United Financial Bancorp Inc.

First Quarter 2015 Earnings

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CORPORATE PARTICIPANTS

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Bill Crawford – *Chief Executive Officer*

Eric Newell – *Chief Financial Officer*

PRESENTATION

Operator
Hello, and welcome to the United Financial Bancorp Bank First Quarter 2015 Earnings Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star (*) key followed by zero (0). After today's presentation there will be an opportunity to ask questions. To ask a question, you may press star (*) then one (1) on your telephone keypad. To withdraw your question, please press star (*) then two (2). Please note this event is being recorded. I would now like to turn the conference over to Marliese Shaw. Please go ahead, ma'am.

Marliese Shaw
Thank you, Keith, and good morning, everyone. Welcome to our first quarter conference call. Before we begin, I would like to remind you to read our Safe Harbor advisement on forward-looking statements on our earnings announcement. Forward-looking statements, by their nature, are subject to risks and uncertainties. Certain factors could cause our actual results to differ materially from expected results. Our comments today are intended to qualify for that Safe Harbor afforded by the advisement. And now I would like to introduce Bill Crawford, our Chief Executive Officer.

Bill Crawford
Thanks, Marliese. Good morning, and thank you for joining us on today's call and for your continued interest in our Company. With me this morning, I have Eric Newell and several other members of our Executive Team. Yesterday, United Financial released its earnings results for the first quarter of 2015. These results represent United's first clean quarter since we announced the merger in November of 2013.

So what does progress was like today compared to our November 2013 merger announcement? We pursued the merger to accelerate our ability to grow earnings per share via revenue growth and attractive cost structure while maintaining a conservative risk profile. This quarter's record revenue and earnings of $0.26 per share represent significant progress towards those merger goals. United exceeded its return on tangible common equity goal of 10% by reporting ROTCE of 10.72% this quarter. At 95 basis points, we almost reached our 1% return on average asset goal. When I joined the company in 2011, we were reporting return on equity about 2% and now, four years later, ROE has increased to 8.63% this quarter. The cost structure has been improved as demonstrated by the reduction of non-interest expense to average assets, from 2.50% at the time of the merger announcement to 2.23% this quarter, with a goal to drive this expense ratio into the low 2.0% range by the end of fourth quarter 2015 through continued expense discipline and loan growth. By comparison, note that the average bank in our peer group had an NIE/average asset ratio of 2.46% in the fourth quarter of 2014. Therefore, United is driving towards approximately a 20% cost structure advantage relative to its peers, and is a company well-positioned for continued organic growth.

Also noteworthy, when we modeled our deal in the fall of 2013, the forward yield curve was indicating a 3.25% 10-year treasury yield. That interest rate scenario didn't play out like other banks with a 10-year less than 2%.

United has experienced some difficulty driving its efficiency ratio into the high 50s solely from net interest income growth. However, an efficiency ratio in that range remains a goal for our Management Team and, therefore, we are very focused on increasing sources of non-interest income and will continue to work on driving revenue and expense. That would be the key to really helping us hit that goal.

Over the last year, United has eliminated positions in executive staff, retail banking network, redundant back office functions, and other non-revenue producing areas along with duplicative operating expenses. At the same time, United has made significant investments in revenue driving areas, such as commercial banking, mortgage banking, virtual banking, tax planning, and financial advisory.

During this time, we've announced the opening of three new branches and the closure of nine either duplicative or less profitable branch locations. Therefore, we believe we've created a far more efficient branch network. So we have significantly more FTEs engaged in driving revenue on absolute and percentage basis, with many of these positions being either fully commission-based or with variable performance-based compensation. In the first quarter of 2015, United produced 7% linked quarter revenue growth and 7% linked quarter expense reduction, driving record revenue and record earnings per share. While this is a good start, we remain intensely focused on driving strong revenue growth and earnings per share throughout 2015. We realize investors want to see us executing as our merger targets and earn back the tangible book value dilution for merger, as well as further leverage our excess capital into higher ROE and higher return on tangible common equity.

With regard to our investment in commercial banking, United has significantly upgraded its ability to drive commercial loan deposit growth in the Greater Springfield, Worcester, and Fairfield County regions. After completing commercial team lift-outs in those three markets from larger end-market competitors who have much larger books of business than United does, these commercial bankers are highly experienced, well-known in the markets, and very much aligned with how we do business at the new United. While during the first quarter of 2015 commercial loan growth was the below plan as we on-board on these bankers, we are experiencing a record commercial loan pipeline, and expect strong second and third quarter commercial loan growth. The commercial team is also becoming more effective in helping our customers manage their interest rate risk with interest rate swaps. The result is we put more variable rate loans with greater fee income recognized upfront. We are also upgrading our cash management products, our commercial loan system, and upgrading our rate lock model. With Dave Paulson and Mark Kucia leading our efforts here, I'm very bullish on our opportunities to grow our commercial banking line of business while maintaining the strong asset quality our Company has been known for.

Our mortgage banking business has evolved as well. Since the merger announcement, we expanded our commission-based mortgage loan officers from a team of 17 producing about $58 million of loans a quarter to a team of 39 originating $168 million this quarter. That's a 189% increase in production year-over-year. These are all commission-based employees. We currently have a very strong mortgage pipeline coming into the spring housing market, and expect strong production for second and third quarters. Our Fairfield County and Eastern Massachusetts mortgage teams are doing exceptionally well and we continue excellent performance in Hartford County. Our secondary market unit is working very diligently with our finance team in a coordinated effort to continue to maximize economics to the Company through our mortgage banking line of business. I have asked our head of consumer lending, Brandon Lorey, to take on a new role heading up consumer and small business strategy in addition to continuing his role as leading our commercial lending department, consumer lending division. In this new role, Brandon will oversee the branch network, contact center, virtual banking, financial advisory and small business. We believe we can expand greatly the business we do with our existing clients. United will become best-in-class in cross-sell and growing low cost core deposits as our customer preferences evolve. Brandon will also focus on increasing fee income as a percentage of revenue. This expansion of Brandon's responsibility will free up our COO Marino Santarelli to continue accelerating our progress in operations, IT, project management, key vendor management facilities, and to finalize our remaining merger projects. Marino did an outstanding job on this merger integration, and will continue leading our efforts to improve technology and lower operating costs.

We have a highly efficient branch network, which consistently delivers excellent service validated by Branch and Associates, which is a third party that we use to constantly survey our customers about their experience with United and brand loyalty.

We continue to feel very confident regarding our risk positions and management of asset quality, interest rate sensitivity, and liquidity. In the first quarter of 2015, United completed a CRA compliance exam and the safety and soundness exam with its primary regulators. Given all the above, we felt it was appropriate to increase our quarterly dividend from $0.10 to $0.12 per share, or by 20%. I want to thank all of my United Bank teammates and directors for their unwavering dedication and hard work in delivering every day for customers. We remain intensely focused on driving revenue growth and earnings execution throughout the remainder of 2015. Now, I'll turn the call over to Eric Newell, our CFO.

Eric Newell
Thank you, Bill. After several noisy quarters since the merger announcement, I am pleased to report that we have progressed beyond the period of merger and acquisition expense recognition, and can now focus on our core operating results.

Echoing Bill’s comments, we have spent the last 18 months committed to our expectation of ROTCE around 10%, NIE to average asset that trends towards the top quartile performance among our peers, and ROA approaching 1%. We made significant strides in the last quarter towards each of these goals. You may have noticed we released a presentation along with our earnings press release this quarter, and while we’re not going to talk through the entire presentation, I may make references to certain pages.

Key drivers of our linked quarter improvement and profitability enhancement of revenue included our elevated mortgage banking activities, improvement in our tax efficiency, improved expense structure, and successes in our wholesale banking team’s selling of loan level hedge agreement. I’ll speak briefly to each of these drivers.

First, mortgage banking activities during the quarter benefitted from ongoing investments made in this line of business beginning in 2012, but at an accelerated pace during the last quarter. This expansion included an intense focus on highly sought-after loan officers with strong community connections, which will leverage our highly efficient mortgage operations team. Our value proposition is clear. Relative to our peers, we have the ability to close loans faster, which in turn provides flexibility to our constituencies. We have invested in talent and operations in our secondary mortgage desk, which allows United to opportunistically take advantage of market movements and sell mortgages out of the portfolio in addition to sales of current production. United continually seeks to build relationships with investors to enhance its ability to sell mortgage product at a greater profit margin. Of our gains on sale of the loans recognized during the quarter, which is a component of mortgage banking activities, 41% of the gains were related to the refinance business. Market volatility was adventitious in driving this portion of the Company’s revenue growth this quarter. The ten-year treasury yield as of proxy of, for market interest rates began the quarter at 2.17% and subsequently fell 53 basis points to its lowest point for the quarter at 1.64%, which created a mini refinance burst in our business. On Page 11 of our presentation, we show the trend of our mortgage banking business with sequential improvement each quarter since the first quarter of 2014. When looking at the second and third quarters of 2015, we expect the effects of seasonality in this business will likely keep the level of originations at the level experienced in the first quarter, which will be driven by both the higher number of mortgage loan officers compared to historical periods, which you can see on Page 12 of our presentation, and the sustained level of our indexed pipeline behavior that we are seeing at the end of the first quarter, which is shown to you on Page 13 of our presentation.

Next, our tax efficiency had markedly improved from initial expectations. Similar to the third quarter of 2014, we were able to make an investment in alternative energy tax credit that has the effect of reducing our tax liability, which improved our tax efficiency in the quarter and will reduce our expected tax rate for the remainder of 2015. Given our investment in hiring within our finance department, the Company has gained the ability to continue to achieve advantages in the tax line of our income statement. While it would be premature for me to discuss expectations for 2016, we have developed a broad tax efficiency strategy that includes not only tax credits but other tax funding opportunities around organizational structure and optimizing low tax paying entities within our consolidated group. Through our heightened focus on tax planning, we will continue to show tax efficiencies in our financial statements. Partnership expense is included in the other income fee, income line on our P&L. However, as a reminder, different methods of accounting attributable to different types of tax credit investments can produce odd results through the financial statements. At times, and with regards to the activity we saw in the third and fourth quarter of 2014 for our partnership investment, the tax benefits can end up in the tax provision line while the investment amortization expense is above the tax line as a component of non-interest income. For the period ended March 31, 2015, the company wrote down $430,000 of its partnership investments and realized an offsetting tax or benefit in the tax line at $2.3 million, which results in net income from our partnership investments of $1.8 million during the quarter. With our current investments, we expect additional write-downs of $2.7 million during the remainder of the year, with offsetting tax benefits of approximately $9 million. At March 31, 2015, partnership investments totaled $22.8 million on our balance sheet with expected lives averaging 6 years to 10 years.

Moving on to our expense structure, as Bill previously discussed, this improved remarkably in comparison to the linked quarter, where total non-interest expenses fell to $30.7 million from $45.1 million in the prior quarter. This compares to commentary I made in our fourth quarter earnings call and investor meetings of non-interest expense expectations to be reported between $28 million and $29 million. I will explain that variance in a moment. Salaries and benefits declined $186,000 from the linked period. However, obfuscating some of this decline in our core salary expense was seasonality of employer taxes and unemployment taxes, which are lower in the fourth quarter. When these categories are isolated, we incurred a 60% greater cost in the first quarter than in the linked period. When looking at core salary dollars in linked periods, that one component declined by 5% compared to the 1.1% decline that you see in that entire expense category.

At September 30, 2013, when we announced the deal, the Legacy organization had a combined FTE count of 745, and at March 31, 2015, this number is down to 675. This reflects outright reductions in staff through redundancy, turnover of staff in which we opted not to replace the position, and restructuring of staffing in our retail branches to add flexibility to our workforce to enhance our customer experience, which had the effect of reducing our FTE count throughout the network. The reduction in many of our other expense categories, including service bureau fees, professional fees, marketing of promotions, and other expenses reflect comments that I have made in previous quarters that we oftentimes were not able to classify some merger-related expenses in the merger and acquisition expense line of the financial statements due to their potential for future benefit to the company. In these aforementioned categories alone we reduced expense on a linked quarter basis by $3.1 million pretax.

Occupancy and equipment declined from the fourth quarter in large part due to the recognition of $1.9 million of lease termination expenses that did not repeat in the first quarter of 2015. That expense was the result of our late December announcement to close five additional branch locations, which will occur in May of this year.

Last quarter I discussed our expectation that non-interest expense for the first quarter of 2015 would be reported between $28 million and $29 million, and obviously we were above that level. First, given the performance of our mortgage operation, the commissions paid were higher than we budgeted by approximately $600,000 pretax. This singularly was one of the biggest drivers of our higher non-interest expenses from our expectations. Further notable variances included expenses related to snow removal, FDIC insurance premium expense increasing significantly from the linked quarter, which we expect will be sustained throughout 2015, higher than expected losses from debit cards due to that broadly discussed retail breach, and lastly, expenses related to the consolidation of our data network providers to one provider that was expected to be recognized last year but was delayed to the first quarter, but it won't recur in the future quarters. When excluding mortgage commissions, in totality these expenses I just described represent $1.1 million of our variance on a pretax basis. Inclusive of mortgage commissions, the variance increases to $1.7 million. This results in a pro forma NIE for the quarter totaling $29 million, which is within the guidance that I provided.

Moving on, loan level hedging has become a greater contributor to our revenue relative to the prior periods. While loan level hedging income declined from the fourth quarter, in comparison to the prior year period loan level hedged income has dramatically improved. We attribute this to the investments made by the Company in wholesale banking relationship managers, many from larger banks where loan level hedging was prolific in their lending approach, therefore, their knowledge and experience with the product is expected to continue to provide us increasing benefits in future periods.

And now I'd like to discuss some highlights from our balance sheet. We had some notable growth in deposits in the first quarter, particularly when it came to money market accounts. Our strategy here was to introduce a compelling product to bring new dollars in the door while developing and deepening the relationship to create a stickier deposit that will remain with the bank beyond the rate guarantee period. As you likely note in our release, we had some notable increases in our cost of funds in the quarter, mainly driven by this deposit acquisition activity. The positive attribute of this growth is that the Company does not own this higher cost on a long-term basis, given the flexibility we have built into the rate for the products we have been selling. We expect to be able to reduce the costs of these incremental deposits in the second half of the year. We remain focused on strategies and execution that will provide growth in our core deposit, in core deposits, which ultimately will be at a, more favorable in cost. While most of our peers have consistently utilized deposit acquisition incentive programs, United had not introduced more competitive programs until this quarter, which we believe will begin to alter behavior of our relationship managers in each of our business lines to drive growth into products with more favorable cost structures.

Additionally, we are working at implementing a more robust cash management system that will support our wholesale banking relationship managers, providing a critical tool to assist them in driving increased acquisition of, and greater retention of, our commercial clients. The implementation process is ongoing and will be fully in place in late 2015.

Finally, we are enhancing our strategy and approach towards the small business customer segment, which we believe will give them uniquely tailored loan and deposit products and will help United better serve small business customers. We believe there is a great deposit acquisition opportunity within the segment.

While each of the aforementioned strategies are longer term in focus, we believe that each will augment our strategy to build a compelling value proposition for existing and prospective clients that will support our key goal of growing low cost core deposits.

Our loan growth for the period ending March 31, 2015, was muted relative to our historical experience and expectations going into the quarter. While period end growth for the quarter was $19 million, I would note that due to the growth that we had in the late fourth quarter, average loans grew by $50 million. The muted period end growth was due to the decline in the commercial portfolio, which was more than offset by growth in our residential portfolio, indicative of record production in that business unit during the period.

We have recently acquired the ability to sell into the secondary market our adjustable rate and jumbo mortgages, which will allow us to reduce the level of growth seen on balance sheet from these products. Given our successes in Fairfield County and Eastern Massachusetts regions, our proportion of these products to fixed rate loans has increased, necessitating our ability to develop and finalize relationships with investors eager to purchase this type of asset. We remain committed to high single-digit loan growth for 2015, and expect commercial to be a larger contributor to growth versus what we experienced in the first quarter. We have introduced a new data point in our earnings release deck on Page 13, where we show an indexed probability adjusted pipeline for commercial. Notably, the index has increased by approximately four times the level we saw at year-end.

Finally, before moving on to questions, I wanted to touch on previously-provided guidance. First, on net interest margin, the guidance I provided for 2015 in the fourth quarter earnings call is unchanged. With regard to our effective tax rate for 2015, we expect the tax rate of 20% for the remainder of the year. On purchase accounting, we have not made any changes to what we have disclosed in our previous earnings releases. On provisions for loan losses, I mentioned earlier in the fourth quarter call that we expect the provision to average loans to be around 30 to 35 basis points for 2015, and we expect that for the remainder of 2015. In the first quarter, this ratio was significantly lower due to the muted loan growth that we've discussed. Thank you for your time this morning, and now the Management Team and I would be happy to answer any questions you have.

QUESTIONS AND ANSWERS

Operator
Yes, thank you. We will now begin the question-and-answer session. To ask a question, you may press star (*) then one (1) on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star (*) then two (2). At this time we will pause momentarily to assemble the roster. And the first question comes from Mark Fitzgibbon with Sandler O'Neill.

Mark Fitzgibbon
Good morning, gentlemen. Hey, Eric, could you help me to understand sort of the losses on the investment partnerships, and I think you said $2.7 million and then roughly $9 million of corresponding tax benefit. How does that work exactly?

Eric Newell
So what's really happening is we're making an investment in a limited partnership that allows us to get the tax credits, which are driven by federal policy. And so what happens is as the taxes flow into our tax line, as we realize that, the method of accounting that we apply on our balance sheet makes us have to do a, you know, an impairment, and it's not really an impairment because that has a negative connotation, but we're essentially writing down the basis of the asset that we have on the balance sheet through that partnership expense.

So for example, in this quarter, I believe the write-down that we experienced was net loss on limited partnerships with $430,000, which you're seeing in that total non-interest income line, but the benefit is buried in that provision for income taxes line, and so what I was trying to do to provide some guidance for the remainder of 2015 is that we expect that provision, or not the provision but the, we expect the losses on the partnerships to be $2.7 million between the next three quarters, but then you're going to see a benefit in the tax line of $9 million. So how that shakes out is essentially an effective tax rate for the year of 20%.

Mark Fitzgibbon
Okay. Is it pretty much a straight line do you think, or is it going to be bumpy on both of those items?

Eric Newell
I think for now, it's probably best to assume straight line.

Mark Fitzgibbon
Okay. And then, secondly on the expense front, I know you're really targeting a G&A to assets ratio over time if 2%, but is there a bogey in mind for non-interest expenses in the second quarter?

Eric Newell
I think that the way to think about the second quarter, you know, I called out the, that $1.1 million of variances, which excluded the mortgages. I don't expect that our second quarter we're going to have that $1.1 million in the run rate, so I think you're going to see, we showed $30.6 million, or $30.7 million of non-interest expense. You could probably take that $1.1 million out for the second quarter.

Mark Fitzgibbon
Thank you.

Operator
Thank you. And the next question comes from Travis Lan with KBW.

Travis Lan
Yeah, thanks, good morning everyone. So just, Eric, back on the tax thing, just to clarify, if we were to model $2.7 million of losses in the non-interest income line for the rest of the year, we can then just apply a 20% tax rate to everything else, all in, and where we can, we're good to go, that seems to make sense?

Eric Newell
Yes, sir.

Travis Lan
Okay, good. And then just on credit, prior to the merger you guys had typically held a reserve at or above the level of non-performing loans. Now the reserve is down around 70% of NPLs, and I just wonder what's changed in your thinking about may be the loss content of the non-performers or in just your outlook for credit broadly?

Eric Newell
You know what, I'm going to have Mark Kucia, our Chief Credit Officer, address that.

Mark Kucia
Sure, yes, so when we look at, you know, our methodology has pretty much remained unchanged. So we pull out those non-performing loans and do an individual impairment test across the board, so you'll note, you know then of course the balance of the math goes against the FAS 5 or the homogenous pools. The coverage overall against the covered portfolio is about 106, and if you note at 12/31 it was 111, so it looks like our reserve coverages came down.

What happened there was if you recall in the fourth quarter we had done a comprehensive review of the purchase loan portfolios to identify potential exposures. At that time, we created a bunch of specific exposures to cover what we thought the exposure would be. Over the course of the first quarter, we either charged off those specific exposures, we resolved the loans that were being dealt with, or we obtained information that showed that those specific reserves were no longer necessary.

So, our coverage ratio is relatively the same across the board on the covered portfolio, and once again, the math on the impaired, we look at those individually and it's based upon the impairment in those individual loans and we carry a specific reserve there, which is quite small, because they're, for all intents and purposes, charged down to the level that we deem to be collectable.

Travis Lan
Okay. All right, that's helpful. Eric, could you just remind us the purchase accounting impacts that you expect for the rest for the year? I know you said your guidance was unchanged, but could you just remind us what that guidance was?

Eric Newell
I don't have it in front of me, Travis, but I believe we put it in one of our earning, let's see, where did we disclose that? It's in the earnings release in the third quarter?

Travis Lan
I'm just saying that…

Eric Newell
If you look at our third quarter earnings release, and if it's not there I can direct you to where it is.

Travis Lan
Okay, all right, that's fine. And then I know you guys mentioned and talked about the deposit cost expansion in the quarter and the money market promotions, how did you determine which markets you thought were susceptible and where you targeted those promotions, and is that something as those promotional rates roll-off in the second half of the year, do you expect that you would, you know, are there new promotions that you would run in maybe some of the other markets that you haven't hit yet?

Eric Newell
Lots of questions there. We were — that promotional money market program that we ran in the first quarter was targeted. That wasn't broadly used across our footprint, and so what we wanted to do, and the reason, the area that we did focus on or not really including the core Hartford and core Springfield regions because we wanted to prevent this intermediation. Even though it's a new dollar, new money special, because you had to bring dollars to the bank, you will often do see some disintermediation from our existing dollars. So, the expectation obviously when you have a special like this is that, you know, if you bring $100 in when that guarantee falls off if you were to bring it down to our stated rate, you know, between $60 and $70 could walk out the door.

And so what we're doing now is we are building some incentives, or in the program where we are trying to get them to, the customer, to do a direct deposit and do bill pay, because those are two activities that once they start doing that, it's considered stickier and the goal is to reduce that $60 to $70 that could walk out the door to be something more favorable. So, we do, you know, even with that in mind, we expect that dollars will leave us from that special in the second half, but we will have other types of programs in place because we are constantly running specials all the time. It's just, it won't have the impact that it had this quarter in terms of cost.

Travis Lan
Great. All right, that's really helpful. And then just a last one is could you just talk a little bit about the core NIM outlook, given where rates are and how you expect the rest of the year to unfold? Thank you.

Eric Newell
Yeah. So just repeating my comments from I believe it was the fourth quarter, I think, when I say core, I mean the purchase accounting is not included. I believe I suggested we were looking at around five basis points of compression per quarter this year, and that's what we continue to expect. And that's going to be driven by couple of things.

Obviously, we had the special that, the increase in the cost of funds this quarter, and I believe you are going to see that sustained probably in the second quarter, and then you will see some benefits, incremental benefits, from that spend-up that we kind of experienced in the first quarter. You'll see some of that dissipate in the third and the fourth quarter.

And as wholesale, the wholesale banking area is more successful in selling loan level hedges, what that does that brings in variable rate loans on our balance sheet, and they start off at a lower yield than if they sold a commercial real estate loan, you know, a seven or ten-year, which is going to have a higher rate. However, I believe we're all expecting that the Fed, you know, they told us the, the Feds told us they're going to do something this year. So hopefully we'll see some benefit in the variable exposure that we've put on our balance sheet over the last couple of years.

Travis Lan
Great. Thanks.

Operator
Thank you. And the next question comes from Christopher Marinac with Fig Partners.

Christopher Marinac
Thanks. Eric and Bill, I was curious on the loan deposit ratio as well as the earning asset mix and where you see those, kind of those evolve in the next few quarters?

Eric Newell
We like to target a loan to deposit ratio closer to 100%, and, I believe, that decline that you saw of loan to deposits this quarter will reverse and will probably get closer to 100% by the third and fourth quarter.

In terms of earning asset mix, we have stated that we do not want the investment portfolio to be greater than 20% of the total footings of the bank, and we remain committed to that. And I believe that you're going to see less growth on balance sheet from residential because we're going to start selling more of that paper, because we've now built the relationships with our secondary investors to sell jumbo and variable rate, and that's been finalized just recently. So we're going to be able to sell more that production, which reduce our on balance sheet growth of residential, and then given our expectations of the pipeline on wholesale, you'll start seeing some more significant growth from that area in the second and the third quarter.

Christopher Marinac
Okay, great. That's helpful, thanks a lot. My follow up is just on the share buyback, you outlined in the press release how much is left on the authorization. Once that is completed will you look to reauthorize, or is that still to be determined?

Bill Crawford
Hey, Chris, Bill Crawford here. We're always going to be opportunistic on the buyback and so it's certainly one of the tools in the quiver that we'd like to have available to us.

Christopher Marinac
Okay, very good. Thanks guys. I appreciate it.

Bill Crawford
Thanks.

Operator
Thank you. And once again, if you would like to ask a question or offer a comment, please press star (*) then one (1). All right, well, as there is nothing else at the present time, I would like to turn the call back over to Management for any closing comments.

CONCLUSION

Bill Crawford
Okay. Look, thank you everyone. We're going to be focused on return on equity, return on tangible common equity, NIE to average assets, high single-digit loan growth, and strong mortgage banking. This is our first clean quarter, and we appreciate your patience with us through our merger. We are very focused on execution, and we hope you guys have a great

day. Thanks.

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