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# EDITED TRANSCRIPT

STL - Sterling Bancorp Annual Shareholders Meeting

EVENT DATE/TIME: MAY 29, 2019 / 3:00PM GMT



MAY 29, 2019 / 3:00PM, STL - Sterling Bancorp Annual Shareholders Meeting

## CORPORATE PARTICIPANTS

**Jack L. Kopnisky** *Sterling Bancorp - President, CEO & Director*

**Richard L. O'Toole** *Sterling Bancorp - Chairman of the Board*

## PRESENTATION

### Operator

Good morning, and welcome to the Sterling Bancorp Annual Meeting of Stockholders.

I would now like to turn the conference over to Richard O'Toole. Please go ahead.

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### **Richard L. O'Toole** - *Sterling Bancorp - 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. It is my pleasure to welcome you to the Annual Meeting of Stockholders.

I would like to introduce the other directors of the company who are here at this meeting: Jack Kopnisky, Director, President and CEO is here; as well as directors John Cahill; Navy Djonovic; Freddy Ferrer; Bob Giambrore; Maureen Mitchell; Pat Nazemetz; Ralph Palleschi; Burt Steinberg and Bill Whiston. Also participating in this meeting is Luis Massiani, Senior EVP and CFO as well as representatives from our auditors Crowe LLP.

We will vote in a few moments. If any stockholder has not delivered their proxy, you can vote now by utilizing the prompt in the bottom right-hand corner of your computer screen.

The Board of Directors has previously appointed a third-party contractor, Broadridge Financial Solutions, Inc., to act as the inspector of elections at this annual meeting and to count and examine all voting. Tracy Oats, a representative of The Carideo Group, Inc., will be with us today. She has executed an oath of office which will be filed with the minutes of this meeting.

The company has delivered to the inspector of elections a list of the stockholders entitled to vote at this annual meeting as of the close of business on April 5, 2019, the record date of this meeting. A copy of this list is available for inspection by stockholders upon request.

We have previously received confirmation that on or about April 17, 2019, proxy materials were mailed to each stockholder of record. A copy of the affidavit of mailing will be attached to minutes of this meeting and retained as part of the permanent records.

The Corporate Secretary has previously delivered to the inspector all proxies that have been received. The Corporate Secretary reports that there are 209,560,821 outstanding shares entitled to vote at this annual meeting, of which 157,170,616 represent a majority and a quorum.

At the opening of this meeting, there were in person or by proxy 191,203,338 shares representing 91.24% of the shares outstanding and entitled to vote and constituting a quorum. Accordingly, I declare that this meeting has been legally called and convened.

No stockholder proposals were filed to 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 is concluded during the Q&A 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're welcome to do so if you wish.

The polls are now open. The business of this meeting is set forth in the notice of meeting and includes: one, approval of the election of 13 directors for a 1-year term until their successors are elected and qualified; proposal #2 is an amendment to the 2015 Omnibus Equity and Incentive Plan to increase the number of shares reserved for issuance thereunder by 2,545,682 shares for an aggregate of 7 million shares and to effect certain



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tax-related updates as a result of the Tax Cuts and Jobs Act of 2017; proposal #3 is an approval by nonbinding vote of the compensation of the named executive officers; and proposal #4 is the ratification of the appointment of Crowe LLP as the independent registered public accounting firm for the fiscal year ending December 31, 2019. If there is anyone who did not vote by proxy and who wishes to vote, please do so now.

(Voting)

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### **Richard L. O'Toole** - Sterling Bancorp - Chairman of the Board

The polls are now declared closed. All ballots and proxies will be tabulated by the inspector of election. While the inspector completes her count, President and CEO, Jack Kopnisky; and CFO, Luis Massiani, will report on the business of the company. We will follow that with a Q&A session. I'm pleased to introduce Jack.

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### **Jack L. Kopnisky** - Sterling Bancorp - President, CEO & Director

Thanks, Richard. Good morning, everyone, and thank you for joining us to present the company's performance again for the year ended 12/31/18 and first quarter of 2019.

2018 was another strong year in the evolution of our company. Since our initial bank in 2011, our objective has been to create a high-performing company. We have grown from a \$3 billion bank to a \$31 billion company, and we have consistently reflected operating metrics that have been in the top quartile of our peers.

Page 5 of the presentation shows the successful 7-plus year history in growing adjusted earnings per share at a compound annual growth rate of 34% and tangible book value per share since the acquisition of legacy Sterling at a 13% compound annual growth rate.

We continue to demonstrate record financial metrics year-end 2018 and in the first quarter of 2019. Adjusted earnings of \$457.6 million at 2018 year-end and first quarter earnings of \$107.9 million were 102.5% and 5%, respectively, over prior periods. Adjusted earnings per share were \$2 and \$0.50, respectively, representing increases of 42.9% and 11.1% over prior year and quarter.

At year-end, adjusted return on average tangible assets was 155 basis points and adjusted return on average tangible equity was 18.29%. Our adjusted efficiency ratio was 38.8%, reflecting our focus on creating positive operating leverage by growing revenue at 2 to 3x that of expenses. Our only disappointment was the performance of our stock in 2018 which underperformed the peer group. We have seen the value of our company rebound in 2019 as we continue to execute our strategies in this environment.

We are well positioned for future growth and performance. We have a diverse loan mix that enables us to move capital to higher risk-adjusted asset classes. We have a relatively low cost of stable core deposit funding. Our company maintains strong risk management practices and we hold strong levels of capital. Our strategy of focusing on lower middle market companies and targeted consumer segments through our single point of contact channel works. And our investment in technology for our client's needs, our operating platform and our colleagues is paying off and position us well for the future.

Our view is that great companies constantly reinvent themselves to improve every day. Our culture reflects that belief. We're excited for the opportunities to grow and expand our company. Finally, thanks for the support of our shareholders, our Board, our clients and our terrific colleagues. Now let's open the lines for questions.

Okay. No questions. Let me turn this back over to Richard.



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**Richard L. O'Toole** - *Sterling Bancorp - Chairman of the Board*

Thank you, Jack. I believe the inspector has completed her count and provided me with her report, let me take a look at it -- of the inspector of the election. Nancy?

Thank you. The report confirms that a quorum is and has been in attendance at the annual meeting for all purposes. As 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. The affirmative vote has been received to the amendments to the 2015 Omnibus Equity and Incentive Plan and 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.

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**Unidentified Shareholder**

I so move.

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**Unidentified Shareholder**

Second.

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**Richard L. O'Toole** - *Sterling Bancorp - Chairman of the Board*

All in favor?

(Voting)

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**Richard L. O'Toole** - *Sterling Bancorp - Chairman of the Board*

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

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