

STERLING BANCORP

AUDIT COMMITTEE CHARTER

I. *Purpose of the Audit Committee:* The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Sterling Bancorp (the “Company”) is to:

1. assist Board oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditors’ qualifications and independence, and (iv) the performance of the independent auditors and the Company’s internal audit function; and
2. prepare the report required to be prepared by the Audit Committee pursuant to the rules of the Securities and Exchange Commission (“SEC”) for inclusion in the Company’s annual proxy statement to shareholders.

The function of the Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company’s annual financial statements and Form 10-K, reviews of the Company’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, annually auditing management’s assessment of the effectiveness of internal control over financial reporting and other procedures. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not employees of the Company and are not, and do not represent themselves to be, performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards.

The independent auditors shall submit to the Committee annually a formal written statement (the “Auditors’ Statement”) describing: (i) the auditors’ internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) (to assess the auditors’ independence) all relationships between the independent auditors and the Company, including each non-audit service provided to the Company and the matters set forth in Independence Standards Board Standard No. 1.

The independent auditors shall submit to the Committee annually a formal written statement of the fees billed to the Company in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company’s annual financial statements and the reviews of the financial statements included in the Company’s Quarterly Reports on Form 10-Q and services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company’s financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate

and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

II. *Committee Membership*: The Committee shall be comprised of at least three directors, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the New York Stock Exchange, Inc., and the Sarbanes-Oxley Act of 2002 and rules promulgated thereunder. The Board shall determine that each Committee member is “financially literate,” and that at least one member of the Committee has “accounting or related financial management expertise,” as such qualifications are interpreted by the Board of Directors in its business judgment, and whether any member is an “audit committee financial expert,” as defined by the SEC. The SEC rules require disclosure of whether the Company has an audit committee financial expert serving on its audit committee in its annual report in accordance with applicable regulations. If the Board has determined that a member of the Committee is an audit committee financial expert, it may presume that such member has accounting or related financial management expertise.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee, and discloses this determination in the Company’s annual proxy statement. No member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company other than (i) director’s fees, which may be received in cash, share options or other in-kind consideration ordinarily available to directors; (ii) a pension or other deferred compensation for prior service that is not contingent on future service; and (iii) any other regular benefits that other directors receive.

Members shall be appointed by the Board, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. Members shall have such knowledge, ability and experience as the Board considers appropriate for the effective discharge of the Audit Committee’s duties and responsibilities.

III. *Committee Structure and Operations*: The Board shall designate one member of the Committee as its chairperson. In the event of a tie vote on any issue, the chairperson’s vote shall decide the issue. The Committee shall meet periodically, as required to discuss with management the annual audited financial statements and quarterly financial statements, as applicable. The Committee shall meet separately with management, the chief auditor of the internal auditing department and the independent auditors to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Members of the Committee may participate in a meeting of the Committee by conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

IV. *Duties and Powers of the Committee*: To carry out its purposes, the Committee shall have the following duties and powers:

1. with respect to the independent auditors,

(i) to be directly responsible for the appointment, retention, compensation and oversight of the work of the independent auditors (including the resolution of disagreements between management and independent auditors regarding financial reporting) who shall report directly to the Committee;

(ii) to be directly responsible for the appointment, retention, compensation and oversight of the work of any public accounting firm, other than the independent auditors, engaged to perform audit, review or attestation services for the Company, which firm shall report directly to the Committee;

(iii) to pre-approve, or to adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors;

(iv) to ensure that the independent auditors prepare and deliver annually an Auditors' Statement (it being understood that the independent auditors are responsible for the accuracy and completeness of this Statement), and to discuss with the independent auditors any relationships or services disclosed in this Statement that may impact the quality of audit services or the objectivity and independence of the Company's independent auditors;

(v) to obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences;

(vi) to review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors assigned to the Company's account;

(vii) to discuss with management the timing and process for implementing the rotation of the lead audit partner assigned to Company's account, the concurring partner and any other active audit engagement team partner and consider whether there should be a regular rotation of the audit firm itself; and

(viii) to take into account the opinions of management and the Company's internal auditors in assessing the independent auditors' qualifications, performance and independence;

2. with respect to the internal auditing department,

(i) to review the appointment and any replacements of the chief auditor of the internal auditing department; and

(ii) to advise the chief auditor of the internal auditing department that he or she is expected to provide to the Committee summaries of and, as appropriate, complete copies of the significant reports to management prepared by the internal auditing department and management's responses thereto;

3. with respect to accounting principles and policies, financial reporting and internal control over financial reporting,

(i) to advise management, the internal auditing department and the independent auditors that they are expected to provide to the Committee a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting;

(ii) to consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Committee by the independent auditors required by or referred to in SAS 61 (as codified by AU Section 380), as it may be modified or supplemented, including reports and communications related to:

- deficiencies including significant deficiencies or material weaknesses, in internal control identified during the audit or other matters relating to internal control over financial reporting;
- consideration of fraud in a financial statement audit;
- detection of illegal acts;
- the independent auditors' responsibility under generally accepted auditing standards;
- any restrictions on audit scope;
- significant accounting policies;
- significant issues discussed with the national office of the independent auditors respecting auditing or accounting issues presented by the engagement;
- management judgments and accounting estimates;
- any accounting adjustments arising from the audit that were noted or proposed by the auditors but were passed (as immaterial or otherwise);
- the responsibility of the independent auditors for other information in documents containing audited financial statements;
- disagreements with management;
- consultation by management with other accountants;
- major issues discussed with management prior to retention of the independent auditors;
- difficulties encountered with management in performing the audit;
- the independent auditors' judgments about the quality of the entity's accounting principles;
- reviews of interim financial information conducted by the independent auditors; and
- the responsibilities, budget and staffing of the Company's internal audit function;

(iii) to meet with management, the independent auditors and the chief auditor of the internal auditing department:

- to discuss the scope of the annual audit;
- to discuss the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- to discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, the internal auditing department or the independent auditors, relating to the Company's financial statements;
- to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
- to discuss any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company;
- to review the form of opinion the independent auditors propose to render to the Board of Directors and shareholders; and
- to discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;

(iv) to inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;

(v) to discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;

(vi) to obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934;

(vii) to discuss with appropriate Company personnel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Company's business, or compliance policies, including material notices to or inquiries received from governmental agencies;

(viii) to discuss and review the type and presentation of information to be included in earnings press releases;

(ix) to discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies;

(x) to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;

(xi) to consider any reports submitted to it concerning material violations of applicable securities laws, material breaches of fiduciary duty or similar material violations of any law by the Company or by any director, officer, employee, or agent of the Company and determine what action or response is necessary or appropriate;

(xii) to interpret and apply the Sterling Bancorp Code of Business Conduct and Ethics to specific situations in which questions are presented to it and to take all action it considers appropriate to investigate any violations reported to it; and

(xiii) to establish hiring policies for employees or former employees of the independent auditors;

4. with respect to reporting and recommendations,

(i) to prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;

(ii) to review this Charter at least annually and recommend any changes to the full Board of Directors;

(iii) to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate; and

(iv) to prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

V. *Delegation to Subcommittee:* The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be

performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.

VI. *Resources and Authority of the Committee:* The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.