       | <u>\$ 211,910</u> | 3.10 %     |                      | <u>\$ 216,612</u> | 3.25 %     |
| Ratio of interest earning assets to interest bearing liabilities                | 135.6 %               |                   |            | 138.4 %              |                   |            |

<sup>1</sup> Average balances include loans held for sale and non-accrual loans. Interest includes prepayment fees and late charges.

<sup>2</sup> Includes club accounts and interest bearing mortgage escrow balances.

<sup>3</sup> Net interest rate spread represents the difference between the tax equivalent yield on average interest earning assets and the cost of average interest bearing liabilities.

<sup>4</sup> Net interest earning assets represents total interest earning assets less total interest bearing liabilities.

Sterling Bancorp and Subsidiaries  
Non-GAAP Financial Measures  
(unaudited, in thousands, except share and per share data)

|   | For the Quarter Ended |                   |            |                      |                   |            |
|---|-----------------------|-------------------|------------|----------------------|-------------------|------------|
|   | December 31, 2019     |                   |            | December 31, 2020    |                   |            |
|   | Average balance       | Interest          | Yield/Rate | Average balance      | Interest          | Yield/Rate |
| (Dollars in thousands)  |                       |                   |            |                      |                   |            |
| Interest earning assets:  |                       |                   |            |                      |                   |            |
| Traditional C&I and commercial finance loans                                    | \$ 7,952,476          | \$ 97,221         | 4.85 %     | \$ 9,114,999         | \$ 83,429         | 3.64 %     |
| Commercial real estate (includes multi-family)                                  | 10,061,625            | 122,435           | 4.83       | 10,191,707           | 105,193           | 4.11       |
| ADC   | 459,372               | 5,924             | 5.12       | 685,368              | 6,500             | 3.77       |
| Commercial loans  | 18,473,473            | 225,580           | 4.84       | 19,992,074           | 195,122           | 3.88       |
| Consumer loans  | 243,057               | 3,290             | 5.37       | 195,870              | 2,028             | 4.12       |
| Residential mortgage loans  | 2,284,419             | 27,507            | 4.82       | 1,691,567            | 17,372            | 4.11       |
| Total gross loans <sup>1</sup>  | 21,000,949            | 256,377           | 4.84       | 21,879,511           | 214,522           | 3.90       |
| Securities taxable  | 2,905,545             | 20,367            | 2.78       | 2,191,333            | 15,679            | 2.85       |
| Securities non-taxable  | 2,159,391             | 16,494            | 3.06       | 1,964,451            | 14,985            | 3.05       |
| Interest earning deposits   | 573,861               | 2,423             | 1.68       | 331,587              | 105               | 0.13       |
| FHLB and Federal Reserve Bank stock   | 261,693               | 3,276             | 4.97       | 156,109              | 465               | 1.18       |
| Total securities and other earning assets                                       | 5,900,490             | 42,560            | 2.86       | 4,643,480            | 31,234            | 2.68       |
| Total interest earning assets   | 26,901,439            | 298,937           | 4.41       | 26,522,991           | 245,756           | 3.69       |
| Non-interest earning assets   | 3,448,252             |                   |            | 3,501,174            |                   |            |
| Total assets  | <u>\$ 30,349,691</u>  |                   |            | <u>\$ 30,024,165</u> |                   |            |
| Interest bearing liabilities:   |                       |                   |            |                      |                   |            |
| Demand and savings <sup>2</sup> deposits  | \$ 6,974,290          | \$ 13,670         | 0.78 %     | \$ 7,582,585         | \$ 3,230          | 0.17 %     |
| Money market deposits   | 7,681,491             | 20,867            | 1.08       | 8,577,920            | 6,065             | 0.28       |
| Certificates of deposit   | 3,271,674             | 15,370            | 1.86       | 2,158,348            | 4,122             | 0.76       |
| Total interest bearing deposits   | 17,927,455            | 49,907            | 1.10       | 18,318,853           | 13,417            | 0.29       |
| Senior notes  | 173,601               | 1,369             | 3.15       | —                    | —                 | —          |
| Other borrowings  | 2,496,546             | 13,112            | 2.08       | 261,787              | 518               | 0.79       |
| Subordinated debentures - Bank  | 173,142               | 2,358             | 5.45       | 168,222              | 2,293             | 5.45       |
| Subordinated debentures - Company   | 47,118                | 471               | 4.00       | 422,048              | 4,356             | 4.13       |
| Total borrowings  | 2,890,407             | 17,310            | 2.38       | 852,057              | 7,167             | 3.35       |
| Total interest bearing liabilities  | 20,817,862            | 67,217            | 1.28       | 19,170,910           | 20,584            | 0.43       |
| Non-interest bearing deposits   | 4,361,642             |                   |            | 5,530,334            |                   |            |
| Other non-interest bearing liabilities  | 645,770               |                   |            | 731,151              |                   |            |
| Total liabilities   | 25,825,274            |                   |            | 25,432,395           |                   |            |
| Stockholders' equity  | 4,524,417             |                   |            | 4,591,770            |                   |            |
| Total liabilities and stockholders' equity                                      | <u>\$ 30,349,691</u>  |                   |            | <u>\$ 30,024,165</u> |                   |            |
| Net interest rate spread <sup>3</sup>   |                       |                   | 3.13 %     |                      |                   | 3.26 %     |
| Net interest earning assets <sup>4</sup>  | <u>\$ 6,083,577</u>   |                   |            | <u>\$ 7,352,081</u>  |                   |            |
| Net interest margin - tax equivalent  |                       | 231,720           | 3.42 %     |                      | 225,172           | 3.38 %     |
| Less tax equivalent adjustment  |                       | (3,463)           |            |                      | (3,146)           |            |
| Net interest income   |                       | 228,257           |            |                      | 222,026           |            |
| Accretion income on acquired loans  |                       | 19,497            |            |                      | 8,560             |            |
| Tax equivalent net interest margin excluding accretion income on acquired loans |                       | <u>\$ 212,223</u> | 3.13 %     |                      | <u>\$ 216,612</u> | 3.25 %     |
| Ratio of interest earning assets to interest bearing liabilities                | 129.2 %               |                   |            | 138.4 %              |                   |            |

<sup>1</sup> Average balances include loans held for sale and non-accrual loans. Interest includes prepayment fees and late charges.

<sup>2</sup> Includes club accounts and interest bearing mortgage escrow balances.

<sup>3</sup> Net interest rate spread represents the difference between the tax equivalent yield on average interest earning assets and the cost of average interest bearing liabilities.

<sup>4</sup> Net interest earning assets represents total interest earning assets less total interest bearing liabilities.

Sterling Bancorp and Subsidiaries  
Non-GAAP Financial Measures  
(unaudited, in thousands, except share and per share data)

The Company provides supplemental reporting of non-GAAP/adjusted financial measures as management believes this information is useful to investors. See legend beginning on page [22](#).

|   | As of and for the Quarter Ended |                   |                   |                   |                   |
|---|---------------------------------|-------------------|-------------------|-------------------|-------------------|
|   | 12/31/2019                      | 3/31/2020         | 6/30/2020         | 9/30/2020         | 12/31/2020        |
| <b>The following table shows the reconciliation of pretax pre-provision net revenue to adjusted pretax pre-provision net revenue<sup>1</sup>:</b> |                                 |                   |                   |                   |                   |
| Net interest income   | \$ 228,257                      | \$ 211,772        | \$ 213,299        | \$ 217,824        | \$ 222,026        |
| Non-interest income   | 32,381                          | 47,326            | 26,090            | 28,225            | 33,921            |
| Total net revenue   | 260,638                         | 259,098           | 239,389           | 246,049           | 255,947           |
| Non-interest expense  | 115,450                         | 114,713           | 124,881           | 119,362           | 133,473           |
| PPNR  | 145,188                         | 144,385           | 114,508           | 126,687           | 122,474           |
| Adjustments:  |                                 |                   |                   |                   |                   |
| Accretion income  | (19,497)                        | (10,686)          | (10,086)          | (9,172)           | (8,560)           |
| Net loss (gain) on sale of securities   | 76                              | (8,412)           | (485)             | (642)             | 111               |
| Net loss on termination of Astoria defined benefit pension plan   | 280                             | —                 | —                 | —                 | —                 |
| Loss on extinguishment of debt  | —                               | 744               | 9,723             | 6,241             | 2,749             |
| Impairment related to financial centers and real estate consolidation strategy  | —                               | —                 | —                 | —                 | 13,311            |
| Charge for asset write-downs, systems integration, retention and severance  | 5,133                           | —                 | —                 | —                 | —                 |
| Amortization of non-compete agreements and acquired customer list intangible assets   | 200                             | 172               | 172               | 172               | 172               |
| Adjusted PPNR   | <u>\$ 131,380</u>               | <u>\$ 126,203</u> | <u>\$ 113,832</u> | <u>\$ 123,286</u> | <u>\$ 130,257</u> |



Sterling Bancorp and Subsidiaries  
NON-GAAP FINANCIAL MEASURES  
(unaudited, in thousands, except share and per share data)

The Company provides supplemental reporting of non-GAAP/adjusted financial measures as management believes this information is useful to investors. See legend beginning on page 22.

|   | As of and for the Quarter Ended |               |               |               |               |
|---|---------------------------------|---------------|---------------|---------------|---------------|
|   | 12/31/2019                      | 3/31/2020     | 6/30/2020     | 9/30/2020     | 12/31/2020    |
| <b>The following table shows the reconciliation of stockholders' equity to tangible common equity and the tangible common equity ratio<sup>2</sup>:</b> |                                 |               |               |               |               |
| Total assets  | \$ 30,586,497                   | \$ 30,335,036 | \$ 30,839,893 | \$ 30,617,722 | \$ 29,820,138 |
| Goodwill and other intangibles  | (1,793,846)                     | (1,789,646)   | (1,785,446)   | (1,781,246)   | (1,777,047)   |
| Tangible assets   | 28,792,651                      | 28,545,390    | 29,054,447    | 28,836,476    | 28,043,091    |
| Stockholders' equity  | 4,530,113                       | 4,422,424     | 4,484,187     | 4,557,785     | 4,590,514     |
| Preferred stock   | (137,581)                       | (137,363)     | (137,142)     | (136,917)     | (136,689)     |
| Goodwill and other intangibles  | (1,793,846)                     | (1,789,646)   | (1,785,446)   | (1,781,246)   | (1,777,047)   |
| Tangible common stockholders' equity  | 2,598,686                       | 2,495,415     | 2,561,599     | 2,639,622     | 2,676,778     |
| Common stock outstanding at period end  | 198,455,324                     | 194,460,656   | 194,458,805   | 194,458,841   | 192,923,371   |
| Common stockholders' equity as a % of total assets  | 14.36 %                         | 14.13 %       | 14.10 %       | 14.44 %       | 14.94 %       |
| Book value per common share   | \$ 22.13                        | \$ 22.04      | \$ 22.35      | \$ 22.73      | \$ 23.09      |
| Tangible common equity as a % of tangible assets  | 9.03 %                          | 8.74 %        | 8.82 %        | 9.15 %        | 9.55 %        |
| Tangible book value per common share  | \$ 13.09                        | \$ 12.83      | \$ 13.17      | \$ 13.57      | \$ 13.87      |

|   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>The following table shows the reconciliation of reported return on average tangible common equity and adjusted return on average tangible common equity<sup>3</sup>:</b> |              |              |              |              |              |
| Average stockholders' equity  | \$ 4,524,417 | \$ 4,506,537 | \$ 4,464,403 | \$ 4,530,334 | \$ 4,591,770 |
| Average preferred stock   | (137,698)    | (137,579)    | (137,361)    | (137,139)    | (136,914)    |
| Average goodwill and other intangibles  | (1,780,102)  | (1,792,400)  | (1,788,200)  | (1,784,016)  | (1,779,801)  |
| Average tangible common stockholders' equity  | 2,606,617    | 2,576,558    | 2,538,842    | 2,609,179    | 2,675,055    |
| Net income available to common  | 104,722      | 12,171       | 48,820       | 82,438       | 74,457       |
| Net income, if annualized   | 415,473      | 48,951       | 196,353      | 327,960      | 296,209      |
| Reported return on avg tangible common equity   | 15.94 %      | 1.90 %       | 7.73 %       | 12.57 %      | 11.07 %      |
| Adjusted net income (loss) (see reconciliation on page 20)  | \$ 108,855   | \$ (3,124)   | \$ 56,926    | \$ 87,682    | \$ 94,323    |
| Annualized adjusted net income (loss)   | 431,870      | (12,565)     | 228,955      | 348,822      | 375,242      |
| Adjusted return on average tangible common equity   | 16.57 %      | (0.49)%      | 9.02 %       | 13.37 %      | 14.03 %      |

|   |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>The following table shows the reconciliation of reported return on average tangible assets and adjusted return on average tangible assets<sup>4</sup>:</b> |               |               |               |               |               |
| Average assets  | \$ 30,349,691 | \$ 30,484,433 | \$ 30,732,914 | \$ 30,652,856 | \$ 30,024,165 |
| Average goodwill and other intangibles  | (1,780,102)   | (1,792,400)   | (1,788,200)   | (1,784,016)   | (1,779,801)   |
| Average tangible assets   | 28,569,589    | 28,692,033    | 28,944,714    | 28,868,840    | 28,244,364    |
| Net income available to common  | 104,722       | 12,171        | 48,820        | 82,438        | 74,457        |
| Net income, if annualized   | 415,473       | 48,951        | 196,353       | 327,960       | 296,209       |
| Reported return on average tangible assets  | 1.45 %        | 0.17 %        | 0.68 %        | 1.14 %        | 1.05 %        |
| Adjusted net income (loss) (see reconciliation on page 20)  | \$ 108,855    | \$ (3,124)    | \$ 56,926     | \$ 87,682     | \$ 94,323     |
| Annualized adjusted net income (loss)   | 431,870       | (12,565)      | 228,955       | 348,822       | 375,242       |
| Adjusted return on average tangible assets  | 1.51 %        | (0.04)%       | 0.79 %        | 1.21 %        | 1.33 %        |

Sterling Bancorp and Subsidiaries  
NON-GAAP FINANCIAL MEASURES  
(unaudited, in thousands, except share and per share data)

The Company provides supplemental reporting of non-GAAP/adjusted financial measures as management believes this information is useful to investors. See legend beginning on page 22.

|  | As of and for the Quarter Ended |             |             |             |             |
|--|---------------------------------|-------------|-------------|-------------|-------------|
|  | 12/31/2019                      | 3/31/2020   | 6/30/2020   | 9/30/2020   | 12/31/2020  |
| <b>The following table shows the reconciliation of the reported operating efficiency ratio and adjusted operating efficiency ratio<sup>5</sup>:</b>  |                                 |             |             |             |             |
| Net interest income  | \$ 228,257                      | \$ 211,772  | \$ 213,299  | \$ 217,824  | \$ 222,026  |
| Non-interest income  | 32,381                          | 47,326      | 26,090      | 28,225      | 33,921      |
| Total revenue  | 260,638                         | 259,098     | 239,389     | 246,049     | 255,947     |
| Tax equivalent adjustment on securities  | 3,463                           | 3,454       | 3,411       | 3,258       | 3,146       |
| Net loss (gain) on sale of securities  | 76                              | (8,412)     | (485)       | (642)       | 111         |
| Loss on termination of pension plan  | 280                             | —           | —           | —           | —           |
| Depreciation of operating leases   | —                               | (3,492)     | (3,136)     | (3,130)     | (3,130)     |
| Adjusted total revenue   | 264,457                         | 250,648     | 239,179     | 245,535     | 256,074     |
| Non-interest expense   | 115,450                         | 114,713     | 124,881     | 119,362     | 133,473     |
| Charge for asset write-downs, systems integration, retention and severance   | (5,133)                         | —           | —           | —           | —           |
| Impairment related to financial centers and real estate consolidation strategy   | —                               | —           | —           | —           | (13,311)    |
| Loss on extinguishment of borrowings   | —                               | (744)       | (9,723)     | (6,241)     | (2,749)     |
| Depreciation of operating leases   | —                               | (3,492)     | (3,136)     | (3,130)     | (3,130)     |
| Amortization of intangible assets  | (4,785)                         | (4,200)     | (4,200)     | (4,200)     | (4,200)     |
| Adjusted non-interest expense  | 105,532                         | 106,277     | 107,822     | 105,791     | 110,083     |
| Reported operating efficiency ratio  | 44.3 %                          | 44.3 %      | 52.2 %      | 48.5 %      | 52.1 %      |
| Adjusted operating efficiency ratio  | 39.9                            | 42.4        | 45.1        | 43.1        | 43.0        |
| <b>The following table shows the reconciliation of reported net income (GAAP) and earnings per share to adjusted net income available to common stockholders (non-GAAP) and adjusted diluted earnings per share(non-GAAP)<sup>6</sup>:</b> |                                 |             |             |             |             |
| Income before income tax expense   | \$ 134,603                      | \$ 6,105    | \$ 57,902   | \$ 96,687   | \$ 94,974   |
| Income tax expense (benefit)   | 27,905                          | (8,042)     | 7,110       | 12,280      | 18,551      |
| Net income (GAAP)  | 106,698                         | 14,147      | 50,792      | 84,407      | 76,423      |
| Adjustments:   |                                 |             |             |             |             |
| Net loss (gain) on sale of securities  | 76                              | (8,412)     | (485)       | (642)       | 111         |
| Loss on termination of pension plan  | 280                             | —           | —           | —           | —           |
| Loss on extinguishment of debt   | —                               | 744         | 9,723       | 6,241       | 2,749       |
| Impairment related to financial centers and real estate consolidation strategy   | —                               | —           | —           | —           | 13,311      |
| Charge for asset write-downs, systems integration, retention and severance   | 5,133                           | —           | —           | —           | —           |
| Amortization of non-compete agreements and acquired customer list intangible assets  | 200                             | 172         | 172         | 172         | 172         |
| Total pre-tax adjustments  | 5,689                           | (7,496)     | 9,410       | 5,771       | 16,343      |
| Adjusted pre-tax income (loss)   | 140,292                         | (1,391)     | 67,312      | 102,458     | 111,317     |
| Adjusted income tax expense (benefit)  | 29,461                          | (243)       | 8,414       | 12,807      | 15,028      |
| Adjusted net income (loss) (non-GAAP)  | 110,831                         | (1,148)     | 58,898      | 89,651      | 96,289      |
| Preferred stock dividend   | 1,976                           | 1,976       | 1,972       | 1,969       | 1,966       |
| Adjusted net income (loss) available to common stockholders (non-GAAP)   | \$ 108,855                      | \$ (3,124)  | \$ 56,926   | \$ 87,682   | \$ 94,323   |
| Weighted average diluted shares  | 200,252,542                     | 196,709,038 | 193,604,431 | 193,715,943 | 193,530,930 |
| Reported diluted EPS (GAAP)  | \$ 0.52                         | \$ 0.06     | \$ 0.25     | \$ 0.43     | \$ 0.38     |
| Adjusted diluted EPS (non-GAAP)  | 0.54                            | (0.02)      | 0.29        | 0.45        | 0.49        |

Sterling Bancorp and Subsidiaries  
NON-GAAP FINANCIAL MEASURES  
(unaudited, in thousands, except share and per share data)

The Company provides supplemental reporting of non-GAAP/adjusted financial measures as management believes this information is useful to investors. See legend beginning on page 22.

|  | <b>For the Year Ended December 31,</b> |                   |
|--|--|-------------------|
|  | <b>2019</b>                            | <b>2020</b>       |
| <b><u>The following table shows the reconciliation of reported net income (GAAP) and earnings per share to adjusted net income available to common stockholders (non-GAAP) and adjusted diluted earnings per share (non-GAAP)<sup>6</sup>:</u></b> |  |                   |
| Income before income tax expense   | \$ 539,966                             | \$ 255,668        |
| Income tax expense (benefit)   | 112,925                                | 29,899            |
| Net income (GAAP)  | <u>427,041</u>                         | <u>225,769</u>    |
| Adjustments:   |  |                   |
| Net loss (gain) on sale of securities  | 6,905                                  | (9,428)           |
| Net (gain) on termination of pension plan  | (11,817)                               | —                 |
| Net (gain) on sale or residential mortgage loans   | (8,313)                                | —                 |
| Impairment related to financial centers and real estate consolidation strategy   | 14,398                                 | 13,311            |
| Charge for asset write-downs, systems integration, retention and severance   | 8,477                                  | —                 |
| (Gain) loss on extinguishment of borrowings  | (46)                                   | 19,462            |
| Amortization of non-compete agreements and acquired customer list intangible assets  | 840                                    | 686               |
| Total pre-tax adjustments  | <u>10,444</u>                          | <u>24,031</u>     |
| Adjusted pre-tax income  | 550,410                                | 279,699           |
| Adjusted income tax expense  | 115,586                                | 37,759            |
| Adjusted net income (non-GAAP)   | <u>\$ 434,824</u>                      | <u>\$ 241,940</u> |
| Preferred stock dividend   | 7,933                                  | 7,883             |
| Adjusted net income available to common stockholders (non-GAAP)  | <u>\$ 426,891</u>                      | <u>\$ 234,057</u> |
| Weighted average diluted shares  | 206,131,628                            | 194,393,343       |
| Diluted EPS as reported (GAAP)   | \$ 2.03                                | \$ 1.12           |
| Adjusted diluted EPS (non-GAAP)  | 2.07                                   | 1.20              |

Sterling Bancorp and Subsidiaries  
NON-GAAP FINANCIAL MEASURES  
(unaudited, in thousands, except share and per share data)

The Company provides supplemental reporting of non-GAAP/adjusted financial measures as management believes this information is useful to investors. See legend beginning on page 23.

|  | <b>For the Year Ended December 31,</b> |               |
|--|--|---------------|
|  | <b>2019</b>                            | <b>2020</b>   |
| <b><u>The following table shows the reconciliation of reported return on average tangible common equity and adjusted return on average tangible common equity<sup>3</sup>:</u></b> |  |               |
| Average stockholders' equity   | \$ 4,463,605                           | \$ 4,523,468  |
| Average preferred stock  | (138,007)                              | (137,247)     |
| Average goodwill and other intangibles   | (1,773,475)                            | (1,786,081)   |
| Average tangible common stockholders' equity   | 2,552,123                              | 2,600,140     |
| Net income available to common stockholders  | \$ 419,108                             | \$ 217,886    |
| Reported return on average tangible common equity  | 16.42 %                                | 8.38 %        |
| Adjusted net income available to common stockholders (see reconciliation on page 21)   | \$ 426,891                             | \$ 234,057    |
| Adjusted return on average tangible common equity  | 16.73 %                                | 9.00 %        |
| <b><u>The following table shows the reconciliation of reported return on avg tangible assets and adjusted return on avg tangible assets<sup>4</sup>:</u></b>                       |  |               |
| Average assets   | \$ 30,138,390                          | \$ 30,472,854 |
| Average goodwill and other intangibles   | (1,773,475)                            | (1,786,081)   |
| Average tangible assets  | 28,364,915                             | 28,686,773    |
| Net income available to common stockholders  | 419,108                                | 217,886       |
| Reported return on average tangible assets   | 1.48 %                                 | 0.76 %        |
| Adjusted net income available to common stockholders (see reconciliation on page 21)   | \$ 426,891                             | \$ 234,057    |
| Adjusted return on average tangible assets   | 1.51 %                                 | 0.82 %        |
| <b><u>The following table shows the reconciliation of the reported operating efficiency ratio and adjusted operating efficiency ratio<sup>5</sup>:</u></b>                         |  |               |
| Net interest income  | \$ 918,923                             | \$ 864,921    |
| Non-interest income  | 130,865                                | 135,562       |
| Total revenues   | 1,049,788                              | 1,000,483     |
| Tax equivalent adjustment on securities  | 14,834                                 | 13,271        |
| Net loss (gain) on sale of securities  | 6,905                                  | (9,428)       |
| Net (gain) on termination of pension plan  | (11,817)                               | —             |
| (Gain) on sale of residential mortgage loans   | (8,313)                                | —             |
| Depreciation of operating leases   | —                                      | (12,888)      |
| Adjusted total net revenue   | 1,051,397                              | 991,438       |
| Non-interest expense   | 463,837                                | 492,429       |
| Charge for asset write-downs, system integration, retention and severance  | (8,477)                                | —             |
| Impairment related to financial centers and real estate consolidation strategy   | (14,398)                               | (13,311)      |
| Gain (loss) on extinguishment of borrowings  | 46                                     | (19,462)      |
| Depreciation of operating leases   | —                                      | (12,888)      |
| Amortization of intangible assets  | (19,181)                               | (16,800)      |
| Adjusted non-interest expense  | \$ 421,827                             | \$ 429,968    |
| Reported operating efficiency ratio  | 44.2 %                                 | 49.2 %        |
| Adjusted operating efficiency ratio  | 40.1 %                                 | 43.4 %        |

The non-GAAP/as adjusted measures presented above are used by our management and the Company's Board of Directors on a regular basis in addition to our GAAP results to facilitate the assessment of our financial performance and to assess our performance compared to our annual budget and strategic plans. These non-GAAP/adjusted financial measures complement our GAAP reporting and are presented above

to provide investors, analysts, regulators and others information that we use to manage and evaluate our performance each period. This information supplements our GAAP reported results, and should not be viewed in isolation from, or as a substitute for, our GAAP results. When non-GAAP/adjusted measures are impacted by income tax expense, we present the pre-tax amount for the income and expense items that result in the non-GAAP adjustments and present the income tax expense impact at the effective tax rate in effect for the period presented.

<sup>1</sup> PPNR is a non-GAAP financial measure calculated by summing our GAAP net interest income plus GAAP non-interest income minus our GAAP non-interest expense and eliminating provision for credit losses and income taxes. We believe the use of PPNR provides useful information to readers of our financial statements because it enables an assessment of our ability to generate earnings to cover credit losses through a credit cycle. Adjusted PPNR includes the adjustments we make for adjusted earnings and excludes accretion income. We believe adjusted PPNR supplements our PPNR calculation. We use this calculation to assess our performance in the current operating environment.

<sup>2</sup> Stockholders' equity as a percentage of total assets, book value per common share, tangible common equity as a percentage of tangible assets and tangible book common value per share provides information to help assess our capital position and financial strength. We believe tangible book measures improve comparability to other banking organizations that have not engaged in acquisitions that have resulted in the accumulation of goodwill and other intangible assets.

<sup>3</sup> Reported return on average tangible common equity and adjusted return on average tangible common equity measures provide information to evaluate the use of our tangible common equity.

<sup>4</sup> Reported return on average tangible assets and adjusted return on average tangible assets measures provide information to help assess our profitability.

<sup>5</sup> The reported operating efficiency ratio is a non-GAAP measure calculated by dividing our GAAP non-interest expense by the sum of our GAAP net interest income plus GAAP non-interest income. The adjusted operating efficiency ratio is a non-GAAP measure calculated by dividing non-interest expense adjusted for intangible asset amortization and certain expenses generally associated with discrete merger transactions and non-recurring strategic plans by the sum of net interest income plus non-interest income plus the tax equivalent adjustment on securities income and elimination of the impact of gain or loss on sale of securities. The adjusted operating efficiency ratio is a measure we use to assess our operating performance.

<sup>6</sup> Adjusted net income available to common stockholders and adjusted diluted earnings per share present a summary of our earnings, which includes adjustments to exclude certain revenues and expenses (generally associated with discrete merger transactions and non-recurring strategic plans) to help in assessing our profitability.