

Sterling Bancorp NYSE:STL

Shareholder/Analyst Call

Wednesday, May 27, 2020 4:00 PM GMT

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Call Participants

EXECUTIVES

Jack L. Kopnisky
President, CEO & Director

Richard L. O'Toole
Independent Chairman of the Board

ATTENDEES

Unknown Attendee

Presentation

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Annual Meeting of Stockholders for Sterling Bancorp. I would like to turn today's meeting over to Richard O'Toole, Chairman of the Board of Directors. Please go ahead, Sir.

Richard L. O'Toole
Independent Chairman of the Board

Thank you. The meeting will please come to order. Good morning. This is Richard O'Toole, Chairman of the Board of Directors of Sterling Bancorp, and it's my pleasure to welcome you to the annual meeting of stockholders. I would like to introduce the other directors of the company who are participating in the meeting: Jack Kopnisky is a director as well as our CEO; and we have directors, John Cahill, Navy Djonovic, Freddie Ferrer, Bob Giambrone, Mona Kanaan, Jim Landy, Maureen Mitchell, Pat Nazemetz, Ralph Palleschi, Burt Steinberg and Bill Whiston. Also participating in today's meeting is Luis Massiani, CFO; and members of Sterling's leadership team and a representative from our auditors who are Crowe LLP.

We at Sterling Bancorp thank you, our shareholders, for your continued support during these difficult times. Our entire team continues to perform business as usual, while addressing the needs of our clients, colleagues and communities, and adhering to federal state and local government guidelines. The company remains financially strong, and our colleagues have been resilient in continuing to adjust and service our clients. In a few moments, Jack Kopnisky will provide you with an update on the financial status of the company.

I will now open the formal portion of the stockholders' meeting. If any stockholder has not delivered their proxy, the stockholder can cast their vote electronically now by utilizing the prompt in the bottom right-hand corner of the computer screen. The Board of Directors has previously appointed a third-party contractor of Broadridge Financial Solutions, Inc. to act as the inspector of elections at the annual meeting and to count an examinal voting. Tracy Oats, the representative of The Carideo Group, Inc. is with us today. She has executed an oath of office, which will be filed with the minutes of the meeting.

The company has delivered to the inspector of elections the list of the stockholders entitled to vote at this annual meeting as to the close of business on April 3, 2020, the record date for the meeting. A copy of this list is available for inspection by the stockholders upon request. We have previously received confirmation that on or about April 15, 2020, proxy materials were mailed to each stockholder of record. A copy of the affidavit of mailing will be attached to the minutes of this meeting and retained as part of the permanent records. Corporate Secretary has previously delivered to the inspector all proxies that have been received. Corporate Secretary reports that there are 194,460,279 outstanding shares entitled to vote at the annual meeting, of which 145,845,209 represent the majority and a quorum. At the opening of this meeting, they were present in person or by proxy, 176,248,150 shares representing 90.63% of the shares outstanding entitled to vote and constituting a quorum. Accordingly, I declare that the meeting is now legally called and convened.

No stockholder proposals were filed with the company's secretary in advance of this annual meeting as provided in the bylaws. Therefore, the business of this meeting is limited to the matters set forth in the notice of meeting. There will be an opportunity for questions after the voting has concluded during the question-and-answer period. You may submit your questions by typing them in where indicated on the virtual meeting site. If you have already voted by proxy, you need not vote at the annual meeting, although you are welcome to do so, if you wish. The polls are now open.

The business of this meeting is set forth in the notice of media and includes proposal #1, which is the approval of the election of 13 directors for a 1-year term until their successors are elected and qualified; proposal #2, which is the approval by nonbinding vote of the compensation of the named executive officers; and proposal #3, which is ratification of the appointment of Crowe LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2020. If there is anyone who did not vote by proxy and who wishes to vote, please do so now.

[Voting]

Richard L. O'Toole
Independent Chairman of the Board

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The polls are now declared closed. All ballots and proxies will be tabulated by the inspector of election. While the inspector completes her count, the CEO, Jack Kopnisky; and the CFO, Luis Massiani, will report on the business of the company, followed by a question-and-answer session. I am pleased to introduce Jack Kopnisky.

Jack L. Kopnisky
President, CEO & Director

Thanks, Richard. Good morning, and welcome to our entirely virtual shareholder meeting for 2020. Thank you for joining us to this annual event. I first want to thank the colleagues of our company who are diligently working under the challenging circumstances brought forth by COVID-19. I particularly want to show my gratitude to those colleagues, meaning our essential financial centers and operations locations, while the balance of our workforce is supporting our client relationships and each other from home.

I'm going to just provide you with a quick recap of 2019 and then describe how we are coping with the operating environment brought forth by COVID-19. Given the dramatic change in the world and the U.S. economic environment brought on by the pandemic, our focus is on supporting our clients, colleagues and communities as we adjust our model to position the company to continue to perform at a high level.

Feels like 2019 was a century ago given the current environment. Regardless, from both a financial and strategic perspective, 2019 was another year with consistently strong performance. Our return on tangible common equity was 16.7% and our return on average tangible assets was 151 basis points. We extended our long history of tangible book value and EPS growth which has grown at an annual pace of 15% and 30%, respectively, over the past 5 years. Our efficiency ratio, which measures the expense required to generate each dollar of revenue continues to be among the best of our peers at 40%.

In 2019, we continued to create diversity and flexibility in our operating model by ensuring that we have allocated capital-to-asset categories that provide targeted risk-adjusted returns. We also have continued to diversify the funding sources and mix that support our relationship-oriented approach. From an operational perspective, we have been focused on improving our internal and client-facing technological capabilities for the company, diversifying our product channels and investing in our risk infrastructure.

Turning to COVID-19 pandemic. We are proactively and aggressively adjusting our business to address this unprecedented event. Our investments in technology have been timely as they allowed the company to ably adapt to colleagues working from remote locations, support our clients in an efficient fashion and provide clients self-directed access to the bank through various platforms. We are working quickly to stay in front of the credit difficulties caused by the pandemic. We have identified what we believe to be our most at-risk portfolios, provided a significant allowance for credit losses that may arise and are providing counsel and modifying loan terms for clients facing temporary reductions in business activity.

We have stepped up our philanthropic actions and focused our activities on communities that are most vulnerable and hardest hit by providing funding to 14 food banks in our markets, and we have provided technology resources to schools in low-moderate income areas. As an institution, change and adaptation are part of our DNA, and we are uniquely prepared to react to the environment brought on by the pandemic. Our goal is to address issues related to this event thoughtfully and aggressively to keep our company in a position to exhibit performance in excess of our peers. We will continue to focus on our core competency of banking middle-market and consumer clients through a high-touch and high-tech service model. Finally, thanks for the support of our shareholders, our Board, our clients and our terrific colleagues. Now let's open the lines for questions.

Question and Answer

Jack L. Kopnisky
President, CEO & Director

And it looks like we have not had any questions. We appreciate your support, and let me turn this -- the call back over to Richard.

Richard L. O'Toole
Independent Chairman of the Board

Thanks, Jack. The inspector has completed her count and provided me with a report of the inspector of election. The report confirms that a quorum is and has been in attendance at the annual meeting for all purposes. Also reported in the inspector's report, the directors have been elected by more than the requisite vote to serve for a term of 1 year. Other matters have been approved by more than the requisite vote. The certificate and report of the inspector of election will be attached to the minutes of the annual meeting. The precise vote on each matter will be included in a Form 8-K that the company will file with the SEC. There being no further business to come before the annual meeting, a motion to adjourn is in order.

Unknown Attendee

Mr. Chairman, I make a motion to adjourn the meeting.

Jack L. Kopnisky
President, CEO & Director

And I second that.

Richard L. O'Toole
Independent Chairman of the Board

The motion is carried and the annual meeting is adjourned. Thank you for your attendance and your continued support of Sterling Bancorp.

Operator

Ladies and gentlemen, this does conclude today's meeting. Thank you for participating. You may now disconnect.

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