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Flushing Financial Corporation
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FQ2 2018 Earnings Call Transcripts

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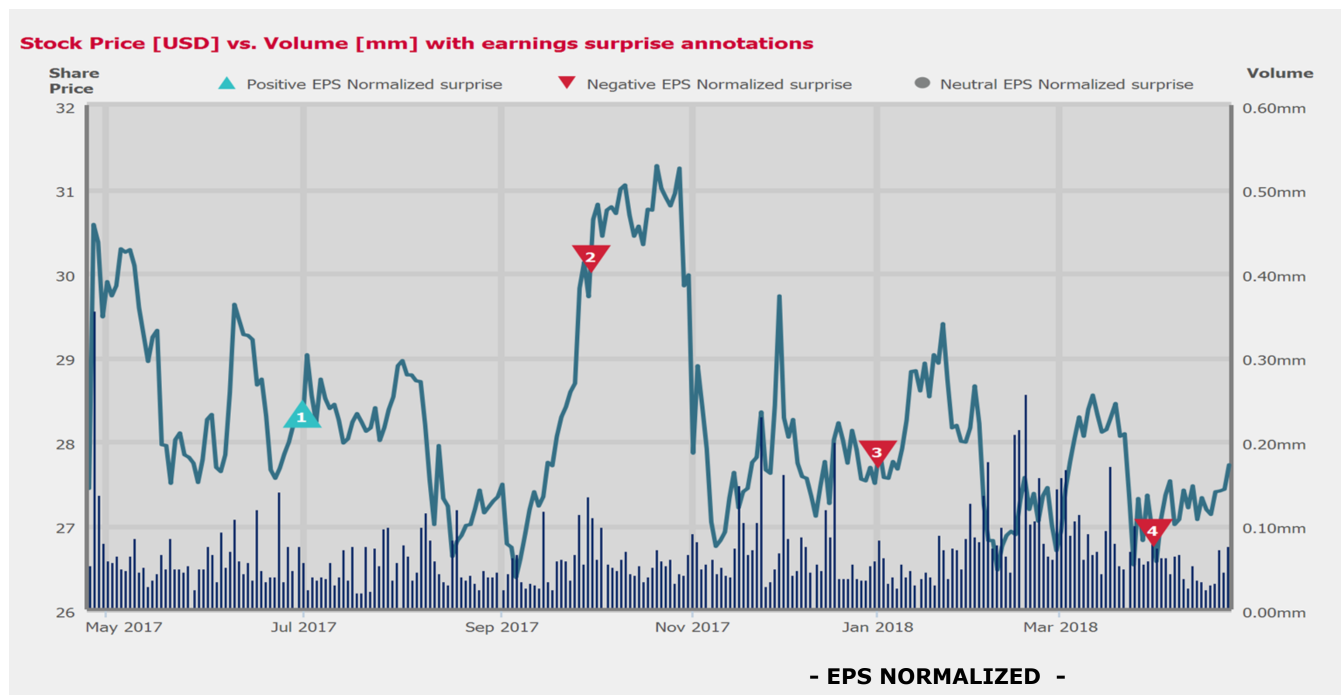
S&P Global Market Intelligence Estimates

	-FQ2 2018-			-FQ3 2018-	-FY 2018-	-FY 2019-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.48	0.49	▲0.00	0.52	1.87	2.01
Revenue (mm)	44.96	45.81	▲1.89	46.95	186.21	189.46

Currency: USD
Consensus as of Jul-25-2018 1:21 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2017	0.40	0.46	▲12.20 %
FQ3 2017	0.44	0.37	▼(15.91 %)
FQ4 2017	0.42	0.33	▼(21.43 %)
FQ1 2018	0.44	0.37	▼(15.91 %)

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Call Participants

EXECUTIVES

John R. Buran
President, CEO & Director

Susan K. Cullen
Senior EVP, Treasurer & CFO

ANALYSTS

Collyn Bement Gilbert
Keefe, Bruyette, & Woods, Inc., Research Division

Mark Thomas Fitzgibbon
Sandler O'Neill + Partners, L.P., Research Division

Matthew M. Breese
Piper Jaffray Companies, Research Division

Steven Comery
G. Research, LLC

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Presentation

Operator

Welcome to Flushing Financial Corporation's 2018 Second Quarter Earnings Conference Call. Hosting the call today are John Buran, President and Chief Executive Officer; and Susan Cullen, Senior Executive Vice President, Treasurer and Chief Financial Officer.

Today's call is being recorded. [Operator Instructions] A copy of the second quarter earnings release and slide presentation that the company will be referencing today are available on its Investor Relations website at www.flushingbank.com.

Before beginning, the company would like to remind you that discussions during this call contain forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such statements are subject to risks, uncertainties and other factors that may cause actual results to differ materially from those contained in such statements. Such factors are included in our filings with the U.S. Securities and Exchange Commission. Flushing Financial Corporation does not undertake any obligation to update any forward-looking statements, except as required under applicable law.

During this call, references to several non-GAAP financial measures as supplemental measures to review and assess operating performance will be made. These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. For any information about these non-GAAP measures and reconciliation to GAAP measures, please refer to the earnings release.

I'd now like to introduce John Buran, President and Chief Executive Officer, who will provide an overview of the strategy and results.

John R. Buran
President, CEO & Director

Thank you. Good morning, everyone, and welcome to our second quarter 2018 earnings call. Today, we hope to provide you with additional insight into our business strategy, consistent positive earnings power and sustainable competitive advantages as part of our ongoing efforts to increase financial transparency and investor engagement.

Our brand message on the cover of the earnings presentation, "Small enough to know you. Large enough to help you," continues to encapsulate our vision to be the preeminent community bank in our multicultural market. We create value and attract new customers by delivering a superior and consistent experience through innovation, quality service and personalized attention as we continue to execute and deliver profitable growth.

I'll begin with our second quarter highlights, followed by a brief overview of the strategies that we are successfully executing to create long-term shareholder value. Then Susan Cullen, our CFO, will review our financial performance in greater detail. Susan and I will address your questions at the end of our prepared remarks, as time permits.

Starting on Slide 3. As announced in yesterday's press release, second quarter GAAP diluted EPS was $0.48 and core diluted EPS was $0.49. The difference between GAAP and core earnings is the $0.01 per share attributable to the fair value adjustments.

We are pleased with our ability to generate strong earnings growth and return on average equity above 10% despite continued margin pressure. While we remain liability sensitive, we have actively managed our balance sheet to slow the pace of margin compression.

For the past year, we have articulated our strategic objective of emphasizing rate over volume regarding loan originations. To that end, we decided to allow over $70 million of participations with another financial

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institution to prepay as the rates being offered through the refinancing process did not meet our lending criteria.

Consequently, during the quarter ended June 30, 2018, our loan growth was 0.4%. We believe emphasizing rate over volume is a long-term winning strategy, and we are beginning to see tangible results as the yield on the loan portfolio has risen 10 basis points over the prior quarter. This was driven by the yield on new loans in the second quarter exceeding the quarterly average loan portfolio yield by 26 basis points and the yield of total interest-earning assets by 47 basis points.

Newly booked loans in the second quarter of 2018 had a yield of 4.57%, showing an increase of 30 basis points from the prior quarter. The move toward improved loan yields was further enhanced this quarter as $116 million of mortgaged loans repriced from 4.41% to 5.37%. We look for this yield improvement trend to continue as we have close to $2 billion in loans repricing through 2020.

Despite this good news on yields, deposit pressures outstripped the gains on the loan side as margin pressure continued. The cost of funds increased 14 basis points quarter-over-quarter and 36 basis points year-over-year.

However, the combination of improved loan yields and mitigation strategies that we put in place on the liability side of the balance sheet have decelerated the pace of margin compression from 11 basis points in the first quarter of 2018 to 3 basis points this quarter.

To provide further support to our margin and mitigate the impact of future rate increases, we have been extending the maturity on our liabilities and as previously announced, entered into forward interest rate swaps totaling approximately $450 million, of which $250 million has been funded as of June 30, 2018.

We reduced broker deposits by $164 million, partially offsetting them with core balance growth in our retail operation totaling $89 million. One of the contributing factors to this was our Win Flushing program, which focuses on the Asian community, where we are on pace to add $160 million in deposits by the end of first quarter 2019. Through the second quarter of 2018, we have successfully captured over $86 million in deposit growth in this marketplace, so we're making good progress. As a consequence of these actions, the loan-to-deposit ratio increased to 116%.

As we look forward to continuing our focus on stabilizing then improving margins, we have additionally focused on bringing in more variable rate C&I loans. Over the past 5 quarters, C&I lending has represented 35% of new loan originations.

Net interest income of $43 million was flat quarter-over-quarter and down $1 million year-over-year due to net interest margin pressure, driven by the higher funding cost. Competition for deposits remained strong in this rising rate environment.

While the pressure on deposit pricing remains, we continue to see several positive trends: rising new loan yields, the timely repricing of our growing C&I portfolio, the slower but positive repricing of our commercial real estate portfolio and the increasingly positive impact of hedges that we placed on both sides of the balance sheet.

Importantly, our core business remains solid as we produce loan growth of 6% year-over-year while holding on to strong underwriting standards. The pipeline remains strong and supports an expectation of high single-digit growth. We remain focused on expense control and delivering an efficiency ratio in the mid to low 50s over the long term. The ratio was 60% in the second quarter of 2018, down from a seasonally elevated 69% in the first quarter. We continue to expect an annual increase of 3% to 5% in noninterest expense due to the growth of the bank.

We are improving our overall expense scalability and efficiency by converting our branches to the Universal Banker model, which provides our customers with cutting-edge technology, including state-of-the-art ATMs and a higher quality service experience. In the 11 branches that we have converted, we have seen ATM transaction increases of 24%. We continue to anticipate savings of 20% in compensation cost at the Universal Banker branches and forecast that all branch conversions will be completed in 2019.

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Conversion to the Universal Banker model allows our staff to focus on building customer relationships, resulting in improved sales and deposit growth. With Video Banker, customers have access to a live representative from 7:00 a.m. to 11:00 p.m., 7 days a week.

Credit quality on our portfolio remains pristine. At the end of the second quarter, nonperforming loans were just 28 basis points of gross loans and nonperforming assets were only 23 basis points of total assets. Given the low loan to value associated with the nonperforming real estate loans of just 35%, we do not foresee an increase in related expenses. Nonperforming loans totaled $15 million in the second quarter, a decrease of 11% quarter-over-quarter and 4% year-over-year.

For those new to our story, Slide 4 provides a summary of our key focus areas, which remain consistent with exceeding customer expectations, enhancing earnings power, strengthening our commercial bank balance sheet and maintaining our strong risk management philosophy.

Our sustainable competitive advantages include having a multilingual branch staff to serve our customers in the New York City Metro area, one of the most ethnically diverse regions in the country. The Asian market surrounding the Flushing branches have very attractive business dynamics. There is a high degree of saving, available deposits and a significant number of small business owners.

We have a strong focus on the Asian community where we have over $600 million in deposits. These deposits have a lower cost of funds than our total cost of funds. Our Win Flushing campaign is focused on further capitalizing on this business environment through market knowledge and understanding of customer needs.

Overall, we remain a preeminent commercial real estate lender focused on the origination of multifamily mortgage, commercial business and commercial real estate loans, which comprised 88% of originations and purchases in the second quarter, while we remain nimble and responsive to industry shifts.

Combining our customer focus and competitive strength as a relationship-oriented lender has enabled us to transform formerly transactional-based real estate customers into deeper, long term, full relationships that include lending and deposit services.

Our disciplined risk management philosophy has proven to serve us well throughout all phases of the credit cycle. The loan-to-value on current quarter originations of multifamily commercial real estate and 1-to-4 family mixed-use loans was 46% with a debt coverage ratio of 186%. We underwrite and stress cap rates at a level greater than mid-5%. Our conservative underwriting standards, loan-loss reserves, minimal delinquencies and low LTVs give us confidence that net charge-offs will remain below industry averages over the long term.

Our strong balance sheet, liquidity, capital levels and ability to grow core deposits, investments in talent, innovation, technology and cybersecurity as well as our risk management philosophy all position the company very well to deliver profitable growth and long-term value to our shareholders as we continue to execute on our strategic objectives, which are outlined on Slide 5: increase core deposits and continue to improve funding mix, increase net interest income by leveraging loan pricing opportunities, enhance core earnings power by improving scalability and efficiency, manage credit risk and to remain well capitalized under all stress test scenarios. We remain focused on these strategic objectives to achieve profitable growth and maximize shareholder value.

During the second quarter, we repurchased 227,581 treasury shares at an average cost of $26.04 per share. As of June 30, 2018, up to 809,000 shares remain under the current authorized stock repurchase program, which has no expiration or maximum dollar limit. We remain well capitalized and positioned to deliver profitable growth and long-term value to our shareholders as we continue to execute on our strategic objectives.

At this point, I'll turn the call over to Susan to discuss the quarter's financial results in greater detail.

Susan K. Cullen
Senior EVP, Treasurer & CFO

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Thank you, John. I'll begin on Slide 6. Total loans were $5.3 billion, up 0.4% quarter-over-quarter and 6% from the second quarter of 2017 as we continue to focus on the origination of multifamily commercial real estate and commercial business loans with full banking relationships.

We continue to diversify our loan portfolio as C&I originations totaling $89 million for the quarter with 35% of total originations. Loan originations and purchase of multifamily commercial real estate and commercial business loans were 88% of our total loan production.

Over the last 5 quarters, our C&I origination and purchases have averaged approximately 35% of quarterly loan production, resulting in commercial business balances growing over 20% during the same period to approximately 15% of gross loans at June 30, 2018.

The growth in the C&I portfolio offers several advantages to the company, primarily continued diversification of the portfolio. And as these are primarily adjustable rate loans, the yield offers some protection in a rising rate environment. Overall, the total loan growth is on pace to meet the lower end of the expectations of high single-digit growth while we continue to emphasize rate over volume.

At June 30, our loan pipeline was strong and totaled $323 million, which is relatively flat from last quarter but up from a year ago.

Net interest rate on the mortgage loans for the pipeline increased to 4.67% from an average rate of 4.41% for the linked quarter.

The LTV on our real estate portfolio at quarter-end remains a modest 39%, and the debt service coverage ratio for the current quarter's originations of multifamily, commercial real estate and 1-to-4 family mixed-use loans is 186%. We underwrite and stress each individual loans using a cap rate in excess of mid-5%.

Slide 7 depicts the composition of our funding mix. As funding has grown over the years, the percentage related to CDs and borrowings has decreased. However, when the need arises to access the wholesale funding markets, there are advantages as we can [ladder] up the liabilities for longer terms where the consumer does not want to [price] the money for much longer than 18 months.

On Slide 8, deposits decreased 2% quarter-over-quarter and it increased 8% year-over-year. The quarter-over-quarter decrease was due to the redemption of broker deposits, while the year-over-year growth was primarily driven by money market, CD and NOW accounts. We continue to focus on the growth of core deposits with an emphasis on noninterest-bearing deposit accounts, which increased 11% year-over-year. Noninterest-bearing deposits totaled $388 million and represent 9% of total deposits.

We continue to see rate pressure with increased competition for deposits. The quarterly cost of deposits increased 19 basis points from the prior quarter. We continue to remain disciplined in terms of deposit pricing while remaining competitive within our market.

Turning to Slide 9. The net interest income for the second quarter of 2018 was $43 million, flat quarter-over-quarter and down 2% year-over-year. The net interest margin at 2.76% decreased 3 basis points quarter-over-quarter and 19 basis points year-over-year. Excluding prepayment penalty income and recovered interest from delinquent loans, the net interest margin would have been 2.64%, a decline of 8 basis points quarter-over-quarter and 19 basis points year-over-year.

As John noted in his remarks, the yield on the new loans increased 30 basis points from the first quarter and 53 basis points from the same quarter of 2017. This trend should continue as we have approximately $2 billion of loans repricing through 2020.

Our overall cost of funds for the quarter was 1.41%, an increase of 14 basis points quarter-over-quarter and 36 basis points year-over-year, driven by an increase in rates paid on money markets and CDs.

In order to partially mitigate the increase in the cost of funds, we have taken the following steps, which are highlighted on Slide 10. For the fourth consecutive quarter, the yield on loan originations have exceeded the quarterly yield on the loan portfolio, net of prepayment penalties and recovered interest from delinquent loans.

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We entered into approximately $450 million of forward swaps using the Federal Home Loan Bank borrowings, which we believe will be beneficial to net income. The funded portion of the swap has compressed the NIM for the first half of 2018, but we have recently seen a monthly benefit of the swap to the NIM which we anticipate will continue.

Loan originations have increased 30 basis points from a linked quarter and 53 basis points from the second quarter of 2017. Originations of commercial business loans, which are primarily adjustable rate loans, totaled 35% of the current quarter originations and now comprise 15% in the loan portfolio.

Loan swaps provide a minimal effect on the net interest margin in the current quarter, but we believe that these swaps will enhance earnings as rates continue to rise.

We actively managed funding costs and continue to evaluate strategies to mitigate our liability-sensitive balance sheet. While the net interest margin will likely remain somewhat pressured, we will continue to focus on driving net interest income by executing on the previously noted steps, coupled with leveraging the loan pricing opportunities and the portfolio mix.

On Slide 11, we reported noninterest income for the second quarter of $3.2 million while core noninterest income was $3.4 million, which excludes the net loss in the fair value adjustments. The core noninterest income increase year-over-year was driven partly by the $400,000 gain on the sale of loans.

Moving to Slide 12, we anticipate 2018 annual expenses to increase approximately 3% to 5% from 2017, driven by the growth of the bank. Overall, the efficiency ratio was just under 60% in the second quarter of 2018 compared to 69% in the first quarter of 2018 and 56% in the second quarter of 2017.

As John previously mentioned, our long-term goal is to maintain efficiency ratio in the low to mid-50s. We remain focused on continuous improvements and new opportunities in our operations for efficiency gains.

And regarding taxes, the effective tax rate for the second quarter of 2018 was 24%, and we anticipate the effective tax rate to be 22% to 25% for all of 2018.

Moving to Slide 13, we did not record a provision for loan losses in the second quarter due to our strong credit quality. We did, however, have net charge-offs of $322,000 for the quarter, which reflect the change in the fair value of the Chicago taxi medallion from $60,000 to $25,000 per medallion based upon recent sales transactions. Currently, the Chicago taxi medallion portfolio totals $200,000, and our total portfolio of both New York City and Chicago medallions totals $6 million, which is 12 basis points of total loans.

Our coverage ratio of 137% has been increasing year-over-year due to improving credit quality and our reserve build. The allowance to gross loans represents 38%, is relatively flat from the prior quarter.

Now turning to credit quality on Slide 14. Our credit quality metrics remained excellent this quarter. As a reminder, we are a historic seller of nonperforming credits and record charge-offs early in the delinquency process. The average LTV of our nonperforming real estate loans was approximately 35% based upon the value of the underlying collateral and origination, and we did not adjust the appraised values for increases. Nonperforming loans totaled $15 million, down 4% year-over-year and 11% quarter-over-quarter as credit quality remains one of our core strengths.

Slide 15 highlights the effects of our strong underwriting discipline with our history of [minimal] 90-day delinquencies as a percentage of loans originated by year. As you can see, there are only 6 loans delinquent greater than 90 days for the vintage years after 2009.

Looking forward, with expected loan growth, we anticipate recording a provision for loan losses proportionate with that growth in future quarters to maintain an adequate ratio. As always, we monitor credit quality very closely to ensure that we have an appropriate loan loss reserve.

With that, I'll turn it back to John for some closing comments.

John R. Buran
President, CEO & Director

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Thank you, Susan. Wrapping up, Slide 16 provides a summary of why we believe we remain well positioned for continued strategic and profitable growth. To reiterate, our vision is to be the preeminent community financial services company in our multicultural market area by exceeding customer expectations and leveraging our strong banking relationships.

The New York City market and strong Asian customer base in Flushing continues to represent a significant opportunity for us. We remain focused on providing a superior and consistent experience at every touchpoint for our customers and maximizing shareholder value. Those of you that have held our stock over the last 5 years know that our total shareholder return has been 83%. And since our IPO in 1995, total shareholder return has been 1,044%.

In conclusion, we have a strong foundation with attractive markets and customers, a proven track record and a seasoned leadership team and our strategy with a commitment to drive continued profitable growth. We will now take questions as time permits. Operator, I'll turn it over to you.

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Question and Answer

Operator

[Operator Instructions] Our first question today comes from Mark Fitzgibbon from Sandler O'Neill + Partners.

Mark Thomas Fitzgibbon
Sandler O'Neill + Partners, L.P., Research Division

Susan, I know -- I heard your comments about the margin, and I know you've got quite a few number of moving parts. Can you help us think about the magnitude in the margin compression in the back half of the year?

Susan K. Cullen
Senior EVP, Treasurer & CFO

We've looked at that market and everything being equal. We expect compression to continue for the remainder of the year to be in the 5 to 7 basis point range.

Mark Thomas Fitzgibbon
Sandler O'Neill + Partners, L.P., Research Division

For the remainder of the year?

Susan K. Cullen
Senior EVP, Treasurer & CFO

For the remainder of the year.

Mark Thomas Fitzgibbon
Sandler O'Neill + Partners, L.P., Research Division

Okay, all right. And then secondly, I think you detailed somewhere in the press release that you had 6 business loan relationships that were downgraded. What were the loan covenants did they trigger, I guess? I'm curious.

John R. Buran
President, CEO & Director

There was a variety, there was some leverage situations. They're -- off the top of my head, I can't remember, but I know leverage was clearly one of them. And they're also -- it's pretty much leverage, I think, on all of them or there could have been some delay in financial statements on a couple as well. The important thing about those is that they remain on accrual, they're paying as agreed. So I think these are -- these look like, to us, technical violations rather than extreme issues with respect to credit.

Mark Thomas Fitzgibbon
Sandler O'Neill + Partners, L.P., Research Division

Okay. And then I'm curious, your tangible common equity ratio, I know your regulatory ratios are strong, but the TCE ratio is getting down towards sort of 8%, given the growth that you're forecasting. How low might you be willing to take that capital ratio down?

John R. Buran
President, CEO & Director

Yes. I think we can dip below 8% without much of an issue, given the risk dynamics of the company. We're dealing with a loan-to-value in the overall portfolio that is less than 50%. Clearly, there's a -- even on nonperformers, nonperformers have a loan to value of less than 40%. So we really don't see a lot of risk

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in the portfolio, so we feel comfortable bringing that cap rate down a little bit, bringing the TCE down a little bit.

Operator

Your next question comes from Steven Comery from Gabelli.

Steven Comery
G. Research, LLC

I just wonder about the noninterest deposits. The number looks like it was up, it's been growing pretty well recently. I was wondering if you guys attribute that to kind of your expansion in C&I business and then sort of your general expectations there.

John R. Buran
President, CEO & Director

Yes. So there's a number of factors going on here. I think I would focus in clearly on the C&I business, which has been strong for us. If you look at that, at the C&I originations, and that's kind of in the other loan category, we're up -- we are -- increase in that group, in originations and participations, is like about 80% year-over-year. So it's a very, very strong focus of ours. And obviously, as Susan mentioned, 35% of our total originations have come out of the C&I world. So we're getting the deposits. We put in place about 1.5 years ago a new team to be working on the commercial real estate customer, and we're getting a lot more deposits in -- coming out of the commercial real estate area. And then I have to say that the Win Flushing business, the Win Flushing initiative that we put in place, is also putting us in contact with a lot of small business people and consequently, additional noninterest-bearing deposits. So the combination of things, all moving in the right direction for us.

Steven Comery
G. Research, LLC

Okay, okay, very good. Sounds like good work there. So -- and then kind of on price, I mean, you guys seem to be doing a pretty good job taking price both in mortgage and nonmortgage, looking at the origination yields. Is there anything changing in the competitive environment there? Is it just the whole market's moving up?

John R. Buran
President, CEO & Director

I think we were one of the first movers in trying to stay disciplined in this area. But actually, in the last month, we've seen a little bit more movement in the market as a whole. So I think everybody is starting to be a little bit more cognizant of this -- the dynamics, the ongoing dynamics in this market and are focusing in on better yields or more profitable yields. I would want to point out again to the group that the $116 million -- so if you think about our business, we have a baseline of commercial real estate that is going to roll over by contract over the next 2.5 years or so through 2020. That's $2 billion that is -- has 3 to 4 handle, and we're looking at 5 handles coming out of that, based upon our contractual. So in this particular case, we had $116 million of this -- of commercial real estate at 4.41% moving up to 5% plus. So that is kind of a built-in baseline for us that we look to build upon as we take on additional higher-yielding loans in the C&I area and the commercial real estate area as we remain disciplined on our originations. But again, I want to emphasize that there is this baseline of contractually repricing commercial real estate loans that are going to help us as long as we stay disciplined and that's what our intention is.

Steven Comery
G. Research, LLC

Okay, okay, very good. And then just sort of one more for me. Originations, okay, were down versus the previous quarter, but they were about flat versus this June quarter last year. So I was just wondering how much of the change in origination volume is due to seasonality versus just kind of other factors?

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John R. Buran
President, CEO & Director

It's predominantly seasonality. Pipeline remains strong, pipeline is growing. So I think we're in -- I think we'll see that come back.

Operator

Our next question comes from Collyn Gilbert from KBW.

Collyn Bement Gilbert
Keefe, Bruyette, & Woods, Inc., Research Division

Just a follow-up on the loan growth question. So it looks like you guys perhaps are revising a little bit lower in your loan growth targets. I think I -- you had said it's high single-digit, low double-digit growth rate for 2018 before and now just lowering that to sort of single digit. Could you just talk about what's driving that, the mix of the growth that you're seeing? And then also, do you anticipate further loans, participations that you can push out or loan sales or anything more to do on that kind of yield improvement strategy?

John R. Buran
President, CEO & Director

So let's just talk about specific transactions. Some of that $70 million, we think a small proportion of it may be renegotiated at a better rate and we may be able to take, bring some of that on in the next quarter or so. But to the more critical question about loan growth going forward, I think the market, while it remains competitive, again, there are signs of much more rationality in terms of pricing on the commercial real estate side. And we do have a continuing buildup of strength on the C&I side. So I think the economic forecast for this coming quarter are right around 4%, and we're certainly feeling that type of additional economic power with the -- with our ability to find more C&I growth. And as I said, the C&I growth has really been -- has been fueling our business in the last couple of quarters. And incidentally, that C&I growth, if you look at the yield there, the yield there for 3 months ending June was like 4.70%-some odd. So the degree to which we can continue to get debt 35%-plus percentage of originations on the C&I area will help the yield as well as the loan growth. So I think there's a lot of emerging trends that are -- that look like they're moving in a positive direction. Hopefully, they'll continue.

Collyn Bement Gilbert
Keefe, Bruyette, & Woods, Inc., Research Division

Okay, okay, that's helpful. And then just taking that, aligning that with kind of the margin outlook, Susan, that you had given, I mean, do you think you can grow net interest income on a quarter-to-quarter basis? And if so, what -- to what degree are you sort of seeing that trend?

Susan K. Cullen
Senior EVP, Treasurer & CFO

I believe it will stay -- it will grow a little bit, but will be very nominal, depending on how the repricing comes in on the loans and the growth.

Collyn Bement Gilbert
Keefe, Bruyette, & Woods, Inc., Research Division

Okay, okay. So do you have -- again, sort of targeted -- I know you kind of gave a longer-term efficiency target, but an ROA target either in the near term or longer term because obviously, again, the strategy that you guys are employing should theoretically help to improve that ROA. But just curious if you've got any targets to that.

John R. Buran
President, CEO & Director

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Yes. Our target is to get up to 1% ROA. Clearly, we're -- we've been hovering -- we've -- some quarters, we hover close to that. Other quarters, we've missed it. So over the long haul, we'd want to get to 1% ROA and then maintain the 10% ROE.

Collyn Bement Gilbert
Keefe, Bruyette, & Woods, Inc., Research Division

Okay, okay, that's helpful. And then just finally, I don't know if you said it, I apologize, but the tax rate that we should be using going forward is what?

Susan K. Cullen
Senior EVP, Treasurer & CFO

We said 20% to 25% range. We had 24% for this current quarter.

Collyn Bement Gilbert
Keefe, Bruyette, & Woods, Inc., Research Division

Okay, okay, that's helpful. And then -- and again, if you covered this, I apologize. But share repurchases that you bought some back this quarter, how are you thinking about that activity going forward?

Susan K. Cullen
Senior EVP, Treasurer & CFO

We look at that opportunistically. So if we believe the market has undervalued our shares more than normal, then we'll go in and repurchase shares.

Collyn Bement Gilbert
Keefe, Bruyette, & Woods, Inc., Research Division

Okay. Did you say what the average price was, of the other repurchases that you did this quarter?

Susan K. Cullen
Senior EVP, Treasurer & CFO

It was around $26 a share.

Operator

[Operator Instructions] Our next question comes from Matthew Breese from Piper Jaffray.

Matthew M. Breese
Piper Jaffray Companies, Research Division

Just one question from me, turning to Page 10 where you outlined the amount of loan repricing from now through 2020. Is that enough to drive a margin inflection point over the next 2 years or in 2019, perhaps?

John R. Buran
President, CEO & Director

So I think that you got to look at this like a layer. So this is -- that's for us is kind of a baseline layer. Will we always get the maximum contractual rate? Not always, there are relationship elements that are clearly in play over here. But by and large, we will -- as we got this $116 million moving up significantly this particular quarter, I think we're going to see a substantial proportion of that moving up to the 5% area. So that provides the baseline. I guess, the projection for ours or the right term is that we need to continue to work on is building that C&I business and also, frankly, our mixed-use business as well where the yields are very strong. So I think layering those together, we do think that we -- there is an inflection point. I guess, it's going to be highly dependent upon where we're at with respect to deposit pricing. But in terms of loan yields, we're optimistic about loan yields, for sure.

Operator

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And ladies and gentlemen, at this time, I'm showing no additional questions. I'd like to turn the conference call back over to management for any closing remarks.

John R. Buran
President, CEO & Director

Yes. So I think the important things to remember about the company at this point in time is that we are moving in a more positive direction. And I think we've kind of turned -- we've definitely turned the corner in terms of loan yields, and the market looks like it's turned the corner in terms of a little bit more pricing rationality in our commercial real estate and multifamily business. And then, of course, we have some swaps that are helping us through this sensitive yield situation. And I think that the business is very solid. New York remains a very strong economic environment for us, and we're optimistic about the future. And I'll leave it at that. I thank you all for your participation. And if there are any additional comments or calls, you know how to get to us. And we look forward to the coming quarters. Thank you again.

Susan K. Cullen
Senior EVP, Treasurer & CFO

Thank you.

Operator
Ladies and gentlemen, with that, we'll conclude today's conference call. We do thank you for attending today's presentation. You may now disconnect your lines.

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