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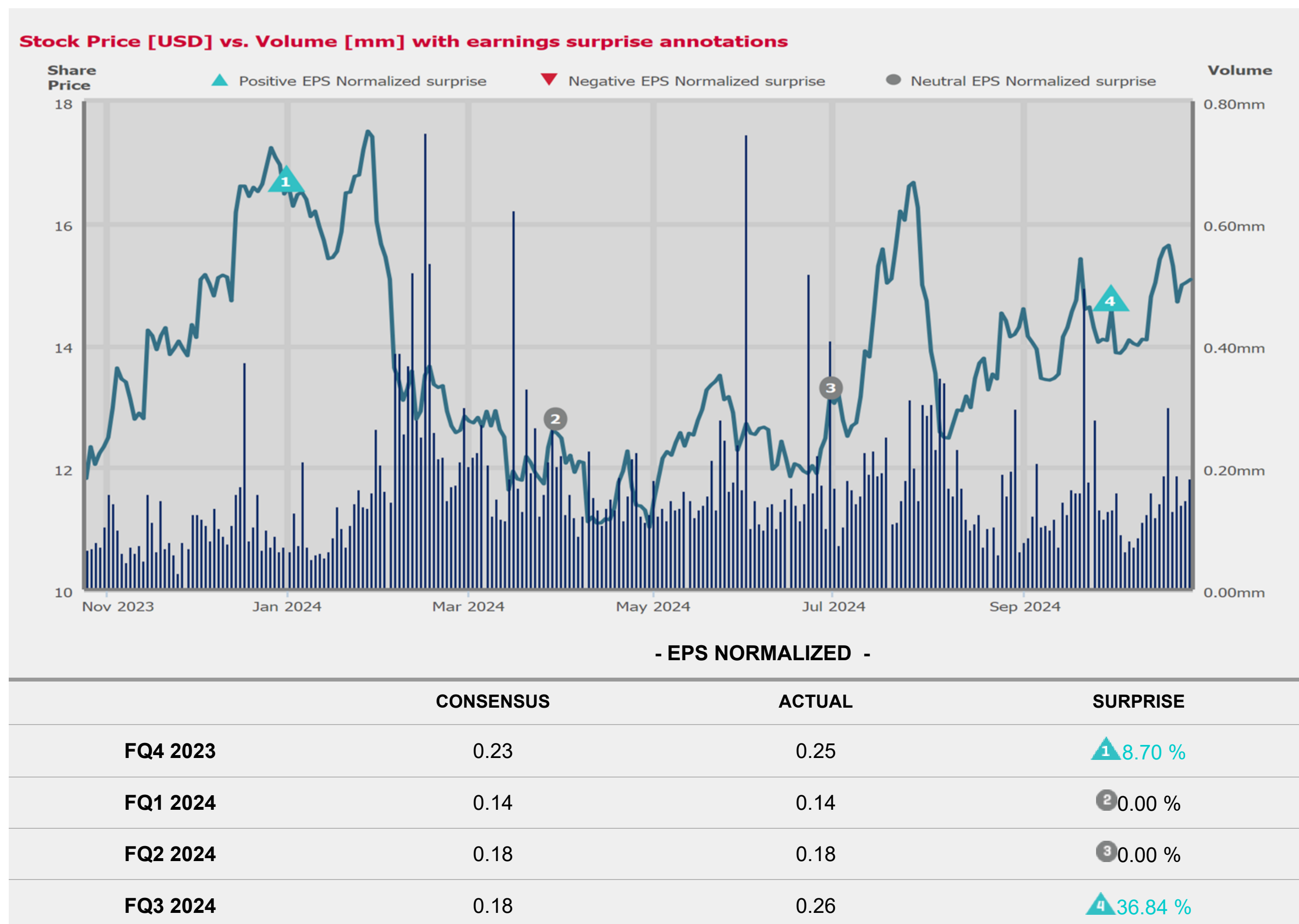
Flushing Financial Corporation NasdaqGS:FFIC FQ3 2024 Earnings Call Transcripts

Friday, October 25, 2024 3:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2024-			-FQ4 2024-	-FY 2024-	-FY 2025-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.18	0.26	▲36.84	0.20	0.69	NA
Revenue (mm)	47.95	51.88	▲8.20	48.50	188.00	NA

Currency: USD
Consensus as of Oct-25-2024 6:36 AM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2023	0.23	0.25	▲1 8.70 %
FQ1 2024	0.14	0.14	2 0.00 %
FQ2 2024	0.18	0.18	3 0.00 %
FQ3 2024	0.18	0.26	▲4 36.84 %

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Call Participants

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Presentation

Operator

Welcome to Flushing Financial Corporation's Third Quarter 2024 Earnings Conference Call. Hosting the call today are John Buran, President and Chief Executive Officer; and Susan Cullen, Senior Executive Vice President, Chief Financial Officer and Treasurer. Today's call is being recorded. [Operator Instructions] A copy of the earnings press release and slide presentation that the company will be referencing today are available on its Investor Relations website at flushingbank.com.

Before we begin, 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 any such statements, including as set forth in the company's filings with the U.S. Securities and Exchange Commission to which we refer you.

During this call, references will be made to non-GAAP financial measures as supplemental measures to review and assess operating performance. 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 information about these non-GAAP measures and for a reconciliation to GAAP, please refer to the earnings release and/or the presentation.

I would 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, operator. Good morning, and thank you for joining us for our third quarter 2024 earnings call. The operating environment in the third quarter was improved but remained challenging. We're encouraged by the recent 50 basis points reduction by the Fed as we hope this leads to the yield curve at least flattening, potentially regaining a positive slope.

There will be challenges and unknowns in managing the net interest margin in this environment, including the impact of deposit pricing by competitors, how lower rates will influence loan demand and the timing and pace of Fed cuts. However, we believe the environment will improve over time, and this will ultimately be positively reflected in our net interest margin. For the third quarter, the company recorded GAAP earnings per share of $0.30 and core earnings of $0.26, which is the best quarter in the past 7.

There are several items to call out from the quarter. We had higher than normal net interest recoveries on nonaccrual and delinquent loans, which added 5 basis points to the net interest margin and about $0.03 per share in the quarter. GAAP and core earnings per share included an additional $0.05 for insurance recoveries, discrete income tax items and other events that are not expected to repeat. We outlined our 4 areas of focus in the past.

Our first objective is to increase the NIM and reduce this volatility. Net interest income increased 6.6% quarter-over-quarter as the net interest margin increased 5 basis points. During the quarter, NIM compressed in July but then expanded month-over-month in both August and September. We continue to focus on the NIM, and while expansion may not always be in a straight line, we believe the general direction should be positive as the yield curve flattens or becomes positively sloped.

The second objective is to maintain our credit discipline. Flushing Bank has a long history of low-risk credit profile due to our conservative underwriting and strong portfolio management. Overall credit metrics remained solid, with 59 basis points of nonperforming assets, 100 basis points of criticized and classified loans and 6 basis points of net charge-offs year-to-date. Our loan portfolio remains well collateralized as the average loan-to-value in the real estate portfolio is less than 36%, and the debt coverage ratios are 1.9x for our multifamily and investor commercial real estate. Our exposure to Manhattan office buildings is about 0.5% of gross loans.

Our third objective is to preserve our strong liquidity and capital. Our available liquidity was $3.9 billion as of September 30, and our level of uninsured and uncollateralized deposits remains low at 15% of total deposits. Our capital ratios remain solid.

The fourth objective is to bend the expense curve. Noninterest expense growth year-to-date was about 6% and as we took advantage of market opportunities to invest in the business to improve profitability over the long term, including bringing on an SBA team and a staff for new growth. We still expect overall expense growth in 2024 to be in line with our historical averages of mid-single digits.

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Overall, while there are some beneficial items that are not expected to repeat in the quarter, we're encouraged by the outlook over the long term and are building a foundation to achieve our long-term goals and improve overall profitability.

Slide 4 demonstrates Flushing's credit performance versus the industry. Our underwriting has outperformed over time, often by a wide margin. Our conservative credit culture has been proven in many rate and economic cycles, and our commitment to our low-risk credit profile is unwavering. The results of our low-risk credit profile are shown by the charge-off history chart on the left.

We expect our net charge-offs to remain well below industry levels. For the first 9 months of 2024, we had net charge-offs of 6 basis points. Our level of noncurrent loans to total loans was also favorable compared to the industry. In a stress scenario consisting of a 200 basis point increase in rates and a 10% increase in operating expenses, our loan portfolio has a debt coverage ratio of 1.3x. Given this, we're expecting minimal loss within this portfolio.

Slide 5 depicts additional credit metrics that result from our conservative risk culture. Nonperforming assets to assets totaled 59 basis points, with loan-to-values at 55%. Our level of criticized and classified assets improved quarter-over-quarter, and we expect them to remain well below peer levels again this quarter.

30- to 89-day past dues are 43 basis points of loans, indicating a low level of potential future losses. Our allowance for credit losses is presented by loan segment in the bottom right chart and the ratio to overall loans totaled 59 basis points. These items, in the aggregate, keep us very confident that our low-risk credit profile performs well over time.

Slide 6 outlines credit metrics at a more granular level for key portfolios. Our multifamily portfolio comprises 39% of gross loans and have strong credit metrics such as a weighted average loan-to-value of 44% and a weighted average debt coverage ratio of 1.9x.

Nonperforming loans in this portfolio are only 33 basis points, down from 52 basis points in the prior quarter. And criticized and classified loans are only 55 basis points of loans, down from 67 basis points in the prior quarter. Average loan size is $1.2 million in this $2.6 billion portfolio.

Investor commercial real estate loans, excluding the office CRE portfolio, totaled 25% of gross loans and have similar credit metrics as our multifamily loans, with 0 nonperforming loans and 0 criticized and classified loans. Our exposure to office loans and Manhattan office buildings is small at less than 4% and about 0.5% to gross loans, respectively.

There is 1 nonperforming loan in the office portfolio, which we expect will be resolved shortly with no loss. These metrics provide a clear representation of our conservative and strong credit culture that has and continues to perform very well over time.

Slide 7 provides further context on the risk in our multifamily portfolio and a comparison versus peers. As of June 30, 2024, our criticized and classified multifamily loans were only 67 basis points, the fourth best in the peer group. At the end of the third quarter, this ratio improved to 55 basis points.

Multifamily reserves to criticized and classified multifamily loans were 61%, which was the fifth best in the peer group in the second quarter, and this ratio improved to 70% in the third quarter. 30- to 89-day past dues in our multifamily loan portfolio were 52 basis points. With these credit metrics, we see limited risk and loss on the horizon.

Slide 8 summarizes our overview on credit quality. We have a low-risk balance sheet and years of conservative underwriting that have served the company well, with credit losses on nonperforming assets favorable to the industry. Our multifamily and investor commercial real estate portfolios are well-underwritten and are prepared for higher rates based upon our stress tests at origination.

We had 1 office loan moved to nonaccrual this quarter, but we expect this loan will be resolved shortly with no loss to principal. Nonperforming assets in criticized and classified loans improved quarter-over-quarter, and our 30- to 89-day delinquencies remain low. We remain confident in our low-risk credit profile.

I'll now turn it over to Susan to provide more detail on our financial metrics. Susan?

Susan K. Cullen
Senior EVP, Treasurer & CFO

Thank you, John. I will begin on Slide 9, which provides more detail on our deposits. Average deposits increased 9% year-over-year and 4% quarter-over-quarter. Average noninterest-bearing deposits were 11% of total average deposits compared to 12.5% a year ago.

Our loan-to-deposit ratio has improved to 90% from 103% a year ago. The cost of deposits increased by 17 basis points in the quarter compared to 11 basis points in the second quarter and 17 basis points in the first quarter of 2024. We believe the cost of deposits has likely peaked in July as we've seen the cost of deposits decrease month-over-month for both August and September.

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Slide 10 outlines the net interest income and margin trends. The GAAP and core net interest margin increased 5 and 4 basis points to 2.1% and 2.07%, respectively. Interest recoveries on delinquent loans are larger than in previous quarters, and this added about 5 basis points both GAAP and core net interest margin. On a monthly basis, the net interest margin bottomed out in July and expanded in both August and September.

With the 50 basis points cut by the Fed, funding cost, floating rate assets and swaps also moved lower. We lowered rates by 50 basis points on $1.8 billion of non-maturity deposits on October 1. We still have the tailwind of new loan production that have higher yields than the existing portfolio and the natural repricing of the loan portfolio over the next several years.

Based on our modeling, our net interest margin will be flat for a 25 basis point cut in rates and a 33% beta on interest-bearing deposits. If we are able to generate a higher interest-bearing deposit beta, our net interest margin would benefit. Our net interest margin is a daily focus.

Slide 11 provides more detail on our CD portfolio. Total CDs are nearly $3 billion or 38% of total deposits at the quarter's end. About $1.5 billion of retail fees are expected to mature over the next year at a weighted average rate of 4.64%, which compares to current rates of 3.75% to 4.75%. We see a significant opportunity to reprice these CDs lower as they mature.

Slide 12 provides more detail on the contractual pricing of the loan portfolio. Approximately $1.3 billion or 19% of the gross loans are repriced to a short-term index. Our interest rate hedge position increases as a percentage to 26%. For the remainder of 2024, $226 million of loans are due to reprice 185 basis points higher than the current coupon rate.

In 2025, approximately $775 million of loans are scheduled to reprice upwards 159 basis points. These rates are based on the underlying index value at September 30. This loan repricing should help drive net interest margin expansion once funding costs stabilize or decline.

Slide 13 outlines how we are thinking about our net interest margin. In the short term, funding cost should benefit from CD repricing and the pricing actions we took on October 1. Our real estate loans should continue to reprice higher over time. These items will serve as potential offsets the floating rate assets and the interest rate swaps that will contractually price lower with every Fed move.

Near term, the net interest margin is likely to remain stable, but longer term, we should see improvement. A flattening to a steepening of the yield curve should positively benefit net interest income. While we expect the NIM to expand over time, it could be bumpy quarter-to-quarter.

Our capital position is shown on Slide 14. Book value and tangible book value per share was stable year-over-year and quarter-over-quarter. The leverage ratio was approximately 8%, while the tangible common equity ratio remains about 7%. Overall, we view our capital base as a source of strength and a vital component of our conservative balance sheet.

Slide 15 provides detail on our Asian markets, which account for about 1/3 of our branches. We have approximately $1.3 billion of deposits and $744 million of loans in these markets. These deposits are 17% of total deposits, and while we have only a 3% market share of this $40 billion market, implying there is substantial room for growth.

Our approach to this market is supported by multilingual staff, our Asian Advisory Board and support of cultural activities through participation in corporate sponsorships. This market, with its dense population and high number small businesses, continue to be an important opportunity for us and one that we believe will drive our success over time.

On Slide 16, you can see that community involvement is a key part of our strategy. During the third quarter, we participated in numerous local events to strengthen our ties to our customer base. In particular, we were an active participant in the Flushing Meadows Dragon Boat festival.

Our teams participated and did well in the races, and our booth in the park was a big hit, as you can see from the lines at the top left picture. Participating in these types of initiatives has served us as a great way to further integrate ourselves to our local communities while driving customer loyalty.

Slide 17 provides our high-level perspective on performance in the current environment. We continue to expect stable loan balances and a continued emphasis on improving the funding mix. The net interest margin, excluding 5 basis points of delinquent loan recoveries, is expected to be relatively stable in the quarter, meaning a few basis points movement depending on the competitive environment and the pace of loan originations.

We expect that funding costs have peaked. When the curve flattens or regains a positive slope, this should benefit the net interest margin over time. Noninterest income should be aided by the closing of back-to-back swap loans in the pipeline and the benefits of a

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BOLI 1035 exchange. After the exchange is completed, BOLI income is expected to increase an incremental $4 million over the next years compared to the annualized third quarter 2024 levels, and the increase can be lumpy quarter-to-quarter.

As John mentioned previously, we have made the strategic decision to invest in the business by adding people and branches. While year-over-year core noninterest expense growth was slightly elevated this quarter, we expect core noninterest expense to increase mid-single digits in 2024. While quarterly tax rates can fluctuate, we expect a mid-20s effective tax rate for 2024. Lastly, we sold approximately $50 million of investment securities after quarter end.

I will now turn it back over to you, John.

John R. Buran
President, CEO & Director

Thank you, Susan. I'll conclude with our key takeaways. We're pleased with our quarterly results and the emerging trends. Our near-term priorities remain on our 4 areas of focus to help build a strong foundation for improved long-term profitability. The net interest margin should begin to expand as the yield curve flattens and becomes positively sloped.

While we expect improvement over time, it may not always be linear. There's no change in our credit discipline or resulting low-risk credit profile. Capital and liquidity are strong. We're mindful of expenses, but will continue to invest in the franchise to improve the long-term profitability and value. The rate environment is still a challenge, but we're controlling what we can control and setting the foundation for a better future.
Operator, I'll turn it over to you to open the lines of communications for questions.

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Question and Answer

Operator

[Operator Instructions] Our first question will come from Steve Moss with Raymond James.

Stephen M. Moss
Raymond James & Associates, Inc., Research Division

Maybe just starting with Susan there. I think I heard you, at the end of your commentary, say $50 million of securities were sold at the end of the quarter. I'm not sure exactly like -- a little bit of a static on the line. But just curious if that was and if there's a coupon that you could give us?

Susan K. Cullen
Senior EVP, Treasurer & CFO

They were some of the adjustable rate CLOs that were sold with a minimal gain. As the loan growth grew, we shed those assets.

Stephen M. Moss
Raymond James & Associates, Inc., Research Division

Okay. Got you. And in terms of the margin here, I hear you guys have been improving here since July. Just kind of curious, what was the September margin? I hear you on roughly stable, but just kind of curious as to where you were in September before the 50 basis point cut in deposits.

John R. Buran
President, CEO & Director

It was 2.28%, but some of that was associated with that large recovery. So bringing it down ex that recovery on that delinquent loan the September NIM would have been 2.10%.

Stephen M. Moss
Raymond James & Associates, Inc., Research Division

Okay. And with the lower pricing on October 1 for deposits, curious to see how -- what your sense of deposit or reaction has been? And do you think you can keep like 100% type of beta if we get a few more cuts here in the short term?

John R. Buran
President, CEO & Director

So we already repriced $1.8 billion of non-maturity deposits 50 basis points lower on October 1, and we also feel we've got an opportunity on the CD side as those are tending to roll off not quite 5% but close to 5%. And the indications that we have so far, we've got a 4.75% out there for 91 days, and we have 4% for 1 year. And what we're seeing, at the end of September, there was more of a focus on people going for the 1 year 4% rather than the shorter term 4.75%. So we're expecting to see some pickup out of that as well.

Stephen M. Moss
Raymond James & Associates, Inc., Research Division

Okay. Great. And then one more for me here. Just on the on the charge-off for the quarter, just curious if you could give us color around what drove that charge-off and anything special about it.

Susan K. Cullen
Senior EVP, Treasurer & CFO

That was a C&I loan or business banking loan that we had fully reserved for our prior quarters. We just reserved for it, and the information came to us that it was time to charge it off. So it was fully provisioned for in previous periods.

Stephen M. Moss
Raymond James & Associates, Inc., Research Division

Okay. Appreciate that. And maybe just one more, going back to the margin here. Fed's more dovish than it was a quarter ago. And just kind of curious if you guys could give us a sense as to where your margin could shake out if we get another 150 basis points type

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cuts, so 3.25%, 3.5% type Fed funds rate by the fourth quarter of 2025. Any sense around how you would think about it? Or is it really more of a '26 event with the swaps before we see more margin expansion?

John R. Buran
President, CEO & Director

So the NIM should benefit from a positively sloped yield curve or even a yield curve that gets a little flatter than it is today. So our interest rate modeling indicates that the steepening of the curve by 200 basis points from the September 30 levels would increase net interest income by about $4 million in the first year and about $20 million in the second year. But that's including, remember, a static balance sheet. Obviously, loan growth at higher rates would add to that margin accretion.

Operator

Our next question will come from Mark Fitzgibbon with Piper Sandler.

Mark Thomas Fitzgibbon
Piper Sandler & Co., Research Division

I wanted to follow up on Steve's question because I think it's a good one. Where do you think, in that ideal environment, with the yield curve being really steep, where can the margin theoretically get to?

Susan K. Cullen
Senior EVP, Treasurer & CFO

So we would like to get back to about the 3% margin, Mark, but that's obviously going to take some time and a little bit of assistance from the shape of the curve.

Mark Thomas Fitzgibbon
Piper Sandler & Co., Research Division

Okay. I guess sort of dovetailing into that. I guess I'm curious where you think the company can operate through the cycle from a return on tangible common equity basis. I know you had said this was the best quarter in the last 7, and it translated into sort of a 3% ROTCE. Where do you think is a reasonable expectation for investors for the ROTCE over the cycle, maybe an average over the cycle for the company?

John R. Buran
President, CEO & Director

So our target is 10%. We'd like to get to that level. We think that's a possible level.

Mark Thomas Fitzgibbon
Piper Sandler & Co., Research Division

Okay. But by my quick math, your margin would need to be sort of 2.70% to get to a double-digit ROTCE. So that's a long way from here. That's 60 basis points up from here. And for most of the cycle, you'll be well below that. I guess I'm just wondering, is the model built in such a way that, that's feasible to be able to generate double-digit ROTCEs over time?

John R. Buran
President, CEO & Director

Well, we certainly feel that we've got a lot of pickup to be coming from the change in rates that we're anticipating going into 2025. And we did hit that level in '21 and '22 as well.

Mark Thomas Fitzgibbon
Piper Sandler & Co., Research Division

Okay. And then secondly, I wondered, Susan, if you could share with us the average rate on the $429 million of CDs that you booked in the third quarter. I know there was some data that was sort of in a range of, I think, 3.75% to 4.75% for a bunch of deposits, but specifically on the CDs, I was curious.

Susan K. Cullen
Senior EVP, Treasurer & CFO

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So they were around 4.25%. The 3.75% to 4.75% is the current rates that we're offering. And as John said, the 4.75% relates to a 91-day special that's not very popular. Most of our customers are going to the 1 year 4% CD.

Mark Thomas Fitzgibbon
Piper Sandler & Co., Research Division

Okay. Great. And then last question. Do you all have a target for CRE concentration? It just feels like everybody in the industry is trying to bring that down. Do you guys have a goal in mind? And how long do you think it will take you to get to that goal?

John R. Buran
President, CEO & Director

No, we don't. We think we're pretty comfortable where we sit at this point in time.

Operator

Our next question will come from Christopher O'Connell with KBW.

Christopher Thomas O'Connell
Keefe, Bruyette, & Woods, Inc., Research Division

Maybe you could just describe it. I appreciate the color that you guys gave on the office nonperformer this quarter, but just a little bit more details around kind of the size of the credit and what happened there and what the -- what gives you guys confidence in the resolution here?

Susan K. Cullen
Senior EVP, Treasurer & CFO

That credit has been around for a while. It has a pretty low LTV. The building itself is -- has been marketed and with very good indications on the price, which will result in a full recovery for us. He's worked with well-known -- or the borrower's working with well-known real estate developers who have validated that price and have an interest in the resolution.

Christopher Thomas O'Connell
Keefe, Bruyette, & Woods, Inc., Research Division

Got it. That's helpful. And then on the fee side, if I heard you right, it seems like you guys are going to get $4 million of BOLI benefit that's not -- that's kind of like $4 million coming in over the course of a single year. That's not $4 million perpetually in the run rate, correct?

Susan K. Cullen
Senior EVP, Treasurer & CFO

It is $4 million over the next year incremental to the third quarter 2024 run rate. It does -- yes. But it's going to come in -- if the money gets invested, it's going to come in lumpy.

John R. Buran
President, CEO & Director

About $1 million per quarter.

Christopher Thomas O'Connell
Keefe, Bruyette, & Woods, Inc., Research Division

Got it. And then on the expenses, I appreciate -- I understand the guide mid-single digit for this year. I mean, it implies a decent step-up here from 3Q to 4Q to get there, and I'm just wondering if that 4Q number is going to be a good baseline as we kind of go into 2025, or if there's onetime type of investments or kinds of transitional costs that may fall out as we go into 2025 off of the Q4 number?

Susan K. Cullen
Senior EVP, Treasurer & CFO

So we're looking to invest in the company more. So there will be more personnel costs as we bring on branches. The fourth quarter has some of the new branches online but doesn't have everything -- all the new branches that we're planning on doing.

John R. Buran

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President, CEO & Director

So remember also, we brought on staff midyear as well that the full year effect of that step will appear in 2025.

Christopher Thomas O'Connell
Keefe, Bruyette, & Woods, Inc., Research Division

Understood. And then maybe just kind of a general qualitative update on the outlook for multifamily and how you guys view the $96 million and the $358 million maturing in Q4 in 2025. I thought NPLs were down a bit in that bucket this quarter, and there's a little tick up in the 30 to 89, just what you're seeing from those repricing and maturities as they come in from a cash flow perspective.

John R. Buran
President, CEO & Director

Yes. So even though the 30 to 89 is up, really when you break that down, the 60 to 89 bucket is actually only 2 basis points, and it's down. So we're not seeing the late-stage delinquency flowing through. We may see a little bit earlier stage, but we're very, very active -- well, proactive, in taking those situations are well in hand and managing them to a successful conclusion.

Operator

Our final question will come from Manuel Navas with D.A. Davidson.

Manuel Antonio Navas
D.A. Davidson & Co., Research Division

The near-term NIM, stable guidance. How much could it change if the pace of cuts shift, if we go [25, 50]? What's kind of the sensitivity around that near-term guidance?

John R. Buran
President, CEO & Director

Well, I think there's a lot of variables there, including the competitive situation that we're dealing with and the preferences that are taking place in the customer's mind. So I think you really have to...

Susan K. Cullen
Senior EVP, Treasurer & CFO

As John said, the competitive would drive our CD repricing, our other transactions. Is that a parallel shift or a nonparallel shift for the loan repricing? There's a lot of variables that we have talked about in our NIM discussion that would give rise to different scenarios, depending on the assumptions you want to make.

John R. Buran
President, CEO & Director

So the major -- the really major takeaway is that the steepening of the curve by 200 basis points,would increase our net interest income, as I said earlier, by $4 million and $20 million in the second year. And then you layer on top of that the additional loans, because that's a static balance sheet number, you layer on top of that additional loans that are all coming in at a higher rate.

In addition, of course, we have about $1 billion between the end of this year and into 2025 that is going to -- of loans that are contractually going to reprice upward. Let's ballpark it somewhere around 165 basis points or so. So there's a lot of moving parts here, and certainly, the initiation of reducing cycle, reduction cycle, by the Fed is all very positive for us. It's positive for us from our funding situation, as we mentioned earlier.

Clearly looks like it will not cause us too much of a problem on the loan side. Loans will continue to come on board at higher rates, higher than portfolio rates. And of course, the other effect is that credit problems, repricing issues that may have been anticipated on the commercial real estate side are less likely to happen as a result of less pressure on the interest rate side.

Manuel Antonio Navas
D.A. Davidson & Co., Research Division

There seems to be less near-term repricing risk, but the reprices that have occurred, what has been the experience so far in terms of credit stress? And what is your appetite to keep those loans or push them out, in any sense?

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Susan K. Cullen
Senior EVP, Treasurer & CFO

The loans that we priced in '23 and '24 have been performing. I don't think we've had anything that's materially affected our delinquencies or nonperformings in any way, shape or form. Remember, we stress test our loans at origination upwards -- shock them upwards 200 basis points and increase in net operating expenses as we underwrite the loans. So we anticipate credit -- that scenario, which is kind of what came to fruition. Those loans have all performed as indicated.

Manuel Antonio Navas
D.A. Davidson & Co., Research Division

Competition is interesting. It's probably driving some deposit competition. What are you seeing so far in the market on the deposit side? And there's a large competitor today putting multifamily at 1.9% reserves. Just thoughts of the implications for you from that, and how is that impacting growth? So a couple of questions there.

John R. Buran
President, CEO & Director

I think over the past few years -- I think over the past 12 months or so, or maybe a little bit less than that, maybe 9 months, you've seen that the issues associated with that competitor are its own issues and really bear certainly little relationship to Flushing. And I think most of the market, it's appeared to have little impact. I think the major upside of that is that there's a large competitor that is basically out of that market, out of that commercial real estate market, which should benefit Flushing on a go-forward basis.

Manuel Antonio Navas
D.A. Davidson & Co., Research Division

Do you have -- has the deposit cost declined in October? You did October 1. It's been a couple of weeks. Has there been any pushback to this point?

Susan K. Cullen
Senior EVP, Treasurer & CFO

Very little. Very little to none.

Manuel Antonio Navas
D.A. Davidson & Co., Research Division

All right. And then is there any reason that only half was repriced? Is that just kind of like public funds, smaller accounts, relationship basis? Just kind of trying to understand why you pushed it out the half.

Susan K. Cullen
Senior EVP, Treasurer & CFO

That was the half that we thought we could reprice at the time. So we continue to evaluate the other transaction accounts and price those down as well.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to John Buran for any closing remarks.

John R. Buran
President, CEO & Director

Thank you very much. Well, we're very, very pleased with the quarter, and we thank you very much for your attention on the call. Of course, we're always available to answer any questions that you might have on the follow-up. Thank you again.

Susan K. Cullen
Senior EVP, Treasurer & CFO

Have a good weekend.

John R. Buran
President, CEO & Director

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Bye now.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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