South Plains Financial, Inc.

First Quarter 2024
Earnings Call Transcript

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CORPORATE PARTICIPANTS

Steve Crockett, *Chief Financial Officer & Treasurer*

Curtis Griffith, *Chairman & Chief Executive Officer*

Cory Newsom, *President*

Brent Bates, *Chief Credit Officer*

CONFERENCE CALL PARTICIPANTS

Brett Rabatin, *Hovde Group*

Woody Lay, *KBW*

Stephen Scouten, *Piper Sandler*

Joe Yanchunis, *Raymond James*

PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to South Plains Financial, Inc. First Quarter 2024 Earnings Conference Call.

During today's presentation, all parties will be in a listen-only mode. Following the presentation, the conference will be open for questions with instructions to follow at that time.

As a reminder, this conference call is being recorded.

I would now like to turn the call over to Mr. Steve Crockett, Chief Financial Officer and Treasurer of South Plains Financial. Please go ahead, sir.

Steve Crockett

Thank you, Operator, and good afternoon, everyone. We appreciate you joining our earnings conference call. With me here today are Curtis Griffith, our Chairman and Chief Executive Officer; Cory Newsom, our President; and Brent Bates, our Chief Credit Officer.

The related earnings press release and earnings presentation are available on the News & Events section of our website, spfi.bank.

Before we begin, I'd like to remind everyone that this call may contain forward-looking statements and are subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated future results. Please see our Safe Harbor statements in our earnings press release and in our earnings presentation. All comments made during today's call are subject to those Safe Harbor statements. Any forward-looking statements presented herein are made only as of today's date, and we do not undertake any duty to update such forward-looking statements, except as required by law.

Additionally, during today's call, we may discuss certain non-GAAP measures, which we believe are useful in evaluating our performance. A reconciliation of these non-GAAP measures to the most comparable GAAP measures can also be found in our earnings release and in the earnings presentation.

Curtis, let me hand it over to you.

Curtis Griffith

Thank you, Steve, and good afternoon.

On today's call, I will briefly review the highlights of our first quarter 2024 results as well as spend some time on our business philosophy and initiatives to become our customers' primary banking relationship. Cory will discuss our loan portfolio as well as our initiatives to drive growth across the bank. Steve will then conclude with a more detailed review of our first quarter financial results.

Starting on Slide 4 of our earnings presentation, I'm pleased with our first quarter results as we've started to see our net interest margins stabilize, driven by improved loan yields, including interest recoveries, combined with a slowing of the rate of deposit cost increases. Our loan production was strong through the first quarter, though it was largely offset by our typical seasonal agricultural pay-downs, as well as the early payoffs of several loans that we've been working to move out of the bank.

We continue to aggressively manage the credit quality of our loan portfolio, as evidenced by our ratio of non-performing assets to total assets, which was only 10 basis points at the end of the first quarter. Additionally, our classified loans remain near the lowest level since the start of the pandemic.

Lastly, while competition for deposits remains a challenge in the current banking environment, we delivered modest deposit growth as our community-based deposit franchise remains a competitive advantage and we believe provides adequate liquidity to fund loan growth as we move through the year.

I'm proud of our results, which are a testament to our employees, our culture, and how we do business. On these calls, we often discuss our focus on relationships that we're looking for long-term customer relationships and not transactions. What we've not spent time talking about on our calls is the purpose behind that, as well as our mission statement and values.

At South Plains, our core purpose is to use the power of relationships to help people succeed and live better. For our customers, that means providing personalized advice and solutions to help them achieve their goals. Over the years, we've invested in our product and people to ensure that we can do this better than our peers. As a result, I believe that we can achieve significant organic growth over time by leveraging what we have in place today while also taking advantage of the dislocation that is occurring across our markets. This dislocation is creating customer dissatisfaction, which is providing our bankers with the opportunity to move relationships to South Plains.

To further take advantage of this dislocation, we've been recruiting experienced treasury management executives to meet the customer demand that we see across our markets. We have also been refining our go-to-market strategy by focusing more on our customers' needs and challenges. By taking a solutions-based sales approach, we are first identifying our customers' needs and then providing the right product to meet those needs that positions us to win their business and become their primary bank. We've already started to see the early signs of success as this approach is resonating with our customers.

Additionally, we significantly exceed the minimum regulatory levels necessary for the company to be deemed well capitalized, and we are focused on both growing the bank while also returning a steady stream of income to our shareholders through our quarterly dividend. This past week, our Board of Directors authorized $0.14 per share quarterly dividend, which is an 8% increase over our prior dividend levels. This will be our 20th consecutive quarterly dividend to be paid on May 13, 2024, for shareholders of record on April 29, 2024. Our Board of Directors also authorized a $10 million stock repurchase program in February, given our belief that our shares continue to trade at a discount to intrinsic value.

Now, let me turn the call over to Cory.

Cory Newsom

Thank you, Curtis, and good afternoon, everyone.

Starting on Slide 6, our loan portfolio held steady through the first quarter as compared to the linked quarter. Importantly, our production in multifamily and single-family property loans and general commercial loans largely offset $28 million of seasonal agricultural pay-downs, a $16 million reduction in residential construction loans, and a $13 million decline in our indirect auto portfolio. Further, we had $26 million of principal reduction in watch list loans. As Curtis touched on, we continue to aggressively manage the credit quality of our loan portfolio, having moved several loans that were on our watch list out of the bank.

We will continue to take a proactive approach to credit and are very pleased with credit quality of our loan portfolio. This was a headwind to the loan growth in the first quarter. We remain confident in our full year guidance of low-single-digit loan growth. The yield on our loan portfolio was 6.53% in the first quarter, up 24 basis points as compared to 6.29% in the linked quarter. Steve will give a little bit more color on the increase in a moment.

Skip into Slide 8. We grew loans by $22 million or 8.5% annualized to $1.06 billion in our major metropolitan markets of Dallas, Houston, and El Paso, as compared to the linked quarter. Looking forward, we will continue to see to selectively add lenders across all of our markets, both metro and rural, who fit our culture and can bring business to the bank given the continued organic growth opportunities that we see.

The Permian Basin is a region that is experiencing dislocation as competitors go through both ownership and leadership changes, which is creating an opportunity to attract high quality loan and deposit relationships to South Plains. These are relationships that we've been after for several years and in some cases are changing banks for the first time in their careers. To bring these relationships to the bank, we've invested in our people, branches and infrastructure. It takes time to build your brand in a new market and we are just beginning to hit our stride as our City Bank brand is starting to gain acceptance in Midland and Odessa. Additionally, the investments that we have made across the Permian demonstrate our long-term commitment to the market.

We remain optimistic with organic growth opportunities that we have across our markets and believe we have a long runway ahead of us. Though we've experienced recent headwinds which have slowed loan growth, we do have near-term opportunities to drive interest income growth with loan repricing as outlined on Slide 9.

As we've been discussing on prior earnings calls, we expect to continue to deliver interest income growth as many lower rate loans continue to experience principal repayments and/or rate resets. While we expect the majority of this repricing to begin accelerating in the second half of 2024, and into 2025, we believe loan yields may remain elevated even if the Fed begins to cut interest rates at some point in the second half of this year, given lower liquidity in the market. This should benefit our net interest income and net interest margin in the third and fourth quarters of this year.

Turning to Slide 10. Our indirect auto loan portfolio decreased by approximately $13 million to $273.4 million in the first quarter as compared to the end of the fourth quarter of 2023. We remain cautious with a focus on maintaining the credit quality of this portfolio. Through the quarter, we've also seen volumes moderate while competitors becoming more aggressive at the higher end of the credit spectrum. We're not changing how we price risk and are comfortable seeing our portfolio gradually shrink. We will never sacrifice credit quality for the sake of growth. The strong credit quality of our indirect portfolio can be seen in the 30 plus days past dues, which were 22 basis points in the first quarter, down from 40 basis points in the fourth quarter.

Additionally, we monitor our 10 to 29-day past dues closely as this is where you typically begin to see signs of trouble with the consumer. Importantly, we do not see an increase in the level of these past due loans during the first quarter.

Turning to Slide 11. We generated $11.4 million of non-interest income in the first quarter as compared to $9.1 million in the linked quarter. This was primarily due to an increase of $2.3 million in mortgage banking revenues. We reported a $55,000 increase to the fair value of our mortgage servicing rights asset during the quarter, which compares to a $1.5 million write-down in the linked quarter, as interest rates that affect the value rose modestly in the first quarter after falling late in the fourth quarter of 2023.

As we've discussed on prior calls, we've aggressively managed our mortgage business to ensure it would run at or near a break-even pace at the bottom of the cycle while having the nucleus in place for the eventual upturn in the residential housing market. We believe our team has managed the cycle well and we are starting to see the benefits as purchase volumes modestly rose in the first quarter. We are also beginning to see successes at our treasury management business as our team is seeing customer wins as Curtis touched on earlier. We expect to see a moderate increase in fee income for treasury management starting in the second quarter as momentum is building.

For the first quarter, non-interest income was 24% of bank revenues as compared to 21% in the fourth quarter of 2023. Continue to grow; our non-interest income remains a focus of our team.

I would now like to turn the call over to Steve.

Steve Crockett

Thanks, Cory.

For the first quarter, diluted earnings per share was $0.64, which compares to $0.61 per share in the linked quarter and $0.53 in the year ago quarter.

Turning to Slide 13. Net interest income was $35.4 million for the first quarter as compared to $35.2 million for the linked quarter.

Interest income increased $1.5 million in the first quarter, primarily due to a $1 million expansion in loan interest income. The growth in loan interest income was mainly due to a 24-basis point rise in loan yields, which includes approximately $667,000 in recoveries of interest on loans that had previously been maintained on non-accrual. The overall increase in interest income was largely offset by a $1.3 million growth in interest expense in the first quarter, given the continued rise in deposit cost.

Our net interest margin, calculated on a tax equivalent basis, was 3.56% in the first quarter as compared to 3.52% in the linked quarter. The 4-basis point increase to our NIM was due primarily to higher loan yields, including approximately 7 basis points from interest recoveries, partially offset by the rise in our cost of deposits. Importantly, our non-interest-bearing deposits held steady through the first quarter at 26.8% of total deposits and helped to mitigate the rise in our funding costs as compared to the linked quarter.

As outlined on Slide 14, our average cost of deposits was 241 basis points in the first quarter, an increase of 17 basis points from the linked quarter. Given the rising interest rate environment over the past year and the resulting increase in competition for deposits, we've had to be proactive in maintaining deposit relationships, which has led to the rise in our funding costs. Overall, our core deposit franchise continues to remain steady. Looking ahead to the second quarter, we expect modest upward pressure on deposit costs, which could slightly pressure our NIM if loan growth remains subdued. However, we continue to expect our NIM to trough through the second quarter of 2024.

Turning to Slide 15. Our ratio of allowance for credit losses to total loans held for investment was 1.4% at the end of the first quarter, largely unchanged from the end of the prior quarter. We recorded an $830,000 provision for credit losses in the first quarter, which was largely attributable to net charge-off activity in the quarter. Our non-performing loans totaled $3.4 million at the end of the first quarter, which was a decrease from $5.2 million at the end of 2023. Our allowance for credit losses to non-performing loans was 1,248% at March 31, 2024.

Skipping ahead to Slide 19. Our non-interest expense was $31.9 million in the first quarter as compared to $30.6 million in the linked quarter. The $1.3 million increase was largely the result of a rise of $1 million in personnel costs, which predominantly came from higher health care insurance costs and an increase in incentive-based compensation. Looking ahead to the second quarter, we expect non-interest expense to modestly rise from the first quarter's level as mortgage volumes improve through the spring selling season.

Moving to Slide 21. We will remain well capitalized with tangible common equity to tangible assets of 9.22% at the end of the first quarter, largely unchanged from the end of the fourth quarter of 2023. Tangible book value per share increased to $23.56 as of the end of the first quarter, compared to $23.47 as of the end of 2023.

The $8.7 million of net income after dividends paid was mainly offset by the after-tax decrease in fair value of our available-for-sale securities, net of fair value hedges as a result of increases in long-term market interest rates during the period.

I'll turn the call back to Curtis for concluding remarks.

Curtis Griffith

Thanks, Steve.

I'm proud of our results, which clearly demonstrate that the bank is operating at a high level as our margin is beginning to stabilize. The credit quality of our loan portfolio is very strong and we have many organic growth initiatives underway that we believe will deliver value to our shareholders.

To conclude, I'd like to thank our employees for their efforts and commitment to both the bank and to our customers. Our continued success would not be possible without their dedication and hard work.

Thank you, again for your time today. Operator, please open the line for any questions.

Operator

Thank you.

Our first question is from Brett Rabatin with Hovde Group. Please proceed.

Brett Rabatin

Hey, good afternoon, everyone. I want to start with the treasury platform. You guys talked about some wins and expecting fee income to be stronger from here partially as a result of that. Can you maybe talk a little bit about the magnitude of fees we might see from treasury and then if any of that showed up in DDA this quarter?

Cory Newsom

Brett, I don't think a lot of that showed up yet because we've gone through, and we started out by resetting some of our pricing and we've gone back, we spent a lot of time trying to make sure that we didn't price ourselves out of the market to make sure that we weren't necessarily under-priced in any area.

Through that, we figured out that there was a relatively decent lift. Probably, I would guess, under 10%, 15% range of increase in fees that we'll start seeing coming our way. I think that when we talked about the fact that we think we'll see it, we were simply looking at that. We weren't even taking into consideration the new business that we're just continuing to add on and bring in there. I think we're definitely going to see a lift.

Curtis Griffith

I can't really give you a hard number on what the total volume will be, but from a personal perspective, our treasury guy informed me just a couple of days ago that one of our other outside company accounts is one of the ones that's going to see a pretty significant increase in there. It's going to be significantly more than what we've been paying in fees under the new structure. Again, we'll have to work closely with customers and be sure they understand what's going on, but we think we're staying within market. But I do look for a fairly substantial bump in the charges that relate primarily to customer accounts. Of course, you've got earnings credit numbers against those too. It just depends on the account balances and all of that. But I'm real pleased with the direction we're going. It's going to be something you will see a meaningful number show up on the non-interest income part by the end of Q2.

Cory Newsom

I do want to clarify, though, Brett, we've spent a lot of time running impact reports. We know how this is going to impact our customers. We don't think it's going to be a massive impact on any one customer to where it becomes an issue, but we think as an overall inclusive level, it's going to be meaningful. We've tried to look at it from every direction and feel good about it. I don't think we stand in a position to feel like that we're going to jeopardize ourselves with business because it's so significant.

Brett Rabatin

Okay. That's helpful, guys. I want to talk about capital. It seems like your ratios are really healthy, and I just wanted to get your sense of appetite for the buyback near-term versus maybe keeping some powder dry for M&A and maybe what you see as the right capital levels for the environment we're in.

Curtis Griffith

Really, we look at capital as having four components. First and foremost, be sure we have plenty for organic growth. I think we will see some good growth as we keep emphasizing and in the presentations we're giving. Texas is doing well. Even with the current rate environment, there's a lot of opportunities there. Our pipelines are picking up.

We do need to have, first and foremost, plenty of capital to back that up. We will use some for a buyback. We're probably not going to be as aggressive maybe as we were last year with it, but we're going to keep a buyback in place for now. That's what the Board authorized, so we'll see how that works at the levels that we feel comfortable acquiring some stock. I do think that, given the current environment, buying our own stock provides a better and more immediate benefit to our shareholders than buying anybody else in terms of an acquisition. Right now, we're looking at pursuing that.

Third on the list, we'll keep paying dividends because we do believe we need to have a good cash return back to shareholders. But then down in fourth place, we will have some dry powder available for an acquisition if the right deal happened to come along. I just don't know that we're going to see that until we get some normalization, reduction, whatever we want to call it, in overall rates, because nearly anybody that we'd be looking at out there, if you try to look at a multiple over tangible, it would be one that today I don't think you're going to find any good seller that would be willing to take it; just my opinion.

Brett Rabatin

You talked about some of the credits moving out. Do you guys think with the pipeline that, that mid-single-digit growth number is still reasonable and does that build from here in the back half or do you see some of that more in 2Q?

Brent Bates

I feel very confident about our single-digit growth. When you think about the agricultural portfolio seasonal decline that we had in the first quarter, and then on top of that, we exited some credits intentionally and still remain flat. That's an indication of really the production that we have going. We're seeing that pipeline come up toward the end of the first quarter. I could see that even as a start to make fruit as early as the second quarter, see some good growth in the second quarter.

Cory Newsom

Brett, we talked about exiting a few credits. But we'll exit some more. We very much work our portfolio at all times. The majority of our portfolio we're extremely proud of. We'll do everything we can to retain it. But when we start seeing some weak points that we don't think we want to be with in a little bit more difficult environment, we're going to start working our way out of them, and I'm proud of that.

Operator

Our next question is from Woody Lay with KBW. Please proceed.

Woody Lay

Hey, good afternoon. Maybe just to follow-up on those watch list credits that you did exit, were they concentrated in any segments or were they truly just a couple of one-offs?

Brent Bates

It was a mix of credits from small to medium size, the largest being a multi-family credit.

Woody Lay

Maybe shifting over to the net interest margin, I believe in your opening remarks you said it could be down modestly in the second quarter. I'm assuming that's excluding the impact of the interest recovery. If you strip that out, then on an apples-to-apples basis, it'll be down a couple basis points from there?

Steve Crockett

Yes, we had 7 basis points in that number. We would have been at 349. We're going to start from that number and say it could decline slightly from there. But again, there's just a lot of movements in rates and deposit costs, really, even every single day, as we've seen what's been going on in the market. Our stance changes a little bit and so we've been hoping that we'd be on the upward trend, but with moving some of those credits out that had some of that non-accrual interest, that allowed us to bump that up a little bit during the quarter.

Woody Lay

Then based on the loan repricing, do you think it's realistic that the margin starts to expand in the back half of the year?

Steve Crockett

Again, given what we know today, which can change given the markets, I would say we should be able to see that. Even if you exclude out those interest recoveries, you can see the loan yield is increasing. As we fund new loans, they are generally at higher rates. We're getting some of the lower stuff off the book. I think we feel good, given having loan growth. We said earlier, if loans somehow change, if we had additional payoffs maybe that are not forecasted, you could have a little bit more headwind to that. But I think given what we see right now, that's reasonable.

Woody Lay

Got it. Thanks for taking my questions.

Operator

Our next question is from Stephen Scouten with Piper Sandler. Please proceed.

Stephen Scouten

Hey, good afternoon, everyone. Appreciate all the color so far here. Just curious on your new loan yields coming on a bit higher than the average and we're seeing some of that momentum already. But I wonder if you could give me a feel for where those new loan yields are coming on in the quarter and what the incremental cost of new deposits has been?

Brent Bates

As far as the growth, first quarter growth, we saw growth in both multi-family, most of which was completed construction projects, C&I business, and some in residential rental properties. Again, we talked about agricultural seasonal pay-downs. But if I look at our pipeline that I was talking about earlier, having grown in the first quarter, it's a pretty good mix of C&I business and real estate. That's really where the growth is coming from.

Cory Newsom

From a pricing standpoint though, we're putting stuff on at prime plus. We're trying to be very careful about how we do that and making sure that we're doing a good job with floors in most of these and we're not having trouble getting it.

Steve Crockett

On the deposit side, you do see a mix. Obviously we're able to get some lower cost deposits. We're putting on some new non-interest bearing, although the overall balances were fairly flat. But we do still see new business coming in with some of the new lending relationships at that level. On the high-end, there's definitely stuff that pushes up to 5%. There's still a lot of competition there on the deposits. Again, fortunately, our liquidity position at the end of the quarter allows for a little bit more room that will be accretive to us in the shorter-term of getting some of that deployed into loans.

Cory Newsom

One thing that we have been able to do, though, is to strategically move away from some higher cost deposits when it works, and then in regards to those relationships, if we need to bring it back, we can bring it back, but we're very much watching that to exit those when we can.

Stephen Scouten

Yes. That's very helpful. Cory, do you happen to know, you may not have this on hand, but in terms of how much of your book you might have with floors on the loans at this point in time?

Cory Newsom

Steve, do you have it?

Steve Crockett

I do not have that here in front of me.

Stephen Scouten

Yes, no problem. Then maybe just the last thing, I know you said some very early signs of deposit cost pressure starting to ease. Digging into that a little bit further, what exactly are you seeing that give you some encouragement? You just referenced non-interest bearings are at least stabilizing this quarter. Do you think those non-interest-bearing deposits can stay in this, was it 26.5% average deposit, in that range?

Steve Crockett

We've had good luck last quarter. We're seeing some good things. However, this quarter, you do have tax payments going out, a lot of tax payments. That can be from a broad base of account types. But just, I think with the different initiatives that we've got which we talked a little bit about on treasury management and a few other things that are just trying to grow deposits at a reasonable cost to them, I think the increased focus will help the success there. There's still going to be a lot of competition that we see every single day of somebody who's showing us what they can get at another institution.

Cory Newsom

There is no question that we're facing pressure, and I don't even in the slightest way want to get away from that. But I will tell you that I think consistently we find ourselves on larger deposits pricing them anywhere from 15 basis points to 20 basis points cheaper today than we were doing that three months ago. We’re very carefully doing that.

Curtis Griffith

Just looking at what we see in the advertising media, we are not seeing as many of the really high-rate CD specials, certainly in our Lubbock market, as we were seeing just a few months ago. I think perhaps some of our competitors out there have got enough of those, they think, on the books, and addressed immediate liquidity needs, perhaps, and it has reduced a little pressure on that.

Stephen Scouten

That's great color. Glad to hear some people are being a little bit more rational. Appreciate all the color, and congrats on a great quarter here.

Operator

Our next question is from Joe Yanchunis from Raymond James. Please proceed.

Joe Yanchunis

I was hoping to circle back on loan growth here, and do you happen to have handy how much gross production you had in the quarter and then maybe how that's trended versus prior quarters?

Brent Bates

I can tell you, from the back half of last year to the first quarter, it feels the production is a little better. When you factor in some of the areas, different segments are different. In auto, and that's on purpose as well as a little bit industry-driven. We're not chasing growth in that area by pricing too cheap, and in other areas, as we mentioned earlier, with agricultural being down. Now, I feel like it was comparable to the back half of last year. But I do think our pipeline is a little bit better than it was at the beginning of the first quarter right now.

Curtis Griffith

I think one thing that you can look at, I'm looking at Slide 8, if you look at what we did in the metropolitan markets, that was about an 8.5% annualized growth rate in those markets in that first quarter, even though we were flat overall. Even in those markets, we did have a couple of credits that we wanted to exit and got out of there. That’s obviously not a place we have farm loans. But even with those couple of reductions that we had, that’s still 8.5% growth rate. While we expect we’ll get some growth here in Lubbock and some of our other rural markets, and we will start funding up on some agricultural loans as well as seasonally as that starts to happen. I think I still feel pretty good about us hitting at least low-single-digit growth for the year. It could be better than that. It’s just, like everything, dependant on the economy and our borrowers’ attitudes out there on what they can make work in terms of rate right now.

Cory Newsom

I don't think we've had any disappointment in the slightest way of how the first part of the second quarter's kicked off.

Joe Yanchunis

Okay. I appreciate that. Moving over to treasury management, just want to take a step back and think big picture here. If we look at your refresh approach, can you quantify what success would look like from this new initiative, whether that's increased fee income or non-interest-bearing deposits over, say, the next two, three years?

Cory Newsom

Joe, have you been listening to our meetings? I think it takes both. The increased fee income is very much a piece of that. But the non-interest-bearing deposits are bigger. From my perspective, driving the overall NIM up with what we're trying to do, that's what we are so focused on. But from a treasury side of it, the thing that I look at, we continue to mature in that area in such a good way, and the success that we're having, it gets down to the quality, it gets down to the level of education. We're willing to put the effort in front of our teams to understand what we can do, how we do it, and then basically get it down to a white glove service to take care of your clients. We're doing that on a daily basis and we get better and better at it.

The thing is, we can talk about treasury and we don't have a new approach every time we turn around. We just continue to mature what we have. We have good products, we have good teams, but our treasury is at the table at the beginning, not at the end, when we're sitting here having these discussions. That's where it's coming from. We think it's going to be very easy to deliver pretty quickly increased fee income. That doesn't worry me in the slightest way, but we're focused on the deposits. At the end of the day, as we look at pricing on loans or anything else, it all gets down to how we bring operating accounts and everything into play with all of this stuff and those are the wins we're having.

Joe Yanchunis

Understood. I appreciate the color on that. Those are all the questions I had.

Curtis Griffith

Thanks, Joe.

Operator

We have reached the end of our question-and-answer session. I will now turn the call back over to Curtis Griffith for closing remarks.

Curtis Griffith

Thank you, Operator. Thank you to everyone for participating in our call today. We've had a very solid quarter to begin 2024. I'm pleased with how we're pursuing the many opportunities that we have in front of us. The disruptions in several of our markets from changes in other banks' ownership and leadership continue to open doors for our team to bring high quality customer relationships to South Plains. We continue to recruit talented and experienced bankers in all of our markets because we believe that building strong personal relationships with our customers is the key to our growth and profitability. I'm very blessed to be a part of our family of employees, customers and shareholders, and I remain very optimistic about our future. Thank you again for your time today.

Operator

Thank you. This will conclude today's conference. You may disconnect your lines at this time, and thank you for your participation.