

Strength • Stability • Sterling



STERLING BANCORP
STERLING NATIONAL BANK

2008 Annual Report

Corporate Profile

Sterling Bancorp (NYSE: STL) is a New York-based banking and financial services company with assets exceeding \$2.2 billion. Established in 1929, the company's principal banking subsidiary, Sterling National Bank, has successfully served the needs of businesses, professionals and individuals in the NY metropolitan area and beyond. Now in its 80th year, Sterling is well-known for its focus on business customers, an extensive and diverse product portfolio virtually unmatched by its competitors and a high-touch, hands-on approach to customer service.

Sterling offers working capital lines, asset-based financing, factoring, collections management, accounts receivable financing, payroll funding and processing, equipment leasing and financing, commercial and residential mortgages, international trade financing, a wide array of depository products and cash management services, trust and estate administration and custodial account services.



Strength Stability Sterling

Now, More than Ever

Strength and stability are qualities that aptly describe Sterling—and those same qualities have been a part of Sterling’s history beginning with our founding in 1929. As we proudly enter our 80th year, this track record of strength and stability continues to be the cornerstone of our success—and the key to our ability to offer exceptional customer service. At a time of extraordinary challenge and change in the global economy and U.S. financial services marketplace, this commitment to our time-tested business model has proven to be more important than ever—and continues to make Sterling a trusted financial partner.



The words “profitable” and “growth” are not likely to appear in many financial institutions’ annual reports for 2008. At Sterling Bancorp, however, those are precisely the words that best describe our performance for the past year. We are pleased to report that our results were distinguished by a double-digit percentage increase in EPS, continued growth in our loan portfolio and a solid capital base. Furthermore, we continued our tradition of exceptional customer service at a time when competing institutions have become distracted and have lost focus.

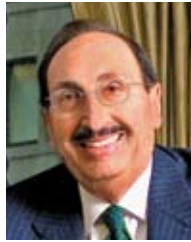
As we prepare this report, the world economy and U.S. financial institution landscape are dramatically deteriorating and filled with uncertainty. Yet, as a company founded in 1929—another watershed era for the financial markets—we know that opportunities often arise amid great challenges. We believe that Sterling is positioned to pursue those opportunities for the benefit of our shareholders, customers and employees.

Net income increased to \$16.0 million or \$0.88 per diluted share for 2008, up from \$14.6 million or \$0.79 per diluted share for 2007. We delivered an 11% increase in diluted EPS and a return on average tangible equity of 16.52%. Our performance—which reflected growth in earning assets and a higher net interest margin due to our balance sheet management strategies—makes Sterling’s story a bright spot in an otherwise difficult and tumultuous year.

We continued to responsibly serve borrowers and support business activity in our marketplace. Loans in portfolio rose nearly 7% on average from the prior year, reaching a record \$1.14 billion. Reflecting the stability of our core deposit base, demand deposits averaged \$448.2 million, rising to 36% of total deposits at December 31, 2008, one of the highest ratios of demand to total deposits in the banking industry.

We maintained strong capital ratios and continued to exceed regulatory standards for a “well-capitalized” institution. Adding to our capital base through participation in the U.S. Treasury’s Capital Purchase Program provided an additional measure of assurance to customers and investors in a difficult economy, while augmenting our capacity to make loans, serve our market and grow our business.

“Sterling is distinguished by the strength and stability to meet customers’ financial needs, provide high-touch service and deliver customized solutions—while supporting the future development of our business.”



Louis J. Cappelli
Chairman and Chief Executive Officer



John C. Millman
President

Strength and stability characterize Sterling as a different kind of company—one with the capacity to meet customers’ financial needs, provide high-touch service and deliver customized solutions. More than ever, this makes Sterling a sound, smart banking choice for new customers, particularly those whose previous financial institutions are now unable or unwilling to serve them in the current environment. We are continuing to attract experienced and talented banking professionals to our team, who bring with them excellent business development skills, management abilities and customer relationships.

At a time of prevailing volatility in the financial markets, Sterling will continue to carefully monitor developments and chart a course reflective of our conservative approach—a Sterling hallmark since 1929. We recognize that, in this unsettled economic climate, no lending institution is immune to the uncertainties of the marketplace. At the same time, we have a solid capital base and liquidity that give us the capacity to grow. As a result, we believe we are positioned to pursue opportunities that may arise—to broaden our customer relationships, increase our earning assets and continue to expand our business activities.

As we celebrate our 80th year in business, we wish to thank our customers and shareholders for their support and our Board of Directors for their guidance. We proudly recognize the entire Sterling team for their efforts to serve our customers, grow the business and produce solid financial results.

A handwritten signature in black ink that reads "Louis J. Cappelli".

Louis J. Cappelli
Chairman and Chief Executive Officer

A handwritten signature in black ink that reads "John C. Millman".

John C. Millman
President

At Sterling National Bank, we follow three core tenets in order to build a successful banking relationship with our clients: service that values personal attention; direct access to senior decision-makers; and an unparalleled and diverse product portfolio that enables Sterling to craft customized solutions to meet specific client needs.

Our commitment to these principles of customer relationship management has proven to be particularly attractive to business owners, managers and their financial advisors. For successful businesses, banking is much more than just a combination of accounts or services—it's about finding the right financial partner to assist them in reaching their short and long-term goals.

Sterling's product portfolio also includes a complete offering of personal banking products, which proves to be an additional benefit for our business clientele. Our clients enjoy a single point of contact to manage their entire banking relationship, thus saving valuable time.

Our ability and willingness to provide credit to our marketplace—at a time when many banks have had to restrict lending—offers a clear example of how Sterling's strength and stability have benefited businesses. We have continued to meet customers' financing needs, and have grown our loan portfolio, with a particular emphasis on the local businesses that are a key source of vital economic activity.

Sterling's successful business-focused model and our determination to lend amid the "credit crunch" continues to attract new customers—and at the same time, make headlines—with media outlets such as WABC-TV, PBS's *Nightly Business Report*, *Crain's NY Business*, *Time*, *BusinessWeek* and *US Banker* magazines, among others.

Today, increased pressure has been brought to bear upon the banking industry as a whole to "get back to basics". In contrast, Sterling has a proud tradition of conducting business in a responsible and prudent manner—clearly demonstrating that we never abandoned "the basics" in the first place. The inherent integrity of Sterling's management team is a virtue well appreciated by our shareholders and clients alike.



The Business Bank

“When our former bank was acquired, they seemed to lose interest in serving smaller business customers,” says Steve Lobasso, Chief Financial Officer of Triangle Services, a Long Island provider of maintenance and security for airports and other facilities. “Sterling really made a difference. Getting the right package of financing and other services was important to us—and Sterling responded as though it was important to them, too.”



Best-in-Class Products

“Sterling had a product that was just what we needed, and that none of our other banks offered,” says Henry Schon, President of New Vanderbilt Rehabilitation & Care Center on Staten Island. “We have 320 residents in our facility, and we need to have separate bank accounts and maintain accurate records for each one. Sterling’s Fa\$tLink was just what the doctor ordered.”

When customers choose Sterling, they are partnering with a team dedicated to developing custom-tailored solutions to address their particular banking needs. To serve our clients, we can draw upon the resources of Sterling National Bank, as well as upon the products and services offered by our wholly-owned subsidiaries.

Our diverse range of products includes working capital lines of credit, asset-based financing, factoring, collections management, accounts receivable financing, payroll funding and processing, equipment leasing and financing, commercial and residential mortgages, international trade financing, depository products, cash management services, trust and estate administration and custodial account services. And this full range of solutions is delivered with the attentive, personalized approach of a true community bank.

Sterling's approach to product innovation supports our mission to provide clients with solutions that make financial management as efficient as possible, thus permitting owners and managers to focus on building their business. Responding directly to specialized client needs, Sterling has developed a series of products that are highly competitive and seldom duplicated in our marketplace.

For example, *Sterling Fa\$tLink™* was created for healthcare providers, such as nursing homes, to manage multiple accounts for hundreds of individuals and the corresponding automated, electronic credits and debits within each sub-account. Our innovative, patent-pending *Sterling EZ-Cert®* service enables clients to initiate and print certified checks from secure encrypted printers located in their offices. *Sterling Positive Pay* offers clients a front-line, anti-fraud deterrent, reconciling in-clearing checks with an electronic file of those that have been approved for payment. And Sterling was one of the first institutions to offer Remote Deposit Services, permitting clients to conduct virtually all their banking from the convenience of their office.

While we offer a variety of technology-forward products to add convenience, cost-savings and security measures for our clients, what you won't find at Sterling is deployment of technology that would inhibit our ability to provide truly personalized service.

Sterling has always been a “customer-centered” bank. Our clients know they can rely on us for a dedicated and timely response to their needs. While a deep commitment to customer service should not be seen as unusual in business, it is, in fact, an increasing focus among business owners when evaluating current and future financial partners.

Capital constraints, credit quality issues and industry consolidations have distracted many financial institutions in our marketplace—leading to adverse effects on their ability to serve their client base. Sterling has the fiscal stamina to operate in an uncertain economic environment—ensuring that we can continue to deliver the kind of service that exceeds the expectations of our clients.

High-touch, hands-on, personalized service has always been at the core of Sterling’s commitment to customers; we believe open and direct communication is critical to ensuring we deliver on that promise. At every contact point—from branch to support to senior management—Sterling’s clients needs are given prompt attention.

In almost all instances, we provide Sterling clients with their relationship managers’ direct and mobile phone numbers to ensure timely action. We take a pro-active approach to managing each client’s portfolio—looking for opportunities to provide smart solutions to immediate and future needs. And at Sterling, clients can work directly with decision makers—we’ve replaced red tape with a ready response.

Service that exceeds expectations, fast responses and a one-stop banking resource—the ingredients for a successful banking relationship—are exactly what clients can expect at Sterling. We look forward to serving you soon.



Service—Sterling Style

“We needed a local bank that understood our business and could help us grow,” noted Jerry DeWaters and Peter Lustig, principals of DeWaters Plumbing & Heating, a New York City plumbing contractor that specializes in complex re-piping projects in the tri-state area. “When we switched to Sterling, we found a bank that was responsive to our needs, with access to senior executives who can make timely decisions.”

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Retired Senior Partner, Rogers & Wells LLP (now Clifford Chance US LLP); former Assistant Secretary, United States Treasury Department

Shareholder Information

Annual Meeting

The Annual Meeting of Shareholders of Sterling Bancorp will be held at 10:00 a.m., Thursday, May 7, 2009 at The University Club, One West 54th Street, New York, NY 10019.

Independent Registered Public Accounting Firm

KPMG LLP

Counsel

Sullivan & Cromwell LLP

Common Stock Listing

New York Stock Exchange Symbol: STL

Transfer Agent/Registrar

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(800) 359-8248
shrrelations@mellon.com

Form 10-K and Other Shareholder Information

Copies of Sterling Bancorp's Annual Report to the Securities and Exchange Commission, Form 10-K, and other shareholder information may be obtained by contacting John W. Tietjen or Dale C. Fredston at 650 Fifth Avenue, New York, NY 10019-6108, or by calling (212) 757-3300.

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John C. Millman

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John W. Tietjen

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Chief Financial Officer*

Howard M. Applebaum

Senior Vice President

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Joel M. Schprechman

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Chairman

John C. Millman

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