



STERLING BANCORP
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NEWS

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IMMEDIATE RELEASE

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Sterling Bancorp Reports 14.7% Increase In Net Income For Second Quarter 2004
Track Record of Double-digit Earnings Growth Extended to 44 Consecutive Quarters

New York, NY, July 20, 2004 – Sterling Bancorp (NYSE: STL), a financial holding company and the parent company of Sterling National Bank, today reported its financial results for the second quarter and six months ended June 30, 2004.

Second Quarter 2004 Highlights:

- Net income increased 14.7% to \$6.7 million
- Diluted earnings per share grew to \$0.42 from \$0.37 in the second quarter 2003
- 298,200 shares of common stock were repurchased by the Company
- Average demand deposits rose 13.8% to \$408.5 million
- Average earning assets increased 13.0% to \$1.6 billion
- Noninterest income grew to 27.0% of gross revenues

“Sterling’s track record of double-digit net income and earnings per share growth remained strong for the 44th consecutive quarter,” said Louis J. Cappelli, Chairman and Chief Executive Officer. “Maintaining our solid financial results in a challenging and rapidly changing economic environment validates the merits of our balanced business model.”

“The Sterling franchise continued to exhibit solid organic growth across the majority of business segments, most notably in the mortgage sector,” continued Chairman Cappelli. “During 2004, we have experienced modest declines in the volume of residential mortgage loans sold to investors. The business model of our mortgage company was not heavily dependent on the refinancing boom of 2001 through 2003. The continued execution of our business plan produced substantially increased volume of higher margin residential real estate loans sold to investors during 2004.”

Chairman Cappelli concluded, “We believe that Sterling’s broad customer base and diversified loan portfolio position us to capitalize on the growth opportunities presented to us in our markets. As we move forward into the second half of 2004, we believe we are poised to benefit from a rising interest rate environment due to Sterling’s high levels of noninterest-bearing deposits and floating rate loans.”

Second Quarter and First Six Months 2004 Financial Results

Net Income

Net income for the second quarter 2004 was \$6.7 million, a 14.7% increase from \$5.9 million in the second quarter 2003. Diluted earnings per share rose 13.5% to \$0.42 from \$0.37 in the second quarter of last year (adjusted to reflect the five-for-four stock split effected in September 2003).

For the six months ended June 30, 2004, net income grew 12.6% to \$13.2 million from \$11.7 million in the first half of 2003. Diluted earnings per share increased to \$0.82 from \$0.74 in the similar period of 2003 (adjusted to reflect the five-for-four stock split effected in September 2003).

The year-over-year increase in net income was a result of continued growth in net interest income and noninterest income, which in conjunction with a lower provision for taxes, more than offset increases in the provision for loan losses and noninterest expenses.

Net Interest Income

In the second quarter 2004, net interest income, on a tax equivalent basis, increased to \$19.2 million from \$18.8 million in the second quarter 2003.

For the six months ended June 30, 2004, net interest income, on a tax equivalent basis, rose to \$38.5 million from \$37.3 million in the first half of 2003.

On December 31, 2003, the Company adopted Financial Accounting Standards Board Interpretation No. 46R ("FIN 46R") "Consolidation of Variable Interest Entities," which clarified certain provisions of a previous 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, Sterling's prior period presentations have been restated to conform to the current presentation.

Net interest margin, on a tax equivalent basis, for the second quarter 2004 was 4.75%, compared to 5.31% for the second quarter 2003 (adjusted to reflect the adoption of FIN 46R).

For the six-month period ended June 30, 2004, net interest margin, on a tax equivalent basis, was 4.87%, compared to 5.43% for the similar period of 2003 (adjusted to reflect the adoption of FIN 46R).

The decreases for both periods were primarily due to 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 second quarter 2004 grew 13.4% year-over-year to \$856.7 million.

For the six-month period ended June 30, 2004, average loans held in portfolio rose 11.7% to \$837.8 million.

Demand Deposits

Demand deposits, on average, for the second quarter 2004, increased to \$408.5 million from \$358.9 million in the similar period of 2003.

Demand deposits, on average, grew by 15.1% to \$405.3 million in the six-month period ended June 30, 2004.

Demand deposits were 35.4% of total deposits as of June 30, 2004.

Cost of Funds

The average rate paid on interest-bearing funds was 1.61% for the second quarter 2004, compared to 1.83% for the second quarter 2003 (adjusted to reflect the adoption of FIN 46R), reflecting management's ongoing discipline in controlling funding costs. In the second quarter 2004, total interest expense remained virtually unchanged from the same period of 2003 at \$4.5 million.

For the six-month period ended June 30, 2004, the average rate paid on interest-bearing funds was 1.64%, compared to 1.84% for the similar period of 2003 (adjusted to reflect the adoption of FIN 46R). For the six months ended June 30, 2004, total interest expense was \$9.1 million compared to \$8.9 million in the similar period of 2003.

Average interest-bearing deposits for the second quarter 2004 grew to \$798.7 million from \$676.2 million. Average interest-bearing deposits for the six months ended June 30, 2004 grew 19.6% to \$796.2 million. The increases in both periods were a result of business development and growth in Sterling's two new branches in Long Island City, Queens and Yonkers, New York.

Noninterest Income and Noninterest Expenses

For the second quarter 2004, noninterest income was \$8.7 million, compared to \$8.1 million in the second quarter 2003. This increase was the result of increased income primarily from mortgage and factoring business units (combined income grew 11%), partially offset by lower income from trade finance and service charges on deposit accounts.

Noninterest income for the six-month period ended June 30, 2004 increased to \$16.9 million from \$15.6 million in the corresponding period of last year. This increase was the result of increased income primarily from mortgage and factoring business units (combined income grew 11%), as well as securities gains, partially offset by lower income from trade finance and service charges on deposit accounts.

Noninterest expenses for the quarter ended June 30, 2004 were \$16.1 million, compared to \$15.0 million in the corresponding period of 2003. The increase was due to investments in the Sterling franchise, including the new branches in Long Island City and Yonkers, with higher expenses primarily related to salaries and employee benefits and professional fees.

For the six-month period ended June 30, 2004, noninterest expenses were \$30.8 million, compared to \$29.4 million in the similar period of 2003. The increase was primarily due to higher expenses related to salaries and employee benefits, advertising and marketing and professional fees, partially offset by a first quarter reduction in employee benefit costs.

Provision for Income Taxes

During the second quarter 2004, certain open tax issues for the years 1999 through 2001 were resolved with state tax representatives. As a result, management conducted a review with outside professionals and reduced the provision for income taxes for the second quarter by approximately \$1.5 million.

Asset Quality

As of June 30, 2004, nonperforming assets were \$3.8 million, representing 0.21% of total assets.

The provision for loan losses for the second quarter 2004 increased to \$2.5 million from \$2.2 million in the second quarter 2003.

For the six months ended June 30, 2004, the provision for loan losses increased to \$4.9 million from \$4.0 million in the similar period of 2003.

The allowance for loan losses was \$15.0 million, or 1.66% of loans held in portfolio, as of June 30, 2004.

Capital Management

During the first six months of 2004, Sterling repurchased 298,200 shares of common stock as part of its authorized share repurchase plan. All of these shares were repurchased in the second quarter.

Return on average tangible equity, on an annualized basis, was 22.37% for the second quarter 2004.

For the six-month period ended June 30, 2004, return on average tangible equity, on an annualized basis, was 21.77%.

Dividend

On June 30, 2004, Sterling paid a cash dividend of \$0.19 per common share to shareholders of record as of June 15, 2004. The Company has been distributing quarterly cash dividends for more than 58 years.

Conference Call

Sterling Bancorp will host a teleconference call for the financial community on Tuesday, July 20, 2004 at 10:00 a.m. Eastern Daylight Time to discuss the second quarter 2004 financial results. The public is invited to listen to this conference call by dialing 888-792-1079 at least 10 minutes prior to the call and entering passcode 515539.

A replay of the conference call will be available at 1:00 pm Eastern Daylight Time on Tuesday, July 20, 2004 until 11:59 p.m. Eastern Daylight Time on Tuesday, July 27, 2004. The public is invited to listen to this conference call by dialing 888-266-2081 and entering passcode 515539.

About Sterling Bancorp

Sterling Bancorp (NYSE: STL) is a financial holding company with assets of \$1.8 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, 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 June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
OPERATING HIGHLIGHTS				
Interest income	\$23,552	\$23,096	\$47,087	\$45,729
Interest expense	4,519	4,520	9,058	8,896
Provision for loan losses	2,470	2,173	4,897	3,964
Noninterest income	8,725	8,116	16,949	15,570
Noninterest expenses	16,065	15,020	30,758	29,413
Net income	6,719	5,860	13,180	11,706
Earnings per common share:(1)				
Basic	0.44	0.39	0.87	0.78
Diluted	0.42	0.37	0.82	0.74
Cash dividends declared (1)	0.19	0.15	0.38	0.30
Common shares outstanding:(1)				
Period end	15,176	14,883	15,176	14,883
Average Basic	15,333	14,850	15,235	14,846
Average Diluted	16,035	15,683	16,017	15,665
Return on average assets	1.54%	1.50%	1.52%	1.54%
Return on average tangible equity (2)	22.37%	20.95%	21.77%	21.31%
Return on average stated equity (3)	19.04%	17.63%	18.55%	17.90%
Net interest spread, tax equivalent basis	4.30%	4.79%	4.40%	4.92%
Net interest margin, tax equivalent basis	4.75%	5.31%	4.87%	5.43%
ASSET QUALITY HIGHLIGHTS				
Period End				
Net charge-offs	\$2,205	\$1,807	\$4,328	\$3,329
Nonperforming loans	2,756	2,522	2,756	2,522
Other real estate owned	1,033	965	1,033	965
Nonperforming assets	3,789	3,487	3,789	3,487
Nonperforming loans/loans (4)	0.29%	0.29%	0.29%	0.29%
Nonperforming assets/assets	0.21%	0.22%	0.21%	0.22%
Allowance for loan losses/loans (5)	1.66%	1.77%	1.66%	1.77%
Allowance for loan losses/ nonperforming loans	545.28%	562.41%	545.28%	562.41%

(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 June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
BALANCE SHEET HIGHLIGHTS				
Period End Balances				
Security investments	\$696,062	\$583,601	\$696,062	\$583,601
Loans held for sale	44,458	69,811	44,458	69,811
Loans held in portfolio, net of unearned discount	903,136	800,979	903,136	800,979
Total earning assets	1,645,817	1,456,679	1,645,817	1,456,679
Allowance for loan losses	15,028	14,184	15,028	14,184
Total assets	1,798,619	1,580,697	1,798,619	1,580,697
Noninterest-bearing deposits	444,343	385,144	444,343	385,144
Interest-bearing deposits	811,443	679,900	811,443	679,900
Customer repurchase agreements	80,681	82,006	80,681	82,006
Shareholders' equity	139,252	136,900	139,252	136,900
Average Balances				
Security investments	\$717,169	\$593,682	\$706,153	\$580,916
Loans held for sale	44,429	78,924	44,122	68,637
Loans held in portfolio, net of unearned discount	856,727	755,236	837,756	749,927
Total earning assets	1,623,695	1,436,808	1,602,884	1,409,429
Allowance for loan losses	15,597	14,481	15,460	14,363
Total assets	1,760,091	1,565,602	1,741,300	1,535,972
Noninterest-bearing deposits	408,520	358,902	405,315	352,237
Interest-bearing deposits	798,716	676,208	796,157	665,835
Customer repurchase agreements	78,753	71,449	77,061	64,522
Shareholders' equity	141,961	133,354	142,894	131,907
Capital Ratios				
Tier 1 risk based	13.47%	14.45%	13.47%	14.45%
Total risk based	14.72%	15.71%	14.72%	15.71%
Leverage	8.53%	9.06%	8.53%	9.06%
Book value per common share (1)	\$9.18	\$9.06	\$9.18	\$9.06

(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)

	<u>June 30,</u>	
	2004	2003
ASSETS		
Cash and due from banks	\$ 74,605	\$ 58,168
Interest-bearing deposits with other banks	2,161	2,288
Investment securities		
Available for sale (at estimated market value)	300,452	194,477
Held to maturity (at cost)	395,610	389,124
Total investment securities	696,062	583,601
Loans held for sale	44,458	69,811
Loans held in portfolio, net of unearned discounts	903,136	800,979
Less allowance for loan losses	15,028	14,184
Loans, net	888,108	786,795
Customers' liability under acceptances	1,067	2,360
Excess cost over equity in net assets of the banking subsidiary	21,158	21,158
Premises and equipment, net	10,285	9,312
Other real estate	1,033	965
Accrued interest receivable	5,256	4,989
Bank owned life insurance	22,349	21,369
Other assets	32,077	19,881
	\$ 1,798,619	\$ 1,580,697
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing	\$ 444,343	\$ 385,144
Interest-bearing	811,443	679,900
Total deposits	1,255,786	1,065,044
Securities sold under agreements to repurchase - customers	80,681	82,006
Securities sold under agreements to repurchase - dealers	58,616	26,717
Federal funds purchased	0	10,000
Commercial paper	36,201	17,348
Other short-term borrowings	15,525	31,610
Acceptances outstanding	1,067	2,360
Accrued expenses and other liabilities	75,717	67,938
Long-term debt	135,774	140,774
Total liabilities	1,659,367	1,443,797
Shareholders' equity	139,252	136,900
	\$ 1,798,619	\$ 1,580,697
MEMORANDA		
Available for sale securities - amortized cost	\$ 303,868	\$ 188,776
Held to maturity securities - estimated market value	391,756	399,575
Shares outstanding		
Preferred - Series D	0	228,369
Common issued (1)	16,794,483	16,186,435
Common in treasury	1,618,903	1,303,422

(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)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
INTEREST INCOME				
Loans	\$ 15,412	\$ 15,381	\$ 30,494	\$ 30,141
Investment securities - available for sale	3,454	2,395	7,146	4,907
Investment securities - held to maturity	4,676	5,298	9,383	10,629
Federal funds sold	7	18	57	40
Deposits with other banks	3	4	7	12
Total interest income	<u>23,552</u>	<u>23,096</u>	<u>47,087</u>	<u>45,729</u>
INTEREST EXPENSE				
Deposits	2,374	2,309	4,847	4,511
Securities sold under agreements to repurchase	365	384	681	683
Federal funds purchased	47	25	63	36
Commercial paper	78	56	141	126
Other short-term borrowings	94	141	206	331
Long-term debt	1,561	1,605	3,120	3,209
Total interest expense	<u>4,519</u>	<u>4,520</u>	<u>9,058</u>	<u>8,896</u>
Net interest income	19,033	18,576	38,029	36,833
Provision for loan losses	2,470	2,173	4,897	3,964
Net interest income after provision for loan losses	<u>16,563</u>	<u>16,403</u>	<u>33,132</u>	<u>32,869</u>
NONINTEREST INCOME				
Factoring income	1,767	1,411	3,194	2,763
Mortgage banking income	3,915	3,691	7,546	6,934
Service charges on deposit accounts	1,159	1,270	2,222	2,502
Trade finance income	518	589	1,011	1,162
Trust fees	166	165	348	330
Other service charges and fees	481	532	955	967
Bank owned life insurance income	243	277	477	538
Securities gains	149	100	685	196
Other income	327	81	511	178
Total noninterest income	<u>8,725</u>	<u>8,116</u>	<u>16,949</u>	<u>15,570</u>
NONINTEREST EXPENSES				
Salaries and employee benefits	9,735	8,562	18,087	17,046
Occupancy expenses, net	1,085	1,234	2,311	2,530
Equipment expenses	658	720	1,414	1,366
Advertising and marketing	925	859	2,018	1,650
Professional fees	1,074	899	1,988	1,626
Data processing fees	301	260	588	525
Stationery and printing	195	237	461	445
Communications	391	406	798	849
Mortgage tax expense	201	257	363	435
Other expenses	1,500	1,586	2,730	2,941
Total noninterest expenses	<u>16,065</u>	<u>15,020</u>	<u>30,758</u>	<u>29,413</u>
Income before income taxes	9,223	9,499	19,323	19,026
Provision for income taxes	2,504	3,639	6,143	7,320
Net income	<u>\$ 6,719</u>	<u>\$ 5,860</u>	<u>\$ 13,180</u>	<u>\$ 11,706</u>
Average number of common shares outstanding (1)				
Basic	15,332,631	14,850,210	15,234,781	14,846,243
Diluted	16,034,529	15,683,465	16,017,106	15,664,707
Earnings per average common share (1)				
Basic	\$ 0.44	\$ 0.39	\$ 0.87	\$ 0.78
Diluted	0.42	0.37	0.82	0.74
Dividends per common share (1)	0.19	0.15	0.38	0.30

(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 June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net income	\$ 6,719	\$ 5,860	\$ 13,180	\$ 11,706
Other comprehensive income, net of tax:				
Unrealized holding (losses)/gains arising during the period	(4,981)	108	(3,554)	(411)
Less:				
Reclassification adjustment for gains included in net income	(80)	(54)	(370)	(106)
Minimum pension liability adjustment	0	0	(364)	0
Comprehensive income	<u>\$ 1,658</u>	<u>\$ 5,914</u>	<u>\$ 8,892</u>	<u>\$ 11,189</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Balance, at beginning of period	\$ 148,374	\$ 132,550	\$ 143,185	\$ 129,780
Net income for period	6,719	5,860	13,180	11,706
Options exercised	217	663	1,156	847
Purchase of common shares for treasury	(8,310)	(138)	(8,310)	(256)
Cash dividends				
Common shares	(2,872)	(2,243)	(5,791)	(4,474)
Preferred shares	0	(31)	0	(63)
Surrender of shares issued under incentive compensation plan	0	0	(251)	(494)
Amortization of unearned compensation	185	185	371	371
Change in net unrealized holding (losses)/gains on available for sale securities	(4,981)	108	(3,554)	(411)
Reclassification adjustment for (gains) included in net income	(80)	(54)	(370)	(106)
Minimum pension liability adjustment	0	0	(364)	0
Balance, at end of period	<u>\$ 139,252</u>	<u>\$ 136,900</u>	<u>\$ 139,252</u>	<u>\$ 136,900</u>

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

	Three Months Ended					
	June 30, 2004			June 30, 2003		
	AVERAGE BALANCE	INTEREST	RATE	AVERAGE BALANCE	INTEREST	RATE
Assets						
Interest-bearing deposits with other banks	\$ 2,952	\$ 3	0.58 %	\$ 3,087	\$ 4	0.73 %
Investment securities - available for sale	291,038	3,126	4.30	159,581	2,039	5.11
Investment securities - held to maturity	395,637	4,676	4.73	401,479	5,298	5.28
Investment securities - tax exempt [2]	30,494	516	6.81	32,622	605	7.44
Federal funds sold	2,418	7	0.95	5,879	18	1.21
Loans, net of unearned discount [3]	901,156	15,412	7.02	834,160	15,381	7.64
Total Interest-Earning Assets	1,623,695	23,740	5.91 %	1,436,808	23,345	6.62 %
Cash and due from banks	58,365			57,931		
Allowance for loan losses	(15,597)			(14,481)		
Excess cost over equity in net assets of the bank	21,158			21,158		
Other	72,470			64,186		
Total Assets	\$ 1,760,091			\$ 1,565,602		
Liabilities and Shareholders' Equity						
Interest-bearing deposits						
Domestic						
Savings	\$ 32,636	33	0.41 %	\$ 27,407	23	0.34 %
NOW	135,345	147	0.44	116,406	160	0.55
Money market	203,133	191	0.38	161,943	200	0.50
Time	424,602	1,995	1.89	367,452	1,916	2.09
Foreign						
Time	3,000	8	1.10	3,000	10	1.29
Total Deposits	798,716	2,374	1.20	676,208	2,309	1.37
Borrowings						
Securities sold under agreements to repurchase - customers	78,753	219	1.12	71,449	224	1.26
Securities sold under agreements to repurchase - dealers	50,730	146	1.16	49,032	160	1.31
Federal funds purchased	17,399	47	1.10	7,528	25	1.29
Commercial paper	28,323	78	1.12	19,981	56	1.11
Other short-term debt	18,886	94	1.99	30,410	141	1.97
Long-term debt	135,774	1,561	4.59	140,774	1,605	4.56
Total Borrowings	329,865	2,145	2.60	319,174	2,211	2.78
Total Interest-Bearing Liabilities	1,128,581	4,519	1.61 %	995,382	4,520	1.83 %
Noninterest-bearing demand deposits	408,520			358,902		
Other liabilities	81,029			77,964		
Total Liabilities	1,618,130			1,432,248		
Shareholders' equity	141,961			133,354		
Total Liabilities and Shareholders' Equity	\$ 1,760,091			\$ 1,565,602		
Net interest income/spread		19,221	<u>4.30 %</u>		18,825	<u>4.79 %</u>
Net yield on interest-earning assets			<u>4.75 %</u>			<u>5.31 %</u>
Less: Tax equivalent adjustment		188			249	
Net interest income		\$ 19,033			\$ 18,576	

[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
Average Balance Sheets [1]

(dollars in thousands)

	Six Months Ended					
	June 30, 2004			June 30, 2003		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
Assets						
Interest-bearing deposits with other banks	\$ 3,150	\$ 7	0.82 %	\$ 3,391	\$ 12	0.84 %
Investment securities - available for sale	290,568	6,479	4.42	157,505	4,194	5.33
Investment securities - held to maturity	384,888	9,384	4.88	390,773	10,629	5.44
Investment securities - tax exempt [2]	30,697	1,091	7.15	32,638	1,211	7.48
Federal funds sold	11,703	56	0.95	6,558	40	1.21
Loans, net of unearned discount [3]	<u>881,878</u>	<u>30,494</u>	7.22	<u>818,564</u>	<u>30,141</u>	7.77
Total Interest-Earning Assets	1,602,884	47,511	6.04 %	1,409,429	46,227	6.76 %
Cash and due from banks	62,511			55,899		
Allowance for loan losses	(15,460)			(14,363)		
Excess cost over equity in net assets of the bank	21,158			21,158		
Other	<u>70,207</u>			<u>63,849</u>		
Total Assets	\$ <u>1,741,300</u>			\$ <u>1,535,972</u>		
Liabilities and Shareholders' Equity						
Interest-bearing deposits						
Domestic						
Savings	\$ 32,791	65	0.40 %	\$ 26,812	49	0.37 %
NOW	134,683	301	0.45	115,571	297	0.52
Money market	206,540	561	0.55	156,573	375	0.48
Time	419,143	3,904	1.87	363,879	3,768	2.09
Foreign						
Time	<u>3,000</u>	<u>16</u>	1.08	<u>3,000</u>	<u>22</u>	1.48
Total Deposits	<u>796,157</u>	<u>4,847</u>	1.22	<u>665,835</u>	<u>4,511</u>	1.37
Borrowings						
Securities sold under agreements to repurchase - customers	77,061	430	1.12	64,522	404	1.26
Securities sold under agreements to repurchase - dealers	43,677	251	1.16	42,704	279	1.32
Federal funds purchased	11,653	63	1.08	5,608	36	1.27
Commercial paper	25,871	141	1.10	21,982	126	1.16
Other short-term debt	21,816	206	1.89	30,881	331	2.21
Long-term debt	<u>135,774</u>	<u>3,120</u>	4.59	<u>140,774</u>	<u>3,209</u>	4.56
Total Borrowings	<u>315,852</u>	<u>4,211</u>	2.67	<u>306,471</u>	<u>4,385</u>	2.87
Total Interest-Bearing Liabilities	<u>1,112,009</u>	<u>9,058</u>	1.64 %	<u>972,306</u>	<u>8,896</u>	1.84 %
Noninterest-bearing demand deposits	405,315			352,237		
Other liabilities	<u>81,082</u>			<u>79,522</u>		
Total Liabilities	1,598,406			1,404,065		
Shareholders' equity	<u>142,894</u>			<u>131,907</u>		
Total Liabilities and Shareholders' Equity	\$ <u>1,741,300</u>			\$ <u>1,535,972</u>		
Net interest income/spread		38,453	4.40 %		37,331	4.92 %
Net yield on interest-earning assets			4.87 %			5.43 %
Less: Tax equivalent adjustment		<u>424</u>			<u>498</u>	
Net interest income		\$ <u>38,029</u>			\$ <u>36,833</u>	

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[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

Rate/Volume Analysis [1]

(in thousands)

	Increase/(Decrease) Three Months Ended June 30, 2004		
	Volume	Rate	Net [2]
INTEREST INCOME			
Interest-bearing deposits with other banks	\$ 0	\$ (1)	\$ (1)
Investment securities - available for sale	1,452	(365)	1,087
Investment securities - held to maturity	(76)	(546)	(622)
Investment securities - tax exempt	(39)	(50)	(89)
Total investment securities	<u>1,337</u>	<u>(961)</u>	<u>376</u>
Federal funds sold	(8)	(3)	(11)
Loans, net of unearned discounts [3]	1,298	(1,267)	31
TOTAL INTEREST INCOME	<u>\$ 2,627</u>	<u>\$ (2,232)</u>	<u>\$ 395</u>
INTEREST EXPENSE			
Interest-bearing deposits			
Domestic			
Savings	\$ 4	\$ 6	\$ 10
NOW	23	(36)	(13)
Money market	45	(54)	(9)
Time	276	(197)	79
Foreign			
Time	0	(2)	(2)
Total interest-bearing deposits	<u>348</u>	<u>(283)</u>	<u>65</u>
Borrowings			
Securities sold under agreements to repurchase - customers	22	(27)	(5)
Securities sold under agreements to repurchase - dealers	6	(20)	(14)
Federal funds purchased	27	(5)	22
Commercial paper	22	0	22
Other short-term debt	(49)	2	(47)
Long-term debt - FHLB	(55)	11	(44)
Total borrowings	<u>(27)</u>	<u>(39)</u>	<u>(66)</u>
TOTAL INTEREST EXPENSE	<u>\$ 321</u>	<u>\$ (322)</u>	<u>\$ (1)</u>
NET INTEREST INCOME	<u>\$ 2,306</u>	<u>\$ (1,910)</u>	<u>\$ 396</u>

[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.

STERLING BANCORP

Rate/Volume Analysis [1]

(in thousands)

	Increase/(Decrease) Six Months Ended June 30, 2004		
	Volume	Rate	Net [2]
INTEREST INCOME			
Interest-bearing deposits with other banks	\$ (5)	\$ 0	\$ (5)
Investment securities - available for sale	3,094	(809)	2,285
Investment securities - held to maturity	(110)	(1,135)	(1,245)
Investment securities - tax exempt	(68)	(52)	(120)
Total investment securities	2,916	(1,996)	920
Federal funds sold	26	(10)	16
Loans, net of unearned discounts [3]	2,608	(2,255)	353
TOTAL INTEREST INCOME	\$ 5,545	\$ (4,261)	\$ 1,284
INTEREST EXPENSE			
Interest-bearing deposits			
Domestic			
Savings	\$ 12	\$ 4	\$ 16
NOW	47	(43)	4
Money market	128	58	186
Time	560	(424)	136
Foreign			
Time	0	(6)	(6)
Total interest-bearing deposits	747	(411)	336
Borrowings			
Securities sold under agreements to repurchase - customers	75	(49)	26
Securities sold under agreements to repurchase - dealers	8	(36)	(28)
Federal funds purchased	33	(6)	27
Commercial paper	22	(7)	15
Other short-term debt	(83)	(42)	(125)
Long-term debt	(108)	19	(89)
Total borrowings	(53)	(121)	(174)
TOTAL INTEREST EXPENSE	\$ 694	\$ (532)	\$ 162
NET INTEREST INCOME	\$ 4,851	\$ (3,729)	\$ 1,122

[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.