



**Quarter Ended March 31, 2015 Earnings Conference Call**

**April 30, 2015**

# Forward-Looking Statements and Associated Risk Factors

---

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

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

*Financial statement information contained in this presentation should be considered to be an estimate pending the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2015. 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 Quarterly Report on Form 10-Q to be reflected in the results of the fiscal period, even though the new information was received by management subsequent to the date of this presentation.*

# March 2015 Quarter Highlights

---

- Strong profitability, double-digit annualized loan growth and significant operating leverage
- Reported net income of \$16.8 million and diluted EPS of \$0.19
- Core net income of \$18.5 million and core diluted EPS of \$0.21<sup>(1)</sup>
- Total gross loans of \$4.9 billion; annualized commercial loan growth of 16.3%
- Total deposits of \$5.6 billion; weighted average cost of 23 bps
- Strong core operating and core profitability ratios<sup>(2)</sup>
  - † NIM: 3.64%; operating efficiency ratio: 56.4%; ROATE: 12.7%; ROATA: 1.07%
- Net charge-offs of \$1.6 million representing 13 bps of average loans annualized
- Strong capital position; raised \$89.7 million (gross) in common equity to fund growth
- Announced dividend per share of \$0.07 on 4/29/2015
- Sterling shareholder approval of Merger with Hudson Valley obtained on 4/28/2015
- Closed acquisition of Damian Services Corporation

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

(2) Refer to pages 12 through 15 for detail on core ratio calculations.

# Summary of Financial Performance

(\$ in millions, except per share data)

	Quarter Ended			Linked Q $\Delta$	YOY $\Delta$
	3/31/2015	12/31/2014	3/31/2014		
<b>Selected Balance Sheet Data: <sup>(1)</sup></b>					
Total Assets	\$7,728	\$7,425	\$6,924	4.1%	11.6%
Gross Loans Held for Investment	4,939	4,816	4,244	2.6%	16.4%
Investment Securities	1,800	1,713	1,761	5.1%	2.2%
Core Deposits <sup>(2)</sup>	3,947	3,781	3,741	4.4%	5.5%
Tangible Equity <sup>(3)</sup>	628	543	499	15.7%	25.9%
<b>Selected Profitability Data: <sup>(1)</sup></b>					
Net Interest Income	\$58.9	\$60.2	\$54.0	(\$1.3)	\$4.9
Provision for Loan Losses	2.1	3.0	4.8	(0.9)	(2.7)
Non-interest Income (Excluding Securities Gains)	12.5	14.0	12.4	(1.5)	0.1
Non-interest Expense	45.9	45.8	46.7	0.1	(0.8)
Net Income	16.8	17.0	10.3	(0.2)	6.5
Securities Gains	1.5	—	0.1	1.5	1.4
<b>Key Performance Measures: <sup>(1)</sup></b>					
Diluted Earnings per Share	\$0.19	\$0.20	\$0.12	(\$0.01)	\$0.07
Core Diluted Earnings per Share <sup>(3)</sup>	0.21	0.23	0.16	(0.02)	0.05
Net Interest Margin (tax-equivalent basis) <sup>(4)</sup>	3.64%	3.70%	3.76%	(6) bps	(12) bps
Non-interest Income to Total Revenue	17.5%	18.9%	18.6%	(140) bps	(110) bps
Core Operating Efficiency Ratio <sup>(3)</sup>	56.4%	54.0%	61.4%	240 bps	(500) bps
Core ROATA <sup>(3)</sup>	1.07%	1.13%	0.84%	(6) bps	23 bps
Core ROATE <sup>(3)</sup>	12.7%	14.4%	10.7%	(170) bps	200 bps

(1) See earnings release dated April 29, 2015.

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

(3) See pages 12 through 15 for a reconciliation of non-GAAP financial measures.

(4) Tax-equivalent adjustment represents interest income earned on municipal securities divided by the applicable Federal tax rate of 35%.

# Reconciliation of GAAP Earnings to Core Earnings

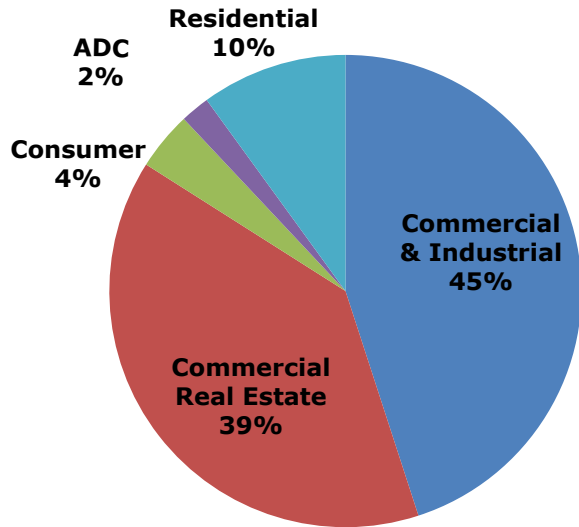
	Quarter Ended		
	3/31/2015	12/31/2014	3/31/2014
(\$ in thousands, except per share data)			
<b>Reported Diluted Earnings per Share</b>	<b>\$0.19</b>	<b>\$0.20</b>	<b>\$0.12</b>
<b>Reported Net Income</b>	<b>16,778</b>	<b>17,004</b>	<b>10,332</b>
Net Income Adjustments:			
Net (gain) loss on sale of securities	(1,534)	43	(60)
Merger-related expense	2,455	502	388
Charge for asset write-downs, banking systems conversion, retention and severance	971	2,493	678
Amortization of non-compete agreements and acquired customer lists	660	859	1,497
Charge on benefit plan settlement	—	—	1,486
<b>Total Adjustments</b>	<b>2,552</b>	<b>3,897</b>	<b>3,989</b>
<b>Total Adjustments (after-tax)</b>	<b>1,723</b>	<b>2,611</b>	<b>2,762</b>
<b>Core Net Income</b>	<b>18,501</b>	<b>19,615</b>	<b>13,094</b>
<b>Core Diluted Earnings per Share</b>	<b>\$0.21</b>	<b>\$0.23</b>	<b>\$0.16</b>
<i>Weighted average diluted shares outstanding</i>	<i>88,252,768</i>	<i>84,194,916</i>	<i>83,794,107</i>
<i>Core return on average tangible assets</i>	<i>1.07%</i>	<i>1.13%</i>	<i>0.84%</i>
<i>Core return on average tangible equity</i>	<i>12.7%</i>	<i>14.4%</i>	<i>10.7%</i>
<i>Core operating efficiency ratio</i>	<i>56.4%</i>	<i>54.0%</i>	<i>61.4%</i>

Note: See pages 12 through 15 for a reconciliation of non-GAAP financial measures.

# Diversified Balance Sheet

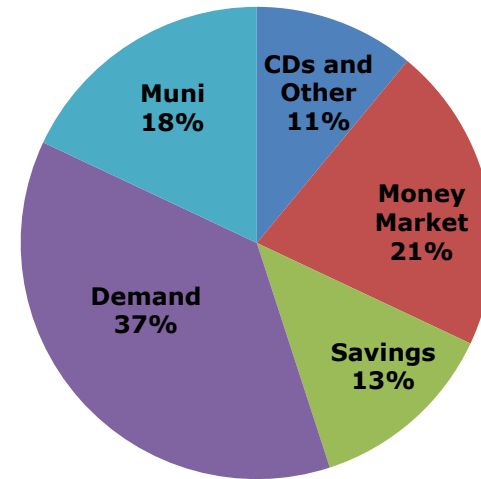
- Commercial loan growth of 16.3% annualized over linked quarter<sup>(1)</sup>
- Diversification between C&I, CRE and consumer loans
- Retail, commercial and municipal transaction, money market and savings deposit accounts represent 89.2% of total deposits

## Loan Composition



**Total Portfolio Loans: \$4.9 B**  
**Yield on Loans: 4.66%**

## Deposit Composition



**Total Deposits: \$5.6 B**  
**Cost of Deposits: 0.23%**

(1) Rates represent annualized growth rates for the period January 1, 2015 through March 31, 2015.

# Origination Capabilities Across Broad Asset Classes

(\$ in millions)

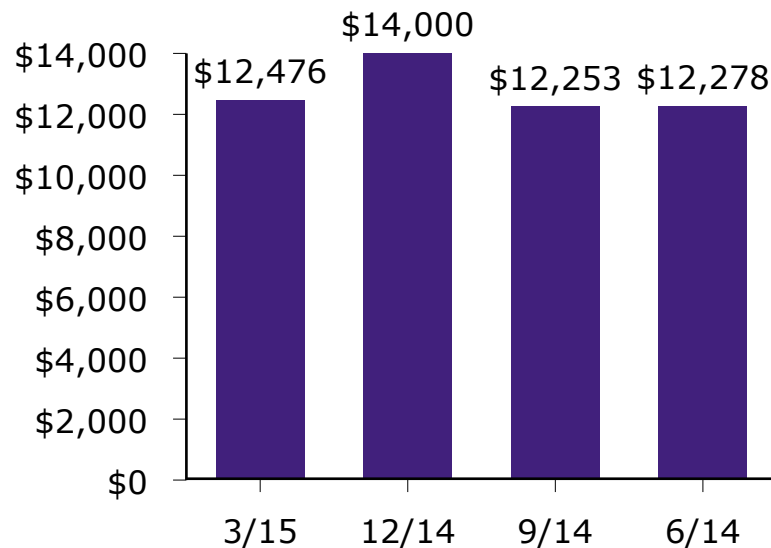
Line of Business	3/31/2015	12/31/2014	3/31/2014	YOY Δ	YOY %
<b>Commercial:</b>					
C&I	\$ 1,192	\$ 1,245	\$ 1,072	\$ 120	11.2 %
Payroll Finance	182	154	127	55	43.3
Warehouse Lending	241	174	150	91	60.7
Factored Receivables	152	162	146	6	4.1
Equipment Financing	465	411	332	133	40.1
<b>Total Commercial</b>	<b>2,232</b>	<b>2,146</b>	<b>1,827</b>	<b>405</b>	<b>22.2</b>
<b>Commercial Real Estate:</b>					
Commercial Real Estate	1,531	1,458	1,315	216	16.4
Multi-Family	386	385	299	87	29.1
ADC	96	97	91	5	5.5
<b>Total Commercial Real Estate</b>	<b>2,013</b>	<b>1,940</b>	<b>1,705</b>	<b>308</b>	<b>18.1</b>
<b>Consumer:</b>					
Residential Mortgage	494	530	513	(19)	(3.7)
Other Consumer	200	200	199	1	0.5
<b>Total Consumer</b>	<b>694</b>	<b>730</b>	<b>712</b>	<b>(18)</b>	<b>(2.5)</b>
<b>Total Portfolio Loans</b>	<b>\$ 4,939</b>	<b>\$ 4,816</b>	<b>\$ 4,244</b>	<b>\$ 695</b>	<b>16.4%</b>

# Diversified Non-Interest Income

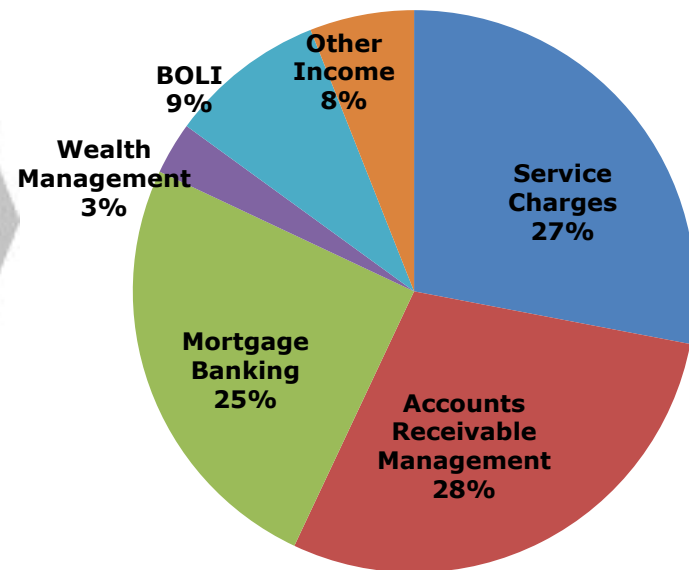
- Diversified mix of fee-based business including mortgage banking, payroll finance and factoring
- Total non-interest income to total revenue of 17.5%<sup>(1)</sup>
- Seasonality in factoring and payroll finance; completed acquisition of Damian Services Corporation

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

(\$ in thousands)



## Non-Interest Income Composition

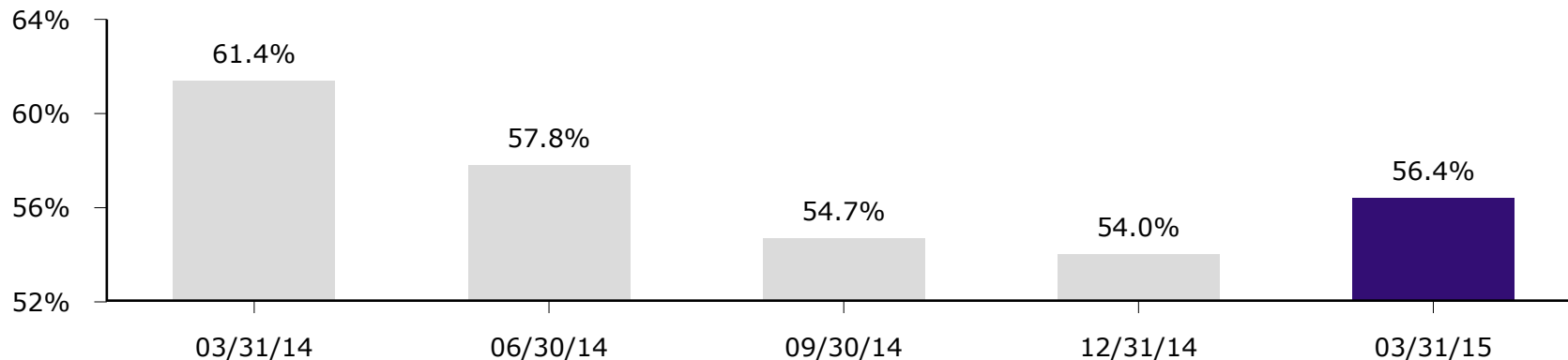


(1) Excludes net gains/(losses) on sale of securities.

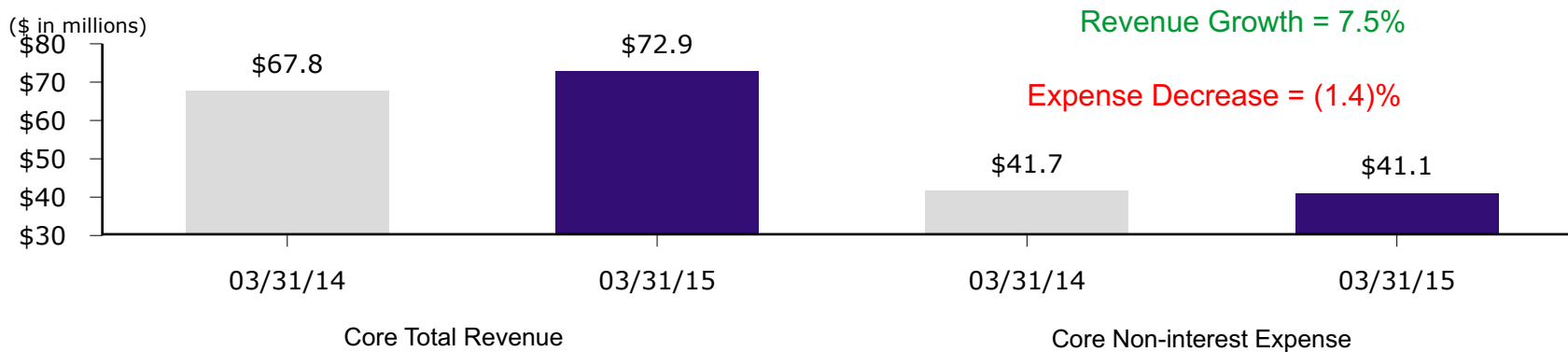


# Core Operating Efficiency

## Core Operating Efficiency Ratio



## Core Operating Leverage



Note: See pages 12 through 15 for a reconciliation of non-GAAP financial measures.

# Asset Quality Performance

Ratios and Balances (in millions)	Quarter Ended				
	Mar 15	Dec 14	Sep 14	Jun 14	Mar 14
Non-performing loans to total loans	0.94%	0.97%	1.07%	1.25%	1.42%
Net charge-offs to average loans	0.13%	0.10%	0.09%	0.15%	0.34%
Allowance for loan losses to:					
Total loans	0.87%	0.88%	0.85%	0.80%	0.75%
Allowance for loan losses to non-performing loans	92.3%	90.8%	79.7%	64.0%	53.1%
Non-performing assets to total assets	0.71%	0.71%	0.80%	0.85%	1.00%
Special Mention	\$26.1	\$31.3	\$39.6	\$41.8	\$40.0
Substandard / Doubtful	74.3	74.9	73.1	79.1	82.7
Total Criticized / Classified	100.4	106.2	112.7	120.9	122.7
Non-accrual and 90 days delinquent still accruing	46.4	46.6	51.0	56.8	60.3

(1) See pages 12 through 15 for a reconciliation of non-GAAP financial measures.

# March 2015 Summary

---

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

# Adjusted Information (non-GAAP information)

---

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

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

# Non-GAAP to GAAP Reconciliation

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

	As of and for the quarter ended				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>The following table shows the reconciliation of stockholders' equity to tangible equity and the tangible equity ratio:</b>					
Total assets	\$ 7,727,515	\$ 7,424,822	\$ 7,337,387	\$ 7,250,729	\$ 6,924,419
Goodwill and other intangibles	(452,698)	(432,258)	(434,204)	(435,185)	(437,727)
Tangible assets	7,274,817	6,992,564	6,903,183	6,815,544	6,486,692
Stockholders' equity	1,080,543	975,200	961,138	953,433	936,466
Goodwill and other intangibles	(452,698)	(432,258)	(434,204)	(435,185)	(437,727)
Tangible stockholders' equity	627,845	542,942	526,934	518,248	498,739
Common stock outstanding at period end	91,121,531	83,927,572	83,628,267	83,600,529	83,544,307
Tangible equity as % of tangible assets	8.63%	7.76%	7.63%	7.60%	7.69%
Tangible book value per share	\$ 6.89	\$ 6.47	\$ 6.30	\$ 6.20	\$ 5.97

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

Average stockholders' equity	\$ 1,031,809	\$ 973,089	\$ 956,166	\$ 944,476	\$ 934,304
Average goodwill and other intangibles	(438,970)	(433,396)	(434,141)	(436,805)	(439,613)
Average tangible stockholders' equity	592,839	539,693	522,025	507,671	494,691
Net income	16,778	17,004	16,337	15,011	10,332
Net income, if annualized	68,044	67,462	64,815	60,209	41,902
Return on average tangible equity	11.48%	12.50%	12.42%	11.86%	8.47%
Core net income (see reconciliation on page 14)	\$ 18,501	\$ 19,615	\$ 18,166	\$ 15,715	\$ 13,094
Annualized core net income	75,032	77,820	72,072	63,033	53,103
Core return on average tangible equity	12.66%	14.42%	13.81%	12.42%	10.73%

# Non-GAAP to GAAP Reconciliation

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

	For the quarter ended				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>The following table shows the reconciliation of the core operating efficiency ratio:</b>					
Net interest income	\$ 58,867	\$ 60,237	\$ 59,633	\$ 58,451	\$ 54,028
Non-interest income	14,010	13,957	12,286	13,471	12,415
Total net revenue	72,877	74,194	71,919	71,922	66,443
Tax equivalent adjustment on securities interest income	1,544	1,546	1,543	1,481	1,440
Net (gain) loss on sale of securities	(1,534)	43	(33)	(1,193)	(60)
Core total revenue	72,887	75,783	73,429	72,210	67,823
Non-interest expense	45,921	45,814	43,780	44,904	46,723
Merger-related expense	(2,455)	(502)	—	—	(388)
Charge for asset write-downs, banking systems conversion, retention, severance	(971)	(2,493)	(1,103)	(2,321)	(678)
Gain on sale of financial center and redemption of TRUPs	—	—	—	1,637	—
Charge on benefit plan settlement	—	—	—	—	(1,486)
Amortization of intangible assets	(1,399)	(1,873)	(2,511)	(2,511)	(2,511)
Core non-interest expense	41,096	40,946	40,166	41,709	41,660
Core operating efficiency ratio	56.4%	54.0%	54.7%	57.8%	61.4%
<b>The following table shows the reconciliation of core net income and core earnings per share:</b>					
Income before income tax expense	\$ 24,856	\$ 25,380	\$ 22,789	\$ 21,068	\$ 14,920
Income tax expense	8,078	8,376	6,452	6,057	4,588
Net income	16,778	17,004	16,337	15,011	10,332
Net (gain) loss on sale of securities	(1,534)	43	(33)	(1,193)	(60)
Merger-related expense	2,455	502	—	—	388
Charge for asset write-downs, banking systems conversion, retention, severance	971	2,493	1,103	2,321	678
Gain on sale of financial center and redemption of TRUPs	—	—	—	(1,637)	—
Charge on benefit plan settlement	—	—	—	—	1,486
Amortization of non-compete agreements and acquired customer lists	660	859	1,497	1,497	1,497
Total charges	2,552	3,897	2,567	988	3,989
Income tax (benefit)	(829)	(1,286)	(738)	(284)	(1,227)
Total non-core charges net of taxes	1,723	2,611	1,829	704	2,762
Core net income	\$ 18,501	\$ 19,615	\$ 18,166	\$ 15,715	\$ 13,094
Weighted average diluted shares <sup>1</sup>	88,252,768	84,194,916	83,883,461	83,806,135	83,794,107
Diluted EPS as reported	\$ 0.19	\$ 0.20	\$ 0.19	\$ 0.18	\$ 0.12
Core diluted EPS (excluding total charges)	0.21	0.23	0.22	0.19	0.16

# Non-GAAP to GAAP Reconciliation

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

	For the quarter ended				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>The following table shows the reconciliation of return on tangible assets and core return on tangible assets:</b>					
Average assets	\$ 7,438,314	\$ 7,340,332	\$ 7,217,649	\$ 7,048,328	\$ 6,747,546
Average goodwill and other intangibles	(438,970)	(433,396)	(434,141)	(436,805)	(439,613)
Average tangible assets	6,999,344	6,906,936	6,783,508	6,611,523	6,307,933
Net income (loss)	16,778	17,004	16,337	15,011	10,332
Net income (loss), if annualized	68,044	67,462	64,815	60,209	41,902
Return on average tangible assets	0.97%	0.98%	0.96%	0.91%	0.66%
Core net income (see reconciliation on page 14)	\$ 18,501	\$ 19,615	\$ 18,166	\$ 15,715	\$ 13,094
Annualized core net income	75,032	77,820	72,072	63,033	53,103
Core return on average tangible assets	1.07%	1.13%	1.06%	0.95%	0.84%



**STERLING  
BANCORP**