

# Interview

## The Sterling Advantage

An Interview with Louis J. Cappelli,  
Chairman and Chief Executive Officer, Sterling National Bank



Louis J. Cappelli

**EDITORS' NOTE** *Louis Cappelli has been Chairman of the Board of Directors and Chief Executive Officer of Sterling Bancorp since 1992, as well as Chairman of the Board of Directors of Sterling National Bank. He has been a Director of the Company since 1971.*

**COMPANY BRIEF** *Sterling National Bank ([www.sterlingnationalbank.com](http://www.sterlingnationalbank.com)) is the principal banking subsidiary of New York City-based financial corporation, Sterling Bancorp (NYSE:STL), and has successfully served the needs of businesses, professionals, and individuals in the New York metropolitan area and beyond since 1929. Sterling focuses on serving the business community and offers clients a full range of depository and cash management services and a broad portfolio of financing solutions including working capital lines, accounts receivable and inventory financing, factoring, international trade financing, payroll funding and processing, equipment leasing and financing, and commercial and residential mortgages, as well as trust and custodial account services.*

**Is there an effective understanding today of the types of products and services Sterling National Bank offers?**

Because of our size, we don't get the kind of coverage we should get. But our story is somewhat unique and is copied by many others.

I'm here four to five days a week entertaining prospects and customers. There are very

few CEOs of banks that do this. The effect it has is to make people understand that we care about them, and if they have an issue, they can always call me or the President of the bank. I am always pleasantly surprised by how few calls I get with complaints.

On the other hand, if I do get a call, usually it gets solved that day because none of the people that work here want to hear from me about a complaint from a customer.

Everybody has money to lend, but it's how you lend it. Our customers are small and mid-sized businesses. Many of these people are first, second, or third generation in business, and they are pillars in their communities and want to be treated with respect because they are important. In most of the other institutions, they can't get beyond a Vice President.

**What is your customer profile?**

We do business with companies that do sales volume of anywhere from \$1 million to about \$100 million. Our sweet spot is sales of \$25 million to \$50 million, and that will relate to how much we lend them. We're driven by credit. Other institutions are driven by deposits or branches. We do not have a lot of branches for that reason. We do business with depositors that maintain millions of dollars on deposit here. That is our style. We find that as we grow loans, our deposits grow in tandem with the loans because we insist that if you borrow from us, you need to have deposits with us. People ask, how do you get these deposits? You ask for business – you get it. We ask for deposits. If we don't ask, we don't get. Very simple.

**How much has technology impacted the business?**

Technology has reduced expenses and allowed us to do business with companies that might only do business with major companies. For business other than deposits, and even in many cases for deposits, you don't need a branch; all you need is a computer. We even have a remote deposit scanner we will install in your office and you can deposit your checks so you don't have to bring your checks into a branch.

**Will we see continued consolidation in the banking industry?**

Absolutely. There are not many charters being issued by the regulators. You can ask for a charter and they will take your application, but it will just sit on somebody's desk.

**What will we have in the future?**

Fewer banks and bank branches, once people recognize that so many branches are not necessary.

**Will you need to be a certain size and scale to survive?**

There will always be boutique banks. They will get larger, but they will operate the same way.

**Does Wall Street effectively understand the type of growth Sterling has experienced?**

I think so. We recently raised capital for the first time in many years and our stock price increased 25 percent in six weeks and our daily trading volume more than tripled. If someone had told me to expect this, I would not have believed them, but now that we've experienced it, we've issued about nine million more shares.

**Are you happy with the type of talent you've attracted, and the retention rate?**

Yes. I'm not personally involved in hiring anymore, but when I was, I used to have a serious problem when someone had numerous jobs before they came here. You just knew they were not going to stay. They were going to use you and take whatever you teach them and market it elsewhere.

When people come here, I expect them to put the company's interest before their personal interest. Today, lots of people are only interested in themselves, and they go from job to job because at the next job, they might be offered a bigger title or salary. We've been able to attract a lot of people because there has been a lot of disruption in banking. We recently announced that we're starting a warehouse lending business and hiring a specialist in that area. He, together with our mortgage people and asset-based people, are going to leverage up two of our products together with that product and marry them all together.

**As part of the culture of your brand, is it important that your people are invested in giving back to the community?**

Yes, and I lead by example. I personally fed homeless people for a number of years, and have traveled internationally to contribute my time and energy. I do this, and our people do it as well. I'm a great believer in it.

**What do you feel has contributed to your success?**

I literally learned banking from the bottom up. I had almost every job in the institution, so I have a very good advantage, because when someone comes to talk to me, I usually know exactly what they're talking about because I was there once myself. ●