

STERLING BANCORP
Form 10-Q
August 09, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

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 of
incorporation or organization)

(I.R.S. Employer
Identification)

650 Fifth Avenue, New York, N.Y.

10019-6108

(Address of principal executive offices)

(Zip Code)

212-757-3300

(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. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

As of July 31, 2007 there were 18,017,668 shares of common stock,
\$1.00 par value, outstanding.

STERLING BANCORP

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STERLING BANCORP AND SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
ASSETS		
Cash and due from banks	\$ 70,030,220	\$ 50,058,593
Interest-bearing deposits with other banks	1,177,462	1,261,187
Federal funds sold	10,000,000	20,000,000
Securities available for sale (at estimated fair value; pledged: \$71,349,693 in 2007 and \$90,583,854 in 2006)	145,899,741	148,420,887
Securities held to maturity (pledged: \$193,736,735 in 2007 and \$199,997,912 in 2006) (estimated fair value: \$375,158,283 in 2007 and \$411,650,690 in 2006)	386,406,886	420,903,430
Total investment securities	<u>532,306,627</u>	<u>569,324,317</u>
Loans held for sale	46,356,968	33,319,789
Loans held in portfolio, net of unearned discounts	1,121,943,872	1,112,601,620
Less allowance for loan losses	15,582,026	16,287,974
Loans, net	<u>1,106,361,846</u>	<u>1,096,313,646</u>
Customers' liability under acceptances	33,787	98,399
Goodwill	22,900,912	22,862,051
Premises and equipment, net	11,510,098	11,323,649
Other real estate	2,057,365	2,242,419
Accrued interest receivable	4,893,910	5,844,868
Bank owned life insurance	28,487,841	27,949,160
Other assets	49,635,004	43,696,511
Total assets from continuing operations	<u>1,885,752,040</u>	<u>1,884,294,589</u>
Assets - discontinued operations	1,226,062	1,662,697
	<u>\$ 1,886,978,102</u>	<u>\$ 1,885,957,286</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Demand deposits	\$ 520,432,739	\$ 546,442,704
Savings, NOW and money market deposits	476,878,619	447,600,898
Time deposits	536,516,305	527,986,821
Total deposits	<u>1,533,827,663</u>	<u>1,522,030,423</u>
Securities sold under agreements to repurchase - customers	76,530,242	52,802,796
Commercial paper	27,444,077	27,561,567
Short-term borrowings - other	1,718,389	3,411,630
Long-term borrowings - FHLB	10,000,000	20,000,000
Long-term borrowings - subordinated debentures	25,774,000	25,774,000
Total borrowings	<u>141,466,708</u>	<u>129,549,993</u>

STERLING BANCORP AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
INTEREST INCOME				
Loans	\$ 23,121,500	\$ 21,588,986	\$ 44,848,117	\$ 40,969,040
Investment securities				
Available for sale	1,701,584	1,978,003	3,546,298	4,179,789
Held to maturity	4,698,726	5,551,640	9,567,851	11,295,114
Federal funds sold	367,338	34,886	1,002,646	74,871
Deposits with other banks	36,694	20,563	67,378	50,644
Total interest income	29,925,842	29,174,078	59,032,290	56,569,458
INTEREST EXPENSE				
Deposits				
Savings, NOW and money market	3,279,559	1,672,459	6,138,965	3,455,379
Time	6,581,415	4,714,822	13,128,913	9,175,673
Securities sold under agreements to repurchase				
- customers	804,625	767,373	1,879,619	1,462,221
- dealers		1,344,154		2,328,142
Federal funds purchased	23,369	251,081	35,748	386,221
Commercial paper	355,519	537,923	705,258	942,524
Short-term borrowings - FHLB		642,197		835,365
Short-term borrowings - other	15,694	7,369	27,562	17,781
Long-term borrowings - FHLB	136,522	460,501	361,023	1,046,852
Long-term borrowings - subordinated debt	523,437	523,437	1,046,875	1,046,875
Total interest expense	11,720,140	10,921,316	23,323,963	20,697,033
Interest expense allocated to discontinued operations		(878,229)		(1,652,223)
Net interest income	18,205,702	19,130,991	35,708,327	37,524,648
Provision for loan losses	1,078,332	377,229	2,328,332	1,742,229
Net interest income after provision for loan losses	17,127,370	18,753,762	33,379,995	35,782,419
Total noninterest income	9,051,511	9,005,707	18,280,807	14,790,560
Total noninterest expenses	20,228,031	18,805,582	39,911,781	37,327,934
Income from continuing operations before income taxes	5,950,850	8,953,887	11,749,021	13,245,045
Provision for income taxes	2,159,412	3,571,596	4,385,910	1,377,862
Income from continuing operations	3,791,438	5,382,291	7,363,111	11,867,183
Income/(Loss) from discontinued operations, net of tax	71,252	(516,806)	(20,719)	(561,565)
Net income	\$ 3,862,690	\$ 4,865,485	\$ 7,342,392	\$ 11,305,618

Average number of common shares outstanding

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Basic	18,439,318	18,754,271	18,524,871	18,769,265
Diluted	18,856,903	19,286,286	18,994,625	19,310,135
Income from continuing operations, per average common share				
Basic	\$ 0.21	\$ 0.29	\$ 0.40	\$ 0.63
Diluted	0.20	0.28	0.39	0.61
Net income, per average common share				
Basic	0.21	0.26	0.40	0.60
Diluted	0.20	0.25	0.39	0.58
Dividends per common share	0.19	0.19	0.38	0.38

See Notes to Consolidated Financial Statements.

STERLING BANCORP AND SUBSIDIARIES
 Consolidated Statements of Comprehensive Income
 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net Income	\$ 3,862,690	\$ 4,865,485	\$ 7,342,392	\$ 11,305,618
Other comprehensive (loss)/income, net of tax:				
Unrealized holding losses arising during the period	(1,233,699)	(985,184)	(897,251)	(2,219,531)
Reclassification adjustment for losses/(gains) included in net income	1,098	(8,148)	1,098	243,702
Amortization of:				
Prior service cost	13,544		27,089	
Net actuarial losses	182,447		364,893	
Comprehensive income	\$ 2,826,080	\$ 3,872,153	\$ 6,838,221	\$ 9,329,789

See Notes to Consolidated Financial Statements.

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STERLING BANCORP AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

	Six Months Ended June 30,	
	2007	2006
Common Stock		
Balance at January 1	\$ 21,177,084	\$ 21,066,916
Common shares issued under stock incentive plan	85,086	110,168
Balance at June 30	<u>\$ 21,262,170</u>	<u>\$ 21,177,084</u>
Capital Surplus		
Balance at January 1	\$ 167,960,063	\$ 166,313,566
Common shares issued under stock incentive plan and related tax benefits	691,183	1,613,243
Balance at June 30	<u>\$ 168,651,246</u>	<u>\$ 167,926,809</u>
Retained Earnings		
Balance at January 1	\$ 16,693,987	\$ 20,739,352
Net Income	7,342,392	11,305,618
Cash dividends paid - common shares	(6,993,026)	(7,124,063)
Balance at June 30	<u>\$ 17,043,353</u>	<u>\$ 24,920,907</u>
Accumulated Other Comprehensive Loss		
Balance at January 1	\$ (11,842,908)	\$ (5,229,620)
Unrealized holding losses arising during the period:		
Before tax	(1,635,526)	(3,837,020)
Tax effect	738,275	1,617,489
Net of tax	<u>(897,251)</u>	<u>(2,219,531)</u>
Reclassification adjustment for losses included in net income:		
Before tax	2,001	444,631
Tax effect	(903)	(200,929)
Net of tax	<u>1,098</u>	<u>243,702</u>
Amortization of prior service cost and net actuarial losses:		
Before tax	714,512	
Tax effect	(322,530)	
Net of tax	<u>391,982</u>	
Balance at June 30	<u>\$ (12,347,079)</u>	<u>\$ (7,205,449)</u>
Treasury Stock		
Balance at January 1	\$ (61,725,455)	\$ (55,280,647)
Purchase of common shares	(10,515,732)	(3,809,856)
Surrender of shares issued under stock incentive plan	(455,955)	(613,792)

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Balance at June 30	<u>\$ (72,697,142)</u>	<u>\$ (59,704,295)</u>
Unearned Compensation		