



## Corporate Governance Guidelines

### I. Introduction

The Board of Directors of Sterling Bancorp (the "Company"), acting on the recommendation of its Nominating and Corporate Governance Committee, has developed and adopted a set of corporate governance principles (the "Guidelines") to promote a high level of performance from the Board, its committees and management, to promote the interests of stockholders and to set forth a common set of best practices in corporate governance as to how the Board should perform its functions. These Guidelines are designed with the Company's current business operations, ownership, capital structure, and economic conditions in mind and will continue to evolve with changing circumstances.

### II. Board Composition

The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company's business;
- A majority of the Board shall consist of directors whom the Board has determined have no material relationship with the Company and who are otherwise "independent" under the rules of the New York Stock Exchange, Inc.

### III. Board Leadership

The Board shall select its Chairman and the Company's President and Chief Executive Officer ("CEO") in the manner it considers in the best interests of the Company at any given point in time, subject to the Company's Bylaws.

The Chairman presides at all meetings of the Board of Directors; provides leadership to the Board to ensure that the board and its committees operate appropriately to discharge their responsibilities of oversight of the Company's affairs, and performs such duties as may be conferred by law or assigned to him by the Board.

Based upon knowledge of directions and trends within the financial industry, familiarity with governmental and regulatory changes and economic and business forecasts, the CEO develops and provides to the Board of Directors strategies for the Company's future. The CEO transforms these strategies into short and long-term plans and annual operating plans aimed at enhancing shareholder value. Through leadership activities, the CEO sets the tone at the top of the organization to foster a proper control environment, including ethical behavior, competency, operating style and organization and ensures

adequate policies, procedures and controls are in place to identify, measure and manage risks, including sound risk management systems independent of risk taking activities.

#### **IV. Director Qualification and Selection**

*Nominations.* The Company's Nominating and Corporate Governance Committee is responsible for recommending to the Board a slate of directors or one or more nominees to fill vacancies occurring between annual meetings of shareholders (including vacancy created by an increase in the size of the Board). The Board is responsible for selecting the nominees for election to the Company's Board of Directors at the annual shareholders' meeting, and for making appointments to fill vacancies, which may occur on the Board between annual shareholders' meetings.

*Criteria.* The Board should, based on the recommendation of the Nominating and Corporate Governance Committee, select nominees for the position of director considering the following criteria:

- Personal qualities and characteristics, including integrity and a devotion to ethical behavior, a primary interest in the well-being of the Company, a capacity for independent judgment, good business acumen, the capacity to protect confidential information, an ability to work as a member of a team and a willingness to evaluate other opinions or points of view.;
- Current knowledge and contacts in the communities in which the Company does business and in the Company's industry or other industries relevant to the Company's business;
- Ability and willingness to commit adequate time to Board and committee matters;
- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company; and
- Diversity of viewpoints, background, skills, and experience with respect to accounting and finance, management and leadership, visions and strategy, business operations, business judgment, industry knowledge, knowledge of the community served and corporate governance.
- The Nominating and Corporate Governance Committee will evaluate director candidates submitted by stockholders in accordance with the applicable procedures set forth in the Company's annual Proxy Statement and pursuant to the criteria set forth above.
- The Board of the Company has adopted stock ownership qualifications for a director, which requirements may change from time to time, and are detailed in the annual Proxy Statement.

*Invitation.* The invitation to join the Board should be extended by the Board itself via the Chairman of the Board.

*Orientation and Continuing Education.* Management, working with the Board, will provide an orientation process for new directors, including background material on the

Company, its business plan and its risk profile, and meetings with senior management. Periodically, management will provide additional sessions for directors on matters relevant to the Company, its business plan and risk profile. Director training may include programs offered by industry groups, as well as publicly offered seminars on pertinent banking topics.

## **V. Board Meetings**

The Board currently plans at least four meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board. The meetings will usually consist of committee meetings and the Board meeting.

The agenda for each Board meeting will be set by the Chairman, and prepared by the Corporate Secretary or other designated officer. Management will provide appropriate materials in advance of meetings.

Materials presented to the Board or its committees should provide the information needed for the directors to make an informed judgment.

## **VI. Executive Sessions**

The independent directors meet in executive sessions periodically without management to discuss a variety of topics. The Chairman of the Nominating and Corporate Governance Committee will preside at the executive sessions of the Board of Directors.

## **VII. The Committees of the Board**

The Company shall have at least the committees required by the rules of the New York Stock Exchange, Inc., which committees are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Each of these three committees must have a written charter satisfying the rules of the New York Stock Exchange, Inc.

The Enterprise Risk Committee oversees the efforts of Company management in formulating strategies, policies and procedures with respect to the identification, measurement, management and control of all categories of risk.

All directors, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report of his or her committee's activities to the Board.

Each of the Nominating and Corporate Governance Committee, the Audit Committee and the Compensation Committee shall be composed of at least three directors whom the Board has determined have no material relationship with the Company and who are otherwise "independent" under the rules of the New York Stock Exchange, Inc. Members of the Audit Committee shall also be independent under the standards of the Securities and Exchange Commission set forth in Rule 10A-3, and members of the Compensation Committee shall also be independent under the heightened independence standards for compensation committee members under New

York Stock Exchange rules, when applicable. A director may serve on more than one committee.

### **VIII. Management Succession**

One of the roles of the Board is to exercise oversight over the performance of the CEO and ensuring an adequate system of management succession. At least annually, the Board shall review and concur in a succession plan, developed by management and reviewed by the Compensation Committee, addressing the policies and principles for selecting a successor to the CEO, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.

If it is anticipated that the CEO will leave the Company at a specified future date, the Board will ensure that the process of selecting a successor chief executive officer will take place in a manner that is likely to create a smooth transition between chief executive officers. The Nominating and Corporate Governance Committee will manage the selection process with the advice and assistance of the Chief of Human Capital and outside recruiters and advisors. If there is an unanticipated departure of the CEO, the Board will select a temporary chief executive officer to serve until a permanent replacement is selected.

### **IX. Executive Compensation**

The Board, acting through or with the Compensation Committee, evaluates and approves the proposals for overall compensation policies applicable to the CEO, evaluates the performance of the CEO against the Company's goals and objectives, and approves the compensation level of the CEO.

### **X. Board Compensation**

Board compensation should be consistent with market practices but should not be set at a level that would call into question the Board's objectivity. The amount and form of compensation to be paid to directors shall be determined and reviewed periodically by the Nominating and Corporate Governance Committee and approved by the Board. In fixing the compensation, the Board will consider (a) the compensation that is paid to directors of other companies which are comparable in size to the Company; (b) the amount of time it is likely directors will be required to devote to preparing for and attending meetings of the Board and the committees on which they serve; and (c) the performance of the Company.

### **XI. Expectations of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Delaware law. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company. The Board has developed specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

1. *Committee and Attendance.* Each director is expected to attend substantially all the meetings of the Board and substantially all the meetings of each committee on

which the director serves. Before attending the meetings of the Board or of a committee, each director is expected to review the materials provided by the Company relating to matters to be considered at the meeting. The basic responsibility of Directors is to exercise their business judgment in good faith to act on what they reasonably believe to be in the best interests of the Company and stockholders.

2. *Participation in Meetings.* Each director should be sufficiently familiar with the business of the Company, including its financial statements, capital structure, risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, executive management will make appropriate personnel available to answer questions a director may have about any aspect of the Company's business. Materials will be provided by management and advisors in advance of the meetings of the Board and its committees for review by the directors.

3. *Loyalty and Ethics.* Each director acts as a fiduciary, meaning he or she assumes a legal "duty of care" and a "duty of loyalty" to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any personal interests possessed by a director.

The Company has adopted a Code of Ethics. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's general counsel in the event of any issues.

4. *Other Directorships.* The Company values the experience directors bring from other boards on which they serve, and recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Directors should advise the Chair of the Nominating and Corporate Governance Committee, the Chairman and the CEO before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units.

5. *Contact with Management.* All directors are invited to contact the Chairman and/or the CEO at any time to discuss any aspect of the Company's business. The Board expects that there will be regular opportunities for directors to meet with the Chairman, the CEO and the Chief Financial Officer in Board and committee meetings.

The Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide insight into the items being discussed because of involvement and knowledge in those areas, and/or (b) are managers with future potential that the Chairman, CEO or Chief Financial Officer believe should be given exposure to the Board.

6. *Contact with Other Constituencies.* In order for the Company to speak to employees and outside constituencies with a single voice, management shall serve as the primary spokesperson.

7. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with their service as a director.

## **XII. Evaluating Board Performance**

The Board, acting through the Nominating and Corporate Governance Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Nominating and Corporate Governance Committee should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary means to perform its oversight function effectively.

Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee should conduct a self-evaluation at least annually and report the results to the Board. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter. The Board should evaluate at least annually each of its other committees to determine whether they are functioning effectively.

## **XIII. Reliance on Management and Outside Advice**

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.

## **XIV. Communications with the Board.**

Stockholders may communicate directly with the Board, its Chairman, any other director, non-management members of the Board as a group or any committee of the Board by sending a letter indicating the intended addressee, to:

c/o Corporate Secretary  
Sterling Bancorp  
400 Rella Boulevard  
Montebello, New York 10901

The letter should indicate that the author is a stockholder of the Company. The Corporate Secretary will review any stockholder communication directed to the Board of Directors or to any individual director and, depending on the subject matter, forward the communication to the director or directors to whom it is addressed or attempt to handle the inquiry directly. Copies of any responses will be provided to the director(s). Communications that are commercial solicitations, customer complaints, incoherent or obscene will not be forwarded to the Board, its Chairman, or any director or committee of the Board; however, copies will be made available to the directors on request. Both the initial communication and the response will be maintained in a file by the Corporate Secretary.

Approved by the Board of Directors 9.23.2014