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**Sterling Bancorp Reports Record Net Income For First Quarter 2004**  
*Demand Deposits Reached All-Time High*

New York, NY, April 15, 2004 – Sterling Bancorp (NYSE: STL), a financial holding company and the parent company of Sterling National Bank, today reported its financial results for the quarter ended March 31, 2004.

**First Quarter 2004 Highlights:**

- Net income increased by 10.5% to \$6.5 million, a record level for the Company
- Diluted earnings per share increased to \$0.40 from \$0.37 in the first quarter 2003
- Average demand deposits increased by 16.4% to \$402.1 million, an historical high for the Company

“Our strong results for the first quarter exemplify the merits of our balanced business model,” said Louis J. Cappelli, Chairman and Chief Executive Officer. “Sterling has a track record of producing year-over-year earnings growth, and this quarter is no exception. Our recent branch expansion initiatives in Westchester and Long Island City exceeded expectations. Over the past 75 years, we have established ourselves as New York City’s hometown bank and have also successfully expanded our business beyond the metropolitan area.”

Chairman Cappelli concluded, “Sterling is committed to delivering high tech banking products together with personalized customer service, differentiating us from the competition. We maintain a best-in-class approach to customer service, which in conjunction with our focus on individuals, small and mid-sized businesses, puts us in a position to capitalize on future industry consolidation.”

**First Quarter 2004 Corporate Highlights**

In the first quarter, Sterling’s Long Island City Regional Banking Center held its grand opening and ribbon cutting ceremony. Sterling executives and local dignitaries were on hand to celebrate the opening of the Company’s third branch in Queens.

On February 23, 2004, Sterling expanded into Westchester County, New York, through the acquisition of a savings bank branch location in Yonkers.

Both branches will provide all of Sterling's services through full service retail and corporate banking offices and expanded residential mortgage facilities.

### **First Quarter 2004 Financial Results**

#### **Net Income**

Net income for the first quarter 2004 was \$6.5 million, a 10.5% increase from \$5.8 million in the first quarter 2003. Diluted earnings per share grew to \$0.40 from \$0.37 in the first quarter of last year (adjusted to reflect the five-for-four stock split effected in September 2003).

The year-over-year increase in net income is a result of continued growth in net interest income and noninterest income.

#### **Net Interest Income**

In the first quarter 2004, net interest income, on a tax equivalent basis, increased to \$19.3 million from \$18.5 million in the first quarter 2003.

On December 31, 2003, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 46R ("FIN 46R") "Consolidation of Variable Interest Entities," which clarified certain provisions of a previously released interpretation. Under the provisions of FIN 46R, Sterling deconsolidated the issuer trust and accounts for its investment in the trust as an asset, its junior subordinated debentures as long-term debt and the interest paid on those debentures as interest expense. As a result of the adoption of FIN 46R, the Company's prior period presentations have been restated to conform to the current presentation.

Net interest margin, on a tax equivalent basis, for the first quarter 2004 was 4.90%, compared to 5.47% for the first quarter 2003 (adjusted to reflect the adoption of FIN 46R). The decrease was primarily the result of the lower interest rate environment in 2004 and the effect of the mix of earning assets (including principal prepayments in the investment portfolio), partially offset by the impact of increases in average investment securities and loans outstanding.

#### **Loans**

Average loans held in portfolio for the first quarter 2004 grew 10.0% year-over-year to \$818.8 million from \$744.6 million in the first quarter 2003.

#### **Demand Deposits**

For the first quarter 2004, average demand deposits increased 16.4% to \$402.1 million. As of March 31, 2004, demand deposits were 35.0% of total deposits, continuing Sterling's tradition of maintaining one of the highest ratios of demand to total deposits in the industry.

**Cost of Funds**

The average rate paid on interest bearing funds was 1.67% for the first quarter 2004, compared to 1.87% for the first quarter 2003 (adjusted to reflect the adoption of FIN 46R), reflecting Management's continued discipline in controlling funding costs.

In the first quarter 2004, the total interest expense was \$4.5 million compared to \$4.4 million in the first quarter 2003.

**Noninterest Income and Noninterest Expenses**

For the first quarter 2004, noninterest income was \$8.2 million, a 9.6% increase compared to the first quarter 2003. This increase was the result of increased income from mortgage and factoring business units and securities gains.

Noninterest expenses for the quarter ended March 31, 2004 were \$14.7 million, compared to \$14.4 million in the corresponding period of 2003. The increase was primarily due to investments in the Sterling franchise, including the new branches, with higher expenses related to salaries, advertising, professional fees and equipment. These higher expenses were partially offset by a \$1.3 million reduction in employee benefit costs as a result of an executive relinquishing his right to receive pension payments exchanged for a life insurance policy.

**Asset Quality**

As of March 31, 2004, nonperforming assets were \$4.0 million, representing 0.23% of total assets.

The provision for loan losses for the first quarter 2004 increased to \$2.4 million from \$1.8 million in the first quarter 2003. The allowance for loan losses as a percentage of loans held in portfolio was 1.73% as of March 31, 2004.

**Dividend**

On March 31, 2004, Sterling paid a cash dividend of \$0.19 per common share to shareholders of record as of March 15, 2004. The Company has been distributing cash dividends for 233 consecutive quarters.

**Conference Call**

Sterling Bancorp will host a teleconference call for the financial community on Friday, April 16, 2004 at 10:00 a.m. Eastern Time to discuss the first quarter 2004 financial results. The public is invited to listen to this conference call by dialing 800-982-3472 at least 10 minutes prior to the call and entering passcode 436523.

A replay of the conference call will be available at 1:00 pm Eastern Time on Friday, April 16, 2004 until 11:59 p.m. Eastern Time on Friday, April 23, 2004. The public is invited to listen to this conference call by dialing 888-266-2081 and entering passcode 436523.

### **About Sterling Bancorp**

Sterling Bancorp (NYSE: STL) is a financial holding company with assets of \$1.7 billion, offering a broad array of banking and financial services products. Its principal banking subsidiary is Sterling National Bank, founded in 1929. Sterling provides a wide range of products and services, including business and consumer loans, commercial and residential mortgage lending and brokerage, asset-based financing, factoring, trade financing, equipment leasing, corporate and consumer deposit services, trust and estate administration, and investment management services. The Company has operations in New York, New Jersey, Virginia and North Carolina and conducts business throughout the U.S.

*This press release may contain statements, including but not limited to, statements concerning future results of operations or financial position, borrowing capacity and future liquidity, future investment results, future credit exposure, future loan losses and plans and objectives for future operations, and other statements regarding matters that are not historical facts, that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts but instead are subject to numerous assumptions, risks and uncertainties, and represent only the Company's belief regarding future events, many of which, by their nature, are inherently uncertain and outside of its control. Any forward-looking statements the Company may make speak only as of the date on which such statements are made. It is possible that the Company's actual results and financial position may differ, possibly materially, from the anticipated results and financial condition indicated in or implied by these forward-looking statements. For a discussion of some of the risks and important factors that could affect the Company's future results, see "Business -- Cautionary Statement Regarding Forward-looking Statements" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.*

**STERLING BANCORP**  
**Consolidated Financial Highlights**  
(dollars and shares in thousands, except per share data)

	<u>Three Months Ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
<b>OPERATING HIGHLIGHTS</b>		
Interest income	\$23,589	\$22,633
Interest expense	4,539	4,376
Provision for loan losses	2,427	1,791
Noninterest income	8,170	7,454
Noninterest expenses	14,693	14,393
Net income	6,461	5,846
Earnings per common share:(1)		
Basic	0.43	0.39
Diluted	0.40	0.37
Cash dividends declared (1)	0.19	0.15
Common shares outstanding:(1)		
Period end	15,442	14,834
Average Basic	15,189	14,839
Average Diluted	16,051	15,642
Return on average assets	1.51%	1.58%
Return on average tangible equity (2)	21.18%	21.69%
Return on average stated equity (3)	18.07%	18.18%
Net interest spread, tax equivalent basis	4.42%	4.93%
Net interest margin, tax equivalent basis	4.90%	5.47%
<b>ASSET QUALITY HIGHLIGHTS</b>		
<b>Period End</b>		
Net charge-offs	\$2,123	\$1,522
Nonperforming loans	2,741	2,074
Other real estate owned	1,292	946
Nonperforming assets	4,033	3,020
Nonperforming loans/loans (4)	0.30%	0.25%
Nonperforming assets/assets	0.23%	0.19%
Allowance for loan losses/loans (5)	1.73%	1.77%
Allowance for loan losses/ nonperforming loans	538.60%	666.30%

(1) The prior period has been restated to reflect the five- for- four stock split effected in September 2003.

(2) Average tangible equity represents average shareholders' equity less average excess cost over equity in net assets of the bank.

(3) Average stated equity is equal to average shareholders' equity.

(4) The term "loans" includes loans held for sale and loans held in portfolio.

(5) The term "loans" includes loans held in portfolio only.

**STERLING BANCORP**  
**Consolidated Financial Highlights**  
(dollars in thousands, except per share data)

	<u>Three Months Ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
<b>BALANCE SHEET HIGHLIGHTS</b>		
<b>Period End Balances</b>		
Security investments	\$712,844	\$600,861
Loans held for sale	48,427	56,892
Loans held in portfolio, net of unearned discount	853,008	779,752
Total earning assets	1,616,755	1,439,642
Allowance for loan losses	14,763	13,819
Total assets	1,735,366	1,563,018
Noninterest-bearing deposits	429,297	354,166
Interest-bearing deposits	794,001	686,816
Customer repurchase agreements	77,795	58,972
Shareholders' equity	148,374	132,550
<b>Average Balances</b>		
Security investments	\$695,141	\$568,010
Loans held for sale	43,815	58,235
Loans held in portfolio, net of unearned discount	818,784	744,560
Total earning assets	1,582,158	1,381,749
Allowance for loan losses	15,322	14,244
Total assets	1,722,510	1,505,258
Noninterest-bearing deposits	402,110	345,519
Interest-bearing deposits	793,672	655,344
Customer repurchase agreements	75,369	57,517
Shareholders' equity	143,827	130,444
<b>Capital Ratios</b>		
Tier 1 risk based	14.55%	14.40%
Total risk based	15.80%	15.65%
Leverage	8.96%	9.14%
Book value per common share (1)	\$9.61	\$8.80

(1) The prior period has been restated to reflect the five- for- four stock split effected in September 2003.

# STERLING BANCORP

## Balance Sheets

(in thousands, except number of shares)

	<b>March 31,</b>	
	<b>2004</b>	<b>2003</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 45,757	\$ 56,276
Interest-bearing deposits with other banks	2,476	2,137
Investment securities		
Available for sale (at estimated market value)	328,848	191,955
Held to maturity (at cost)	383,996	408,906
Total investment securities	712,844	600,861
Loans held for sale	48,427	56,892
Loans held in portfolio, net of unearned discounts	853,008	779,752
Less allowance for loan losses	14,763	13,819
Loans, net	838,245	765,933
Customers' liability under acceptances	1,414	3,768
Excess cost over equity in net assets of the banking subsidiary	21,158	21,158
Premises and equipment, net	9,705	9,515
Other real estate	1,292	946
Accrued interest receivable	5,419	5,295
Bank owned life insurance	22,106	21,092
Other assets	26,523	19,145
	\$ 1,735,366	\$ 1,563,018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits		
Noninterest-bearing	\$ 429,297	\$ 354,166
Interest-bearing	794,001	686,816
Total deposits	1,223,298	1,040,982
Securities sold under agreements to repurchase - customers	77,795	58,972
Securities sold under agreements to repurchase - dealers	35,392	55,551
Federal funds purchased	0	5,000
Commercial paper	24,402	18,593
Other short-term borrowings	15,416	30,018
Acceptances outstanding	1,414	3,768
Accrued expenses and other liabilities	73,501	76,810
Long-term debt	135,774	140,774
Total liabilities	1,586,992	1,430,468
Shareholders' equity	148,374	132,550
	\$ 1,735,366	\$ 1,563,018
<b>MEMORANDA</b>		
Available for sale securities - amortized cost	\$ 322,908	\$ 186,355
Held to maturity securities - estimated market value	390,404	419,236
Shares outstanding		
Preferred - Series D	0	231,255
Common issued (1)	16,756,554	16,119,662
Common in treasury	1,314,895	1,285,212

(1) The prior period has been restated to reflect the five- for- four stock split effected in September 2003.

**STERLING BANCORP**  
**Statements of Income**  
(dollars in thousands, except per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2004</b>	<b>2003</b>
<b>INTEREST INCOME</b>		
Loans	\$ 15,082	\$ 14,760
Investment securities - available for sale	3,692	2,512
Investment securities - held to maturity	4,706	5,331
Federal funds sold	50	22
Deposits with other banks	59	8
Total interest income	23,589	22,633
<b>INTEREST EXPENSE</b>		
Deposits	2,473	2,202
Securities sold under agreements to repurchase	316	299
Federal funds purchased	16	11
Commercial paper	63	70
Other short-term borrowings	112	190
Long-term debt	1,559	1,604
Total interest expense	4,539	4,376
Net interest income	19,050	18,257
Provision for loan losses	2,427	1,791
Net interest income after provision for loan losses	16,623	16,466
<b>NONINTEREST INCOME</b>		
Factoring income	1,427	1,352
Mortgage banking income	3,631	3,243
Service charges on deposit accounts	1,063	1,232
Trade finance income	493	573
Trust fees	182	165
Other service charges and fees	475	435
Bank owned life insurance income	234	261
Securities gains	536	96
Other income	129	97
Total noninterest income	8,170	7,454
<b>NONINTEREST EXPENSES</b>		
Salaries and employee benefits	8,352	8,484
Occupancy expenses, net	1,226	1,296
Equipment expenses	756	646
Advertising and marketing	1,093	791
Professional fees	914	727
Data processing fees	287	265
Stationery and printing	266	208
Communications	407	443
Mortgage tax expense	162	178
Other expenses	1,230	1,355
Total noninterest expenses	14,693	14,393
Income before income taxes	10,100	9,527
Provision for income taxes	3,639	3,681
<b>Net income</b>	<b>\$ 6,461</b>	<b>\$ 5,846</b>
Average number of common shares outstanding (1)		
Basic	15,188,650	14,839,328
Diluted	16,051,105	15,641,746
Earnings per average common share (1)		
Basic	\$ 0.43	\$ 0.39
Diluted	0.40	0.37
Dividends per common share (1)	0.19	0.15

(1) The prior period has been restated to reflect the five- for- four stock split effected in September 2003.

**STERLING BANCORP**  
**Statements of Comprehensive Income**  
(in thousands)

	<u>Three Months Ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
<b>Net income</b>	\$ 6,461	\$ 5,846
Other comprehensive income, net of tax:		
Unrealized holding (losses)/gains arising during the period	1,427	(520)
Less:		
Reclassification adjustment for gains included in net income	(290)	(52)
Minimum pension liability adjustment	(364)	0
<b>Comprehensive income</b>	\$ 7,234	\$ 5,274

**STERLING BANCORP**  
**Statements of Changes in Shareholders' Equity**  
(in thousands)

	<u>Three Months Ended March 31,</u>	
	<u>2004</u>	<u>2003</u>
<b>Balance, at beginning of period</b>	\$ 143,185	\$ 129,780
Net income for period	6,461	5,846
Options exercised	940	184
Purchase of common shares for treasury	0	(118)
Cash dividends		
Common shares	(2,919)	(2,231)
Preferred shares	0	(32)
Surrender of shares issued under incentive compensation plan	(252)	(493)
Amortization of unearned compensation	186	186
Change in net unrealized holding (losses)/gains on available for sale securities	1,427	(520)
Reclassification adjustment for (gains) included in net income	(290)	(52)
Minimum pension liability adjustment	(364)	0
<b>Balance, at end of period</b>	\$ 148,374	\$ 132,550

**STERLING BANCORP**  
**Average Balance Sheets [1]**  
(dollars in thousands)

	Three Months Ended					
	March 31, 2004			March 31, 2003		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
<b>Assets</b>						
Interest-bearing deposits with other banks	\$ 3,429	\$ 59	0.94 %	\$ 3,700	\$ 8	0.94 %
Investment securities - available for sale	290,099	3,353	4.55	155,407	2,155	5.55
Investment securities - held to maturity	374,141	4,706	5.09	379,948	5,331	5.61
Investment securities - tax exempt [2]	30,901	575	7.48	32,655	606	7.52
Federal funds sold	20,989	50	0.95	7,244	22	1.21
Loans, net of unearned discount [3]	<u>862,599</u>	<u>15,082</u>	7.22	<u>802,795</u>	<u>14,760</u>	7.73
<b>Total Interest-Earning Assets</b>	<u>1,582,158</u>	<u>23,825</u>	<u>6.09 %</u>	<u>1,381,749</u>	<u>22,882</u>	<u>6.80 %</u>
Cash and due from banks	66,657			53,842		
Allowance for loan losses	(15,322)			(14,244)		
Excess cost over equity in net assets of the bank	21,158			21,158		
Other	<u>67,859</u>			<u>63,527</u>		
<b>Total Assets</b>	<u>\$ 1,722,510</u>			<u>\$ 1,506,032</u>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing deposits						
Domestic						
Savings	\$ 32,947	32	0.39 %	\$ 26,211	26	0.40 %
NOW	134,021	154	0.46	114,727	137	0.48
Money market	209,946	370	0.71	151,143	175	0.47
Time	413,758	1,909	1.86	360,263	1,852	2.08
Foreign						
Time	<u>3,000</u>	<u>8</u>	1.07	<u>3,000</u>	<u>12</u>	1.66
<b>Total Deposits</b>	<u>793,672</u>	<u>2,473</u>	1.25	<u>655,344</u>	<u>2,202</u>	1.36
Borrowings						
Securities sold under agreements to repurchase - customers	75,369	211	1.13	57,517	180	1.27
Securities sold under agreements to repurchase - dealers	36,550	105	1.15	36,307	119	1.34
Federal funds purchased	5,906	16	1.08	3,667	11	1.27
Commercial paper	23,419	63	1.08	24,005	70	1.19
Other short-term debt	24,746	112	1.82	31,357	190	2.45
Long-term debt	<u>135,774</u>	<u>1,559</u>	4.59	<u>140,774</u>	<u>1,604</u>	4.56
<b>Total Borrowings</b>	<u>301,764</u>	<u>2,066</u>	2.74	<u>293,627</u>	<u>2,174</u>	2.97
<b>Total Interest-Bearing Liabilities</b>	<u>1,095,436</u>	<u>4,539</u>	<u>1.67 %</u>	<u>948,971</u>	<u>4,376</u>	<u>1.87 %</u>
Noninterest-bearing demand deposits	402,110			345,519		
Other liabilities	<u>81,137</u>			<u>81,098</u>		
<b>Total Liabilities</b>	<u>1,578,683</u>			<u>1,375,588</u>		
Shareholders' equity	<u>143,827</u>			<u>130,444</u>		
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 1,722,510</u>			<u>\$ 1,506,032</u>		
Net interest income/spread		19,286	<u>4.42 %</u>		18,506	<u>4.93 %</u>
Net yield on interest-earning assets			<u>4.90 %</u>			<u>5.47 %</u>
Less: Tax equivalent adjustment		<u>236</u>			<u>249</u>	
Net interest income		<u>\$ 19,050</u>			<u>\$ 18,257</u>	

[1] The average balances of assets, liabilities and shareholders' equity are computed on the basis of daily averages. Average rates are presented on a tax equivalent basis. Certain reclassifications have been made to 2003 amounts to conform to current presentation.

[2] Interest on tax-exempt securities is presented on a tax equivalent basis.

[3] Includes loans held for sale and loans held in portfolio; all loans are domestic. Nonaccrual loans are included in amounts outstanding and income has been included to the extent earned.

# STERLING BANCORP AND SUBSIDIARIES

## Rate/Volume Analysis [1]

(in thousands)

	Increase/(Decrease) Three Months Ended March 31, 2004		
	Volume	Rate	Net [2]
<b>INTEREST INCOME</b>			
Interest-bearing deposits with other banks	\$ 51	\$ 0	\$ 51
Investment securities - available for sale	1,637	(439)	1,198
Investment securities - held to maturity	(46)	(579)	(625)
Investment securities - tax exempt	(28)	(3)	(31)
Total investment securities	1,563	(1,021)	542
Federal funds sold	34	(6)	28
Loans, net of unearned discounts [3]	1,332	(1,010)	322
<b>TOTAL INTEREST INCOME</b>	\$ 2,980	\$ (2,037)	\$ 943
 <b>INTEREST EXPENSE</b>			
Interest-bearing deposits			
Domestic			
Savings	\$ 7	\$ (1)	\$ 6
NOW	23	(6)	17
Money market	86	109	195
Time	272	(215)	57
Foreign			
Time	0	(4)	(4)
Total interest-bearing deposits	388	(117)	271
Borrowings			
Securities sold under agreements to repurchase - customers	53	(22)	31
Securities sold under agreements to repurchase - dealers	2	(16)	(14)
Federal funds purchased	7	(2)	5
Commercial paper	(1)	(6)	(7)
Other short-term debt	(34)	(44)	(78)
Long-term debt - FHLB	(54)	9	(45)
Total borrowings	(27)	(81)	(108)
<b>TOTAL INTEREST EXPENSE</b>	\$ 361	\$ (198)	\$ 163
 <b>NET INTEREST INCOME</b>	\$ 2,619	\$ (1,839)	\$ 780

[1] This table is presented on a tax equivalent basis.

[2] Changes in interest income and interest expense due to a combination of both volume and rate have been allocated to the change due to volume and the change due to rate in proportion to the relationship of change due solely to each. The effect of the extra day in 2004 has been included in the change in volume.

[3] Includes loans held for sale and loans held in portfolio; all loans are domestic. Nonaccrual loans are included in amounts outstanding, and income has been included to the extent earned.