FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

STERLING BANCORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549
FORM 10-Q

(MARK ONE)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________________ TO _____________________

COMMISSION FILE NUMBER: 1-5273-1

STERLING BANCORP

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEW YORK	13-2565216
(STATE OR OTHER JURISDICTION INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION)
540 MADISON AVENUE, NEW YORK, N.Y.	10022-3299
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES	(ZIP CODE)

212-826-8000

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

N/A

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. [X] YES [] NO

AS OF SEPTEMBER 30, 1996 THERE WERE 7,346,863 SHARES OF COMMON STOCK, $1.00 PAR VALUE, OUTSTANDING.

STERLING BANCORP

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STERLING BANCORP AND SUBSIDIARIES
Consolidated Balance Sheets

<TABLE>
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ASSETS	September 30, 1996	December 31, 1995
<S>	<C>	<C>
Cash and due from banks	$ 47,540,507	$ 40,720,401
Interest-bearing deposits with other banks	3,010,000	3,000,000
Federal funds sold	--	5,000,000
Securities		
Held to maturity (estimated market value $222,799,273 and $196,573,342, respectively)	227,999,046	197,567,406
Available for sale (at estimated market value)	94,167,371	101,670,466
Total investment securities	322,166,417	299,237,872
Loans, net of unearned discounts	428,760,130	397,228,786
Less allowance for possible loan losses	7,788,574	5,192,203
Loans, net	420,971,556	392,036,583
Customers' liability under acceptances	468,200	2,395,089
Excess cost over equity in net assets of the banking subsidiary	21,158,440	21,158,440
Premises and equipment, net	4,270,413	2,733,105
Accrued interest receivable	4,883,687	4,151,950
Other assets	8,414,681	5,175,001
	$ 832,883,901	$ 775,608,441
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-bearing deposits	$ 178,268,818	$ 224,080,543
Interest-bearing deposits	334,829,308	326,947,260
Total deposits	513,098,126	551,027,803
Securities sold under agreements to repurchase	108,231,029	51,265,620
Commercial paper	31,684,400	26,607,200
Other short-term borrowings	34,545,872	5,331,640
Acceptances outstanding	468,200	2,395,089

Due to factoring clients	25,039,843	22,596,179
Accrued expenses and other liabilities	17,038,949	17,381,686
	730,106,419	676,605,217
Long-term convertible subordinated debentures	14,326,000	21,346,000
Other long-term debt	17,750,000	18,000,000
Total long-term debt	32,076,000	39,346,000
Total liabilities	762,182,419	715,951,217
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock, $5 par value. Authorized 644,389 shares	2,510,870	2,525,760
Common stock, $1 par value. Authorized 20,000,000 shares; issued 7,386,706 and 6,496,854 shares, respectively	7,386,706	6,496,854
Capital surplus	34,730,466	28,091,878
Retained earnings	29,914,212	25,641,804
Net unrealized (depreciation) appreciation on securities available for sale, net of tax	(72,905)	543,747
	74,469,349	63,300,043
Less		
Common shares in treasury at cost, 39,843 and 150,343 shares, respectively	394,184	1,489,239
Unearned compensation	3,373,683	2,153,580
Total shareholders' equity	70,701,482	59,657,224
	$ 832,883,901	$ 775,608,441

</TABLE>

See Notes to Consolidated Financial Statements.

STERLING BANCORP AND SUBSIDIARIES
Consolidated Statements of Income

<TABLE>
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	Three Months Ended September 30, 1996	1995	Nine Months Ended September 30, 1996	1995
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Loans	$10,055,302	$ 8,409,633	$27,845,666	$23,827,997
Securities held to maturity	3,849,618	3,864,344	11,227,920	11,641,135
Securities available for sale	1,599,990	1,135,015	4,794,597	3,532,680
Federal funds sold	2,153	97,708	279,586	300,857
Deposits with other banks	35,854	46,404	117,844	137,321
Total interest income	15,542,917	13,553,104	44,265,613	39,439,990
INTEREST EXPENSE				
Deposits	3,071,996	2,841,289	8,986,515	8,574,275
Federal funds purchased and securities sold under agreements to repurchase	1,217,882	744,376	3,061,155	2,129,506
Commercial paper	414,377	353,753	1,108,987	855,532
Other short-term borrowings	342,468	84,243	722,969	224,577
Long-term debt	552,266	792,209	1,689,651	2,572,027
Total interest expense	5,598,989	4,815,870	15,569,277	14,355,917
Net interest income	9,943,928	8,737,234	28,696,336	25,084,073
Provision for possible loan losses	401,250	574,000	1,540,750	1,234,000
Net interest income after provision for possible loan losses	9,542,678	8,163,234	27,155,586	23,850,073

NONINTEREST INCOME				
Service charges on deposit accounts	516,603	436,582	1,334,488	1,301,052
Factoring commissions	949,364	493,484	2,322,883	1,083,082
Letter of credit commissions	198,495	212,631	614,523	559,236
Trust fees	236,986	211,395	510,101	497,830
Mortgage banking income	672,340	19,539	741,448	19,539
Gain on sale of securities	--	--	22,161	4,801
Other income	529,391	276,258	1,201,219	876,649
Total noninterest income	3,103,179	1,649,889	6,746,823	4,342,189
NONINTEREST EXPENSES				
Salaries	4,033,350	2,652,311	10,524,295	8,195,585
Employee benefits	813,315	658,562	2,327,486	2,073,765
Total personnel expenses	4,846,665	3,310,873	12,851,781	10,269,350
Occupancy expense, net	654,983	835,877	1,837,171	2,277,829
Equipment expense	466,353	551,833	1,209,401	1,254,213
Other expenses	2,542,058	1,981,751	6,701,260	5,901,285
Total noninterest expenses	8,510,059	6,680,334	22,599,613	19,702,677
Income before income taxes	4,135,798	3,132,789	11,302,796	8,489,585
Provision for income taxes	1,974,438	1,640,420	5,396,605	4,443,578
Net income	$ 2,161,360	$ 1,492,369	$ 5,906,191	$ 4,046,007
Average number of common shares outstanding				
Primary	7,415,904	6,390,444	6,969,510	6,378,428
Fully diluted	8,763,215	8,563,855	8,325,791	8,555,024
Per average common share				
Primary	$ .30	$ .23	$ .85	$ .63
Fully diluted	.27	.21	.77	.57
Dividends per common share	.08	.06	.23	.18

</TABLE>

See Notes to Consolidated Financial Statements.

STERLING BANCORP AND SUBSIDIARIES

Consolidated Statement of Changes in Shareholders' Equity

<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
<S>	<C>	<C>
Shareholders' equity at beginning of period	$ 59,657,224	$ 53,719,314
Net income	5,906,191	4,046,007
Dividends paid		
Common stock- $.23 and $.18 per share, respectively	(1,623,111)	(1,142,347)
Preferred stock - at prescribed rates	(10,672)	(1,095)
Conversions of subordinated debentures into common stock	6,953,485	2,990
Options exercised	10,875	--
Issuance of common stock for acquisition	262,995	--
Amortization of unearned compensation	161,147	--
Change in valuation account for securities available for sale, net of tax	(616,652)	1,285,575
Net change in shareholders' equity	11,044,258	4,191,130
Shareholders' equity at end of period	$ 70,701,482	$ 57,910,444

</TABLE>

See Notes to Consolidated Financial Statements.

STERLING BANCORP AND SUBSIDIARIES
Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

	Nine Months Ended September 30 1996	1995
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net income	$ 5,906,191	$ 4,046,007
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for possible loan losses	1,540,750	1,234,000
Depreciation and amortization of premises and equipment	650,927	867,397
Deferred income tax benefit	(877,131)	(171,720)
Gain on sale of securities	(22,161)	(4,801)
Gain on sale of loans	(69,108)	(19,539)
Amortization of unearned compensation	161,147	--
Amortization of premiums of securities	1,311,474	1,096,498
Accretion of discounts on securities	(119,583)	(95,315)
Increase in accrued interest receivable	(731,737)	(409,837)
Increase in other liabilities	2,100,927	20,062,606
Other, net	(1,840,868)	(1,173,104)
Net cash provided by operating activities	8,010,828	25,432,192
INVESTING ACTIVITIES		
Purchase of premises and equipment	(2,188,235)	(512,356)
Net increase in interest-bearing deposits with other banks	(10,000)	(30,000)
Net decrease in Federal funds sold	5,000,000	3,000,000
Net increase in loans	(30,406,615)	(52,060,323)
Proceeds from prepayments, redemptions or maturities of securities - held to maturity	28,067,802	22,738,157
Purchases of securities - held to maturity	(59,323,005)	(10,241,813)
Proceeds from sale of securities-available for sale	5,017,969	8,977,432
Proceeds from prepayments, redemptions or maturities of securities - available for sale	7,083,790	4,108,204
Purchases of securities - available for sale	(6,083,164)	(10,918,982)
Net cash used in investing activities	(52,841,458)	(34,939,681)
FINANCING ACTIVITIES		
Net decrease in noninterest-bearing deposits	(45,811,725)	(8,774,882)
Net increase(decrease) in interest-bearing deposits	7,882,048	(17,373,736)
Net increase in securities sold under agreements to repurchase	56,965,409	7,524,041
Net increase in commercial paper and other short-term borrowings	34,291,432	31,244,062
Decrease in other long-term debt	(250,000)	--
Issuance of common stock	262,995	--
Options exercised on common shares	10,875	--
Cash dividends paid on common and preferred stock	(1,633,783)	(1,143,442)
Maturities and prepayments on debentures	(66,515)	(5,347,010)
Net cash provided by financing activities	51,650,736	6,129,033
Net increase in cash and due from banks	6,820,106	(3,378,456)
Cash and due from banks - beginning of period	40,720,401	39,224,764
Cash and due from banks - end of period	$ 47,540,507	$ 35,846,308
Supplemental schedule of non-cash financing activities:		
Conversion of debentures	$ 6,953,485	$ 2,990
Issuance of treasury shares	1,381,250	--
Supplemental disclosure of cash flow information:		
Interest paid	$ 17,190,180	$ 12,713,016
Income taxes paid	6,078,493	4,863,462

</TABLE>

See Notes to Consolidated Financial Statements

STERLING BANCORP AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. The consolidated financial statements include the accounts of Sterling Bancorp ("the parent company") and its subsidiaries, principally Sterling National Bank & Trust Company of New York ("the bank"), after elimination of material intercompany transactions. The term "the Company" refers to Sterling Bancorp and its subsidiaries. The consolidated financial statements as of and for the interim periods ended September 30, 1996 and 1995 are unaudited; however, in the opinion of management, all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of such periods have been made. Certain reclassifications have been made to the 1995 financial statements to conform to current presentation. The interim financial statements should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 1995.

2. For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks.

3. The Company's outstanding Preferred Shares comprise 1,230 Series B shares (of 4,389 authorized) and 248,627 Series D Shares (of 300,000 authorized). Each Series B share is entitled to cumulative dividends at the rate of $0.10 per year, to one vote per share and upon liquidation or redemption to an amount equal to accrued and unpaid dividends to the date of redemption or liquidation plus an amount which is $20 in the case of involuntary liquidation and $28 otherwise; each Series D share (all of such shares are owned by the Company's Employee Stock Ownership Trust) is entitled to dividends at the rate of $0.6125 per year, is convertible into one Common Share, and is entitled to a liquidation preference of $10 (together with accrued dividends). All preferred shares are entitled to one vote per share (voting with the Common Shares except as otherwise required by law).

4. Under the provisions of the Stock Incentive Plan, on January 3, 1996, the parent company made restricted stock awards to key employees of 110,500 shares from treasury stock and granted key employees incentive stock options to purchase 109,500 shares.

   The restricted stock awards vest in four equal annual installments starting one year from the date of the award, with any unvested shares to revert to the parent company if the holder's employment terminates other than for certain specified reasons. In connection with the issuance of the restricted shares, the Company recognized unearned incentive compensation, equal to the market value of the shares issued on the date of the award, which will be amortized as a charge to salaries expense over the vesting period. The balance of unearned compensation is reported as a reduction of shareholders' equity. For income tax purposes, the Company is entitled to deductions as each installment vests in an amount equal to the average market value of the shares on the vesting date and for dividends paid on unvested shares.

STERLING BANCORP AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The incentive stock options, awarded at the closing market price on the date of grant, expire ten years from the date of grant and become exercisable in four annual installments, starting one year from the date of grant, or upon death or disability of the grantee. No expense is required to be recognized in connection with options granted.

In October 1995, the Financial Accounting Standards Board, ("FASB") issued Statements of Financial Accounting Standards No. 123,"Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 established financial accounting and reporting standards for stock-based compensation plans. Such plans include all arrangements by which employees or others receive shares of stock or other equity instruments of the parent company, or arrangements by which the parent company incurs liabilities in amounts based on the price of the parent company's stock. Examples are incentive stock options, non-qualified stock options, restricted stock, stock appreciation rights or any combination thereof. SFAS 123 allows two alternative accounting methods: (1) a fair-value based method, or (2) an intrinsic-value based method which is already prescribed by Accounting Principles Board Opinion No.25, "Accounting for Stock Issued to Employees" ("APB25"). Both the accounting and disclosure requirement of SFAS 123 are effective for fiscal years beginning after December 15, 1995. The parent company intends to continue accounting for its employee stock compensation plans under its current method (APB25), and will adopt the disclosure requirements of SFAS 123 in 1996.

5. On July 1, 1996, the Company acquired The Real Estate Funding Center (now operating as Sterling National Mortgage Company, Inc.) for 92,179 shares of common stock. The acquisition was accounted for as a pooling of interests. However, prior periods have not been restated as the acquisition was not material.

STERLING BANCORP AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

BUSINESS

Sterling Bancorp (the parent company) is a bank holding company, as defined by the Bank Holding Company Act of 1956, as amended, with subsidiaries providing a full range of financial services, including business and consumer loans, asset based financing, factoring, trade financing, mortgage lending, leasing, and trust and estate services. The parent company owns Sterling National Bank & Trust Company of New York (the bank), its principal subsidiary, and Standard Factors Corporation/Sterling Factors, Universal Finance Corporation, Sterling Banking Corporation and Sterling Industrial Loan Association (finance subsidiaries). On July 1, 1996, the Company acquired The Real Estate Funding Center (now operating as Sterling National Mortgage Company, Inc.). As used throughout this report, "the Company" refers to Sterling Bancorp and its subsidiaries.

There is intense competition in all areas in which the Company conducts its business, including deposits, loans, domestic and international financing and trust services. In addition to competing with other banks, the Company also competes in certain areas of its business with other financial institutions. At September 30, 1996, the bank's year-to-date average earning assets (of which loans were 48% and securities were 51%) represented approximately 92% of the Company's year to date average earning assets. See pages 17 and 18 for the composition of the Company's average balance sheets for the three and nine months ended September 30, 1996 and September 30, 1995.

FINANCIAL CONDITION

Liquidity is the ability to meet cash needs arising from changes in various categories of assets and liabilities. Liquidity is constantly monitored and managed at both the parent company and the bank levels. Liquid assets consist of cash and due from banks, interest-bearing deposits in banks and Federal funds sold and securities available for sale. Primary funding sources include core deposits, capital market funds and other money market sources. Core deposits include domestic noninterest-bearing and interest-bearing retail deposits, which historically have been relatively stable. The parent company and the bank have significant unused borrowing capacity. Contingency plans exist and could be implemented on a timely basis to minimize the impact of any dramatic change in market conditions.

While the parent company generates income from its own operations, it also depends for its cash requirements on funds maintained or generated by its subsidiaries, principally the bank. Such sources have been adequate to meet the parent company's cash requirements throughout its history. At September 30, 1996, the parent company had on hand approximately $12,169,000 in cash.

Various legal restrictions limit the extent to which the bank can supply funds to the parent company and its nonbank subsidiaries. All national banks are limited in the payment of dividends without the approval of the Comptroller of the Currency (the Comptroller) to an amount not to exceed the net profits (as defined) for that year to date combined with its retained net profits for the preceding two calendar years. In addition, from time to time dividends are paid to the parent company by the finance subsidiaries from their retained earnings without regulatory restrictions.

At September 30, 1996, the parent company's outstanding long-term debt, consisting principally of convertible subordinated debentures (originally issued pursuant to rights offerings to shareholders of the Company), aggregated $14,326,000. To the extent convertible subordinated debentures are converted to common stock of the parent company (as has been the case with approximately $18 million principal amount since 1982), the subordinated debt related thereto is retired and becomes part of shareholders' equity. On April 18, 1996, the parent company called for redemption as of May 20, 1996, the entire outstanding balance ($7,020,000) Fifth Series Convertible Debentures due July 1, 2001. Virtually all of the debentures were converted into 794,684 shares of common stock. The parent company's long-term indebtedness is also met through funds generated from profits and new financing.

At September 30, 1996, the parent company's short-term debt, consisting principally of commercial paper, was approximately $31,934,000. The parent company had cash, interest-bearing deposits with banks and other current assets aggregating $53,984,000 and back-up credit lines with banks of $14,000,000. The parent company and its predecessor have issued and repaid at maturity approximately $12 billion of commercial paper since 1955. Since 1979, the parent company has had no need to use available back-up lines of credit.

The Company and the bank are subject to risk-based capital regulations. The purpose of these regulations is to measure capital against risk-weighted assets, including off-balance sheet items. These regulations define the elements of total capital into Tier 1 and Tier 2 components and establish minimum ratios of 4% for Tier 1 capital and 8% for Total Capital. Supplementing these regulations is a leverage requirement. This requirement establishes a minimum leverage ratio, (at least 3%) which is calculated by dividing Tier 1 capital by adjusted quarterly average assets (after deducting goodwill). At September 30, 1996, the risk-based capital ratios and the leverage ratio for the Company and the bank exceeded the most stringent requirements contemplated by these guidelines. Information regarding the Company's and the bank's risk-based capital, at September 30, 1996 and December 31, 1995, is presented on page 22.

While past performance is no guarantee of the future, management believes that the Company's funding sources (including dividends from all its subsidiaries) and the bank's funding sources will be adequate to meet their liquidity and capital requirements in the future.

ASSET/LIABILITY MANAGEMENT

The Company's primary earnings source is its net interest income; therefore the Company devotes significant time and has invested in resources to assist in the management of interest rate risk and asset quality. The Company's net interest income is affected by changes in market interest rates, and by the level and composition of interest-earning assets and interest-bearing liabilities. The Company's objectives in its asset/liability management are to utilize its capital effectively, to provide adequate liquidity and to enhance net interest income, without taking undue risks or subjecting the Company unduly to interest rate fluctuations.

The Company takes a coordinated approach to the management of its liquidity, capital and interest rate risk. This risk management process is governed by policies and limits established by senior management which are reviewed and approved by the Asset/Liability Committee of the Board of Directors ("ALCO"). ALCO, which is comprised of members of senior management and the Board, meets to review among other things, economic conditions, interest rates, yield curve, cash flow projections, expected customer actions, liquidity levels, capital ratios and repricing characteristics of assets, liabilities and off-balance sheet financial instruments.

The Company's balance sheet structure is primarily short-term in nature with most assets and liabilities repricing or maturing in less than five years. The Company monitors the interest rate sensitivity of its on-and off-balance sheet positions by examining its near-term sensitivity and its longer term gap (as defined below) position. The Company utilizes several tools in its management of interest rate risk, primarily utilizing a sophisticated income simulation model and complementing this with a traditional gap analysis.

The income simulation model measures the Company's net interest income sensitivity or volatility to interest rate changes utilizing statistical techniques that allow the Company to consider various factors which impact net interest income. These factors include actual maturities, estimated cash flows, repricing characteristics, deposits growth/retention and, most importantly, the relative sensitivity of the Company's assets and liabilities to changes in market interest rates. This relative sensitivity is important to consider as the Company's core deposit base is not subject to the same degree of interest rate sensitivity as its assets. The core deposits costs are internally managed and tend to exhibit less sensitivity to changes in interest rates than the Company's adjustable rate assets whose yields are based on external indices and change in tandem with market interest rates.

The Company's interest rate sensitivity is determined by identifying the probable impact of changes in market interest rates on the yields on the Company's assets and the rates which would be paid on its liabilities. This modeling technique involves a degree of estimation based on certain assumptions that management believes to be reasonable. Utilizing this process, management can project the impact of changes in interest rates on net interest margin. The Company has established certain limits for the potential volatility of its net interest margin, assuming certain levels of changes in market interest rates, with the objective of maintaining a stable net interest margin under various probable rate scenarios. The Company can also utilize this technique to stress test its portfolio to determine the impact of various interest rate scenarios on the Company's net interest income.

The traditional gap analysis is prepared based on the maturity and repricing characteristics of interest-earning assets and interest-bearing liabilities for selected time bands. The mismatch between repricings or maturities within a time band is commonly referred to as the "gap" for that period. A positive gap (asset sensitive) where interest rate sensitive assets exceed interest rate sensitive liabilities generally will result in an institution's net interest margin increasing in a rising rate environment and decreasing in a falling rate environment. A negative gap (liability sensitive) will generally have the

opposite results on an institution's net interest margin. However, the traditional gap analysis does not assess the relative sensitivity of assets and liabilities to changes in interest rates. The Company utilizes the gap analysis to complement its income simulations modeling, primarily focusing on the longer term structure of the balance sheet.

As part of its interest rate risk strategy, the Company uses off-balance sheet financial instruments (derivatives) to hedge the interest rate sensitivity of assets with the corresponding amortization reflected in the yield of the related on-balance sheet assets being hedged. The Company has written policy guidelines, which have been approved by the Board of Directors and the Asset/Liability Committee, governing the use of off-balance sheet financial instruments, including approved counterparties, risk limits and appropriate internal control procedures. The credit risk of derivatives arises principally from the potential for a counterparty to fail to meet its obligation to settle a contract on a timely basis. At September 30, 1996, all counterparties have investment grade credit ratings from the major rating agencies. Each counterparty is specifically approved for applicable credit exposure.

At September 30, 1996, the Company's off-balance sheet financial instruments consisted of two interest rate floor contracts having a notional amount totaling $75 million; one contract with a notional amount of $50 million has a final maturity of February 27, 2000 and the other contract with a notional amount of $25 million has a final maturity of March 17, 1998. These financial instruments are being used as part of the Company's interest rate risk management and not for trading purposes.

Interest rate floor contracts require the counterparty to pay the Company at specified future dates the amount, if any, by which the specified interest rate (3-month LIBOR) falls below the fixed floor rates, applied to the notional amounts. The Company utilizes these financial instruments to adjust its interest rate risk position without exposing itself to principal risk and funding requirements. The interest rate floor contracts require the Company to pay a fee for the right to receive a fixed interest payment.

The Company purchased interest rate floor contracts to reduce the impact of falling rates on its floating rate commercial loans. The Company paid up-front premiums of $715,000 for the interest rate floor contracts that it entered into in 1995. These premiums are amortized monthly against interest income from the designated assets. At September 30, 1996, the unamortized premiums on these contracts totaled $457,000 and are included in other assets. At September 30, 1996, $28,000 was receivable under the contracts.

SECURITIES

The Company's securities portfolios are comprised of principally U.S. Government and U.S. Government corporation and agency mortgage-backed securities along with other debt and equity securities. At September 30, 1996, the Company's portfolio of securities totalled $322,166,000, of which U.S. Government and U.S. Government corporation and agency guaranteed mortgage-backed securities having an average life of approximately 2.9 years amounted to $309,087,000. The Company has the intent and ability to hold to maturity securities classified "held to maturity". These securities are carried at cost, adjusted for amortization of premiums and accretion of discounts. The gross unrealized gains and losses on "held to maturity" securities were $448,000 and $5,648,000, respectively. Securities classified as "available for sale" may be sold in the future, prior to maturity. These securities are carried at market value. Net aggregate unrealized gains or losses on these securities are included in a valuation allowance account and are shown net of taxes, as a component of shareholders' equity. "Available for sale" securities included gross unrealized gains of $425,000 and gross unrealized losses of $560,000. Given the relatively short-term nature of the portfolio and its generally high credit quality, management expects to realize all of its investment upon the maturity of such instruments, and thus believes that any market value impairment is temporary in nature.

CREDIT RISK

A key management objective is to maintain the quality of the loan portfolio. This objective is achieved by maintaining high underwriting standards coupled with regular evaluation of the creditworthiness of and the designation of lending limits for each borrower. The portfolio strategies seek to avoid concentrations by industry or loan size in order to minimize credit exposure and to originate loans in markets with which it is familiar. The composition of the Company's and the bank's loan portfolio at September 30, 1996 were as follows:

<TABLE>
<CAPTION>

	Company	Bank
	(in thousands)	
<S>	<C>	<C>
Domestic		
Commercial and industrial	$ 328,211	$ 273,923
Real estate - mortgage	59,692	58,551
Real estate - construction	1,348	1,348
Installment - individuals	14,881	14,881
Lease financing	30,873	30,873
Foreign		
Government and official institutions	789	789
Loans, gross	435,794	380,365
Less unearned discounts	7,034	6,669
Loans, net of unearned discounts	$ 428,760	$ 373,696

</TABLE>

Intrinsic to the lending process is the possibility of loss. In times of economic slowdown, the risk inherent in the Company's portfolio of loans is increased. While management endeavors to minimize this risk, it recognizes that loan losses will occur and that the amount of these losses will fluctuate depending on the risk characteristics of the loan portfolio which, in turn, depends on current and expected economic conditions, the financial condition of borrowers and the credit management process.

The allowance for possible loan losses is maintained through the provision for possible loan losses, which is a charge to operating earnings. The adequacy of the provision and the resulting allowance for possible loan losses is determined by management's continuing review of the loan portfolio, including identification and review of individual problem situations that may affect the borrower's ability to repay, review of overall portfolio quality through an analysis of current charge-offs, delinquency and nonperforming loan data, estimates of the value of any underlying collateral, review of regulatory examinations, an assessment of current and expected economic conditions and changes in the size and character of the loan portfolio. The allowance reflects management's evaluation of both loans presenting identified loss potential and of the risk inherent in various components of the portfolio including loans identified as impaired as required by SFAS No. 114 and No. 118. Thus an increase in the size of the portfolio or in any of its components could necessitate an increase in the allowance even though there may not be a decline in credit quality or an increase in potential problem loans. A significant change in any of the evaluation factors described above could result in future additions to the allowance. At September 30, 1996, the Company's allowance was $7,789,000 (after giving effect to a third quarter recovery of $1,333,000 on a previously charged-off loan in the bank); the ratio of the allowance to loans, net of unearned discount, was 1.8%. At September 30, 1996, $265,000 of loans were impaired within the scope of SFAS No. 114 and required a valuation allowance of $120,000. The average recorded investment in impaired loans during the nine months ended September 30, 1996 was approximately $400,000. Potential problem loans, which are loans that are currently performing under present loan repayment terms but where known information about possible credit problems of borrowers cause management to have serious doubts as to the ability of the borrowers to continue to comply with the present repayment terms, aggregated $376,000 at September 30, 1996. At September 30, 1996, non-accrual loans amounted to $654,000. Based on the foregoing, as well as management's judgement as to the current risks inherent in the loan portfolio, the Company's allowance for possible loan losses was deemed adequate to absorb all reasonably anticipated losses on specifically known and other possible credit risks associated with the portfolio as of September 30, 1996.

RESULTS OF OPERATIONS

Net interest income, which represents the difference between interest earned on interest-earning assets and interest incurred on interest-bearing liabilities, is the Company's primary source of earnings. Net interest income can be affected by changes in market interest rates as well as the level and composition of interest-earning assets and interest-bearing liabilities. An analysis of the Company's interest rate sensitivity is presented on page 21. The increases (decreases) for the components of interest income and interest expense, expressed in terms of fluctuation in average volume and rate are shown on pages 19 and 20. Information as to the components of interest income and interest expense and average rates is provided in the Average Balance Sheets shown on pages 17 and 18.

COMPARISON OF THREE MONTHS ENDED SEPTEMBER 30, 1996 AND SEPTEMBER 30, 1995
Total interest income increased $1,990,000 for the three months ended September 30, 1996 when compared with the same period last year principally due to higher average outstandings. Interest and fees on loans increased $1,645,000

principally due to higher average outstandings. An increase in average securities outstandings resulted in an increase in income from securities of $451,000.

Total interest expense for the three months ended September 30, 1996 increased $783,000 when compared with the same period in 1995 due to increased average outstandings and higher rates paid for those funds. Interest expense on interest-bearing deposits rose $231,000 as a result of increased rates coupled with an increase in average outstandings. Interest expense on borrowings increased $552,000 for the three months ended September 30, 1996 versus the like period a year ago primarily due to an increase in average outstandings.

Based on management's continuing evaluation of the loan portfolio (discussed under "CREDIT RISK" above), and principally as the result of the growth in the loan portfolios, $401,000 was provided for possible loan losses for the three months ended September 30, 1996.

Noninterest income increased $1,453,000 for the third quarter of 1996 when compared with the same period in 1995 due primarily to increased mortgage banking income, principally due to the acquisition of The Real Estate Funding Center (See Note 5 on page 8), and increased factoring commissions.

Noninterest expenses increased $1,830,000 for the three months ended September 30, 1996 versus the same period last year reflecting higher personnel and general business costs associated with the Company's higher levels of business activities (including the acquisition of The Real Estate Funding Center).

The provision for income taxes increased $334,000 for the third quarter of 1996 when compared with the same period last year principally based on the level of pre-tax profitability.

As a result of the above factors, net income increased $669,000 for the three months ended September 30, 1996 when compared with the same period in 1995.

STERLING BANCORP AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

COMPARISON OF NINE MONTHS ENDED SEPTEMBER 30, 1996 AND SEPTEMBER 30, 1995

Total interest income increased $3,612,000 for the nine months ended September 30, 1996 when compared with the same period last year principally due to higher average outstandings. Interest and fees on loans increased $4,018,000 principally due to higher average outstandings. An increase in average securities outstandings resulted in an increase in income from securities of $848,000.

Total interest expense for the nine months ended September 30, 1996 increased $1,213,000 when compared with the same period in 1995 principally due to increased average outstandings. Interest expense on interest-bearing deposits rose $412,000 as a result of increased rates coupled with an increase in average outstandings. Interest expense on borrowings increased $801,000 for the nine months ended September 30, 1996 versus the like period a year ago. The increase is attributable to an increase in average outstandings partially offset by lower rates paid.

Based on management's continuing evaluation of the loan portfolio (discussed under "CREDIT RISK" above), and principally as the result of the growth in the loan portfolios, $1,541,000 was provided for possible loan losses for the nine months ended September 30, 1996.

Noninterest income increased $2,405,000 for the first nine months of 1996 when compared with the same period in 1995 due primarily to increased mortgage banking income, principally due to the acquisition of The Real Estate Funding Center (see Note 5 on page 8), and increased factoring commissions.

Noninterest expenses increased $2,897,000 for the first nine months ended September 30, 1996 versus the same period last year, reflecting higher personnel and general business costs associated with the Company's higher levels of business activities (including the acquisition of The Real Estate Funding Center).

The provision for income taxes increased $953,000 for the first nine months of 1996 when compared with the same period last year principally based on the level of pre-tax profitability.

As a result of the above factors, net income increased $1,860,000 for the nine months ended September 30, 1996 when compared with the same period in 1995.

STERLING BANCORP AND SUBSIDIARIES
Average Balance Sheets [1]
Three Months Ended September 30,

<TABLE>
<CAPTION>

	1996			1995		
ASSETS	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-bearing deposits with other banks	$ 3,010	$ 36	5.03%	$ 2,997	$ 46	6.14%
Securities						
Held to maturity	233,375	3,850	6.60	235,952	3,864	6.55
Available for sale [2]	95,148	1,600	6.71	66,625	1,135	6.78
Federal funds sold	152	2	5.52	6,522	98	5.86
Loans, net of unearned discounts [3]	379,385	10,055	11.06	317,896	8,410	10.69
TOTAL EARNING ASSETS	711,070	15,543	8.90	629,992	13,553	8.62
Cash and due from banks	40,153			35,066		
Allowance for possible loan losses	(6,450)			(4,913)		
Goodwill	21,158			21,158		
Other assets	15,499			14,746		
TOTAL ASSETS	$781,430			$696,049		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits						
Savings	$168,182	1,036	2.45	$171,294	965	2.23
Other time	159,226	2,036	5.09	148,867	1,876	5.00
Total interest-bearing deposits	327,408	3,072	3.73	320,161	2,841	3.52
Borrowings						
Federal funds purchased and securities sold under agreements to repurchase	89,455	1,218	5.42	53,328	744	5.54
Commercial paper	31,169	414	5.29	25,536	354	5.50
Other short-term debt	21,737	343	5.02	6,769	85	4.94
Long-term debt	32,076	552	6.85	44,799	792	7.02
Total borrowings	174,437	2,527	5.61	130,432	1,975	6.01
TOTAL INTEREST-BEARING LIABILITIES	501,845	5,599	4.38	450,593	4,816	4.24
Noninterest-bearing deposits	173,964			153,361		
Other liabilities	36,895			34,926		
Total liabilities	712,704			638,880		
Shareholders' equity	68,726			57,169		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$781,430			$696,049		
Net interest income/spread		$ 9,944	4.52%		$ 8,737	4.38%
Net yield on earning assets (margin)			5.67%			5.54%

==== ====

</TABLE>

[1] The average balances of assets, liabilities and shareholders' equity are computed on the basis of daily averages for the bank and monthly averages for the parent company and its finance subsidiaries. Dollars are presented in thousands.

[2] Interest on tax-exempt securities included herein is immaterial and is not presented on a tax equivalent basis.

[3] Non-accrual loans are included in the average balance, which reduces the average yields.

STERLING BANCORP AND SUBSIDIARIES
Average Balance Sheets [1]
Nine Months Ended September 30,

<TABLE>
<CAPTION>

ASSETS	1996 Average Balance	1996 Interest	1996 Average Rate	1995 Average Balance	1995 Interest	1995 Average Rate
Interest-bearing deposits with other banks	$ 2,995	$ 118	5.26%	$ 2,986	$ 137	6.01%
Securities						
Held to maturity	228,836	11,228	6.54	237,554	11,641	6.54
Available for sale [2]	95,304	4,794	6.71	70,252	3,533	6.74
Federal funds sold	6,653	279	5.52	6,846	301	6.02
Loans, net of unearned discounts [3]	356,209	27,846	11.14	299,629	23,828	10.94
TOTAL EARNING ASSETS	689,997	44,265	8.82	617,267	39,440	8.65
Cash and due from banks	38,840			37,257		
Allowance for possible loan losses	(5,930)			(4,539)		
Goodwill	21,158			21,158		
Other assets	15,408			13,597		
TOTAL ASSETS	$759,473			$684,740		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits						
Savings	$173,729	3,115	2.40	$175,692	3,035	2.31
Other time	156,179	5,871	5.02	150,422	5,539	4.92
Total interest-bearing deposits	329,908	8,986	3.64	326,114	8,574	3.52
Borrowings						
Federal funds purchased and securities sold under agreements to repurchase	78,192	3,061	5.23	50,799	2,129	5.60
Commercial paper	28,536	1,109	5.19	20,840	856	5.49
Other short-term debt	13,998	723	5.08	6,121	225	4.91
Long-term debt [4]	35,736	1,690	6.84	47,178	2,572	7.29
Total borrowings	156,462	6,583	5.55	124,938	5,782	6.19
TOTAL INTEREST-BEARING LIABILITIES	486,370	15,569	4.21	451,052	14,356	4.26
Noninterest-bearing deposits	170,397			150,181		
Other liabilities	38,580			27,768		
Total liabilities	695,347			629,001		
Shareholders' equity	64,126			55,739		

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$759,473			$684,740		
Net interest income/spread		$ 28,696	4.61%		$ 25,084	4.39%
Net yield on earning assets (margin)			5.72%			5.49%

</TABLE>

[1] The average balances of assets, liabilities and shareholders' equity are computed on the basis of daily averages for the bank and monthly averages for the parent company and its finance subsidiaries. Dollars are presented in thousands.
[2] Interest on tax-exempt securities included herein is immaterial and is not presented on a tax equivalent basis.
[3] Non-accrual loans are included in the average balance, which reduces the average yields.
[4] Parent company convertible debentures were converted in May 1996 (see "FINANCIAL CONDITION" above). As a result, no interest was payable in 1996 on the converted debentures and the yield for the 1996 period has been calculated without regard for the aforesaid debentures.

STERLING BANCORP AND SUBSIDIARIES
Rate/Volume Analysis
Three Months Ended September 30,
(000 omitted)

<TABLE>
<CAPTION>

	Increase/(Decrease) Three Months Ended September 30, 1996 and 1995		
	Volume	Rate	Total[1]
INTEREST INCOME			
Interest-bearing deposits with other banks	$ (1)	$ (9)	$ (10)
Securities			
Held to maturity	(43)	29	(14)
Available for sale [2]	482	(17)	465
Total	439	12	451
Federal funds sold	(92)	(4)	(96)
Loans, net of unearned discounts [3]	1,503	142	1,645
TOTAL INTEREST INCOME	$ 1,849	$ 141	$ 1,990
INTEREST EXPENSE			
Interest-bearing deposits			
Savings	$ (21)	$ 92	$ 71
Other time	128	32	160
Total	107	124	231
Borrowings			
Federal funds purchased and securities sold under agreements to repurchase	486	(12)	474
Commercial paper	76	(16)	60
Other short-term debt	221	36	258
Long-term debt	(222)	(17)	(240)
Total	561	(9)	552

TOTAL INTEREST EXPENSE	$ 668	$ 115	$ 783
NET INTEREST INCOME	$ 1,181	$ 26	$ 1,207

</TABLE>

[1] The rate/volume variance is allocated equally between changes in volume and rate.
[2] Includes Federal Reserve Bank and other stock investments.
[3] Nonaccrual loans have been included in the amounts outstanding and income has been included to the extent accrued.

STERLING BANCORP AND SUBSIDIARIES
Rate/Volume Analysis
Nine Months Ended September 30,
(000 omitted)

<TABLE>
<CAPTION>

	Increase/(Decrease) Nine Months Ended September 30, 1996 and 1995 Volume	Rate	Total[1]
<S>	<C>	<C>	<C>
INTEREST INCOME			
Interest-bearing deposits with other banks	$ (1)	$ (18)	$ (19)
Securities			
Held to maturity	(399)	(14)	(413)
Available for sale [2]	1,279	(18)	1,261
Total	880	(32)	848
Federal funds sold	(2)	(20)	(22)
Loans, net of unearned discounts [3]	4,151	(133)	4,018
TOTAL INTEREST INCOME	$5,028	$ (203)	$ 4,825
INTEREST EXPENSE			
Interest-bearing deposits			
Savings	$ (31)	$ 111	$ 80
Other time	226	106	332
Total	195	217	412
Borrowings			
Federal funds purchased and securities sold under agreements to repurchase	1,097	(165)	932
Commercial paper	310	(57)	253
Other short-term debt	391	107	498
Long-term debt	(670)	(212)	(882)
Total	1,128	(327)	801
TOTAL INTEREST EXPENSE	$1,323	$ (110)	$ 1,213
NET INTEREST INCOME	$3,705	$ (93)	$ 3,612

</TABLE>

[1] The rate/volume variance is allocated equally between changes in volume and rate. The extra day in 1996 has been included in the change due to volume.

[2] Includes Federal Reserve Bank and other stock investments.

[3] Nonaccrual loans have been included in the amounts outstanding and income has been included to the extent accrued.

STERLING BANCORP AND SUBSIDIARIES
Interest Rate Sensitivity

To mitigate the vulnerability of earnings to changes in interest rates, the Company manages the repricing characteristics of assets and liabilities in an attempt to control net interest rate sensitivity. Management attempts to confine significant rate sensitivity gaps predominantly to repricing intervals of a year or less so that adjustments can be made quickly. Assets and liabilities with predetermined repricing dates are placed in a time of the earliest repricing period. Based on the interest rate sensitivity analysis shown below, the Company's net interest income would increase during periods of rising interest rates and decrease during periods of falling interest rates. Amounts are presented in thousands.

<TABLE>
<CAPTION>

	Repricing Date					
	3 months or less	More than 3 months to 1 year	1 year to 5 years	Over 5 years	Non Rate Sensitive	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Interest-bearing deposits with other banks	$ 1,530	$ 1,480	$ --	$ --	$ --	$ 3,010
Securities	6,016	42,665	30,839	236,555	6,091	322,166
Federal funds sold	--	--	--	--	--	--
Loans, net of unearned discounts	348,502	4,290	39,681	43,321	(7,034)	428,760
Noninterest-earning assets and allowance for possible loan losses	--	--	--	--	78,948	78,948
Total Assets	356,048	48,435	70,520	279,876	78,005	832,884
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing deposits	148,569	76,012	110,248	--	--	334,829
Securities sold under repurchase agreements	93,698	14,533	--	--	--	108,231
Commercial paper	31,684	--	--	--	--	31,684
Other short-term borrowings	34,296	250	--	--	--	34,546
Long-term debt	14,326	--	17,050	700	--	32,076
Noninterest-bearing liabilities and share-holders' equity	--	--	--	--	291,518	291,518
Total Liabilities and Shareholders' Equity	$ 322,573	$ 90,795	$ 127,298	$ 700	$ 291,518	$ 832,884
Net Interest Rate Sensitivity Gap	$ 33,475	$ (42,360)	$ (56,778)	$ 279,176	$(213,513)	$ --
Cumulative Gap at September 30, 1996	$ 33,475	$ (8,885)	$ (65,663)	$ 213,513	$ --	$ --
Cumulative Gap at September 30, 1995	$ 50,076	$ 6,428	$ (24,721)	$ 199,821	$ --	$ --
Cumulative Gap at December 31, 1995	$ 76,612	$ 53,606	$ 23,820	$ 256,359	$ --	$ --

</TABLE>

STERLING BANCORP AND SUBSIDIARIES
Risk-Based Capital Components and Ratios

<TABLE>
<CAPTION>

	The Company		The Bank	
	9/30/96	12/31/95	9/30/96	12/31/95
	($ in thousands)			
COMPONENTS				
Stockholders' equity	$ 70,701	$ 59,657	$ 48,067	$ 47,940
Add/(Subtract):				
Minority interest	--	8	--	--
Goodwill	(21,158)	(21,158)	--	--
Net unrealized depreciation(appreciation) on securities available for sale, net of tax effect (1)	73	(544)	73	(541)
Tier 1 Capital	49,616	37,963	48,140	47,399
Allowance for possible loan losses (limited to 1.25% of total risk-weighted assets)	6,060	5,192	5,119	3,649
Subordinated debt (limited to 50% of Tier 1 Capital)	5,730	12,751	--	--
Tier 2 Capital	11,790	17,943	5,119	3,649
Total Risk-based Capital	$ 61,406	$ 55,906	$ 53,259	$ 51,048
RATIOS				
Tier 1 Risk-based Capital	10.27%	8.54%	11.27%	11.98%
Total Risk-based Capital	12.71%	12.58%	12.47%	12.90%
Tier 1 Leverage	6.53%	5.37%	6.82%	7.19%
Memoranda				
Tier 1 Capital minimum requirement	$ 19,321	$ 17,777	$ 17,090	$ 15,826
Total Capital minimum requirement	$ 38,643	$ 35,554	$ 34,180	$ 31,652
Risk-weighted assets, net of goodwill & excess allowance for loan losses	$ 483,035	$ 444,425	$ 427,251	$ 395,645
Quarterly average assets, net of goodwill	$ 760,272	$ 706,632	$ 705,729	$ 659,574

</TABLE>

(1) As directed by regulatory agencies this amount must be excluded from the computation of Tier 1 capital.

STERLING BANCORP AND SUBSIDIARIES

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

(11) Statement Re: Computation of Per Share Earnings
(27) Financial Data Schedule

(b) No reports on Form 8-K have been filed during the quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STERLING BANCORP
....
(Registrant)

Date 11/14/96

/s/ Louis J. Cappelli

Louis J. Cappelli
Chairman and
Chief Executive Officer

Date 11/14/96

/s/ John W. Tietjen

John W. Tietjen
Senior Vice President, Treasurer
and Chief Financial Officer

STERLING BANCORP AND SUBSIDIARIES

Exhibit Index

<TABLE>
<CAPTION>

Exhibit Number	Description	Incorporated Herein By Reference To	Filed Herewith	Sequential Page No.
<S>	<C>	<C>	<C>	<C>
11	Computation of Per Share Earnings		X	26
27	Financial Data Schedule		X	27

</TABLE>

Exhibit (11)

STERLING BANCORP AND SUBSIDIARIES
Statement Re: Computation of Per Share Earnings

<TABLE>
<CAPTION>

		Three Months Ended September 30, 1996	Three Months Ended September 30, 1995	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
<S>		<C>	<C>	<C>	<C>
Income for primary earnings per share:					
Net income	A	$2,161,360	$1,492,369	$5,906,191	$4,046,007
Income for fully diluted earnings per share:					
Net income		$2,161,360	$1,492,369	$5,906,191	$4,046,007
Add expenses, net of tax effect on assumed conversion of Convertible Subordinated Debentures:					
Interest		160,885	268,099	494,253	799,617
Amortization of bond discount and expense		2,179	4,501	24,385	11,751
Income for fully diluted shares	B	$2,324,424	$1,764,969	$6,424,829	$4,857,375
Common shares for primary earnings per share:					
Average shares issued		7,363,318	6,496,854	6,932,702	6,496,705
Add assumed conversion at the beginning of the period or issuance date if later:					
Stock options		41,984	14,659	44,630	5,995
ESOP shares allocated		50,445	29,274	43,071	26,071
Less: Average Treasury shares		39,843	150,343	50,893	150,343
Average common shares for computation of primary earnings per share (See Note below)	C	7,415,904	6,390,444	6,969,510	6,378,428
Common shares for fully diluted earnings per share:					
Average common shares		7,415,904	6,390,444	6,969,510	6,378,428
Add assumed conversion at the beginning of the period of issuance date if later:					
Convertible Subordinated Debentures		1,146,080	1,948,366	1,146,080	1,948,366
Series B preferred shares		2,460	2,576	2,530	2,576
ESOP shares unallocated		198,525	220,726	206,517	223,929
Stock options		246	1,743	1,154	1,725
Average common shares for computation of fully diluted earnings per share (See Note below)	D	8,763,215	8,563,855	8,325,791	8,555,024
Per average common share:					
Net income (A + C)		$0.30	$0.23	$0.85	$0.63
Net income assuming full dilution (B + D)		$0.27	$0.21	$0.77	$0.57

</TABLE>

Note: Based on shares at end of each month.

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<ARTICLE> 9

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