



South Plains Financial, Inc.

# **Second Quarter 2025 Earnings Call Transcript**

*July 16, 2025*

## P R E S E N T A T I O N

### Operator

Good afternoon, ladies and gentlemen, and welcome to the South Plains Financial Second Quarter 2025 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 Steve Crockett, Chief Financial Officer and Treasurer of South Plains Financial. Please go ahead.

### Steven B. Crockett

Thank you, Operator.

Good afternoon, everyone. We appreciate you joining our earnings conference call.

With me here today are Curtis Griffith, our Chairman and CEO; Cory Newsom, our President; and Brent Bates, Chief Credit Officer.

The related earnings press release and earnings presentation are available on the News & Events section of our website, [sphi.bank](https://www.sphi.bank).

Before we begin, I'd like to remind everyone that any forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from these anticipated future results. Please see our Safe Harbor statements in our earnings press release and in our earnings presentation.

All comments expressed or implied made during today's call are subject to those Safe Harbor statements. Any forward-looking statements made during this call 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 financial measures, which we believe are useful in evaluating our performance. Reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures can also be found in our earnings release and in the earnings presentation.

Curtis, let me hand it over to you.

### Curtis C. Griffith

Thank you, Steve, and good afternoon.

I would like to start by extending our deepest sympathies to all of those impacted by the floods in the Texas Hill Country over the Fourth of July weekend as well as the more recent flooding in our Ruidoso, New Mexico market, including our employees and customers. This has been a tragic event for those regions and across the states, and we will do our part to help those impacted through this challenging time.

Turning to Slide 4 of our presentation. Our second quarter results are a testament to the hard work of our dedicated employees who I always thank for their commitment to the Bank and our customers. Their efforts have positioned us for success as we continue to achieve margin expansion through the second quarter as our cost of funds declined once again. Additionally, we believe the credit quality of our loan portfolio remains solid as we aggressively manage the portfolio to proactively address challenges with our customers.

As Cory will touch on, our proactive management of our loan portfolio has also contributed to a higher level of early paydowns, once again this quarter, which has been expected. Despite this headwind, we achieved modest loan growth in the quarter and continue to have a healthy loan pipeline. We also continued to build capital through the quarter, which positions us for continued growth.

I'm very proud to say that our Bank sits on a strong foundation, and we believe is positioned to weather potential economic headwinds that may arise from the uncertainty created by the ongoing tariff negotiations and ultimate tariff rates that will be enacted. That said, Texas continues to perform well, having delivered healthy economic growth through the second quarter.

Against this backdrop, we believe that we are in a strong position to take advantage of opportunities as they present themselves and are pursuing a strategy to increase the assets of the Bank centered on both organic growth and M&A. As Cory will cover, our organic growth strategy is focused on expanding our lending capabilities to accelerate the pace of loan growth over time. Our community-based deposit franchise continues to provide a stable, lower cost funding source for loan growth across our markets, and our team has done a terrific job growing our loan portfolio over the past five years.

We believe that we have opportunities to accelerate that growth as well as continue to push for core deposit growth as we seek to balance our liquidity goals. M&A has also been part of our strategy to grow the Bank and an area that we have experienced, most recently having acquired West Texas State Bank in 2019, which expanded our reach into the Permian Basin. We remain interested in further growing through an accretive acquisition and have already begun to see the pace of industry transactions accelerate, most notably Huntington's announced acquisition of Veritex on Monday, which reflects the current political and regulatory environment.

We believe this improved climate for deals will also help sellers' expectations become more realistic. While we are closely watching the market and are always open to having conversations, we have not yet found an opportunity that makes sense for the Bank and our shareholders. We continue to have a strict criteria for a deal and are only interested in acquiring a bank with the right culture and asset liability profile that meets our needs, a stable deposit base and at a valuation that makes sense. We can be patient given the organic growth opportunities that we have across our markets.

Importantly, we believe that we are in a strong position to capitalize on opportunities to drive growth as the Bank and the Company each significantly exceed the minimum regulatory capital levels necessary to be deemed well capitalized. At June 30, 2025, our consolidated common equity Tier 1 risk-based capital ratio was 13.86%, and our Tier 1 leverage ratio was 12.12%. We have the capital to support our customers as they continue to expand their businesses.

Given our capital position, we remain focused on both growing the Bank while also returning a steady stream of income to our shareholders through our quarterly dividend and keeping a share buyback program in place.

Now let me turn the call over to Cory.

**Cory T. Newsom**

Thank you, Curtis, and hello, everyone.

Starting on Slide 5. Our loans held for investment increased by \$23.1 million or 3% annualized to \$3.1 billion in the second quarter as compared to the linked quarter. We experienced broad-based loan growth across our portfolio as we continue to bring solid business to the Bank focused on long-term customer relationships. Our yield on loans was 6.99% in the second quarter as compared to 6.67% in the linked quarter.

Our loan yield was boosted by 23 basis points in the second quarter as a result of a \$1.7 million interest recovery from the full repayment of a loan that had been on non-accrual. Excluding this one-time gain, the yield on loans was 6.76%, an increase of 9 basis points as compared to the first quarter.

Looking forward, we expect the yield on our loan portfolio to stabilize near current levels pending further short-term interest rate changes by the FOMC. Importantly, our new loan production pipelines remain solid, and economic activity continues to be healthy.

As we look across our markets, we have a strong position in each of the communities and metro markets where we do business. We also have the capacity within our existing infrastructure and through actively recruiting lenders who fit our culture to grow our lending capabilities as we work to accelerate our loan growth and increase the assets of the Bank.

We are working to expand our team across our entire footprint and are pleased with the quality of bankers that we are speaking with and who have an interest in joining South Plains. During the second quarter, we recruited several experienced lenders in the Dallas area who have long successful track records and strong relationships in the market. We believe that they will be able to bring new relationships to South Plains, which will be supportive of loan and deposit growth over time.

While we believe in the strength of our loan production and new business pipeline, we continue to experience a heightened level of loan payoffs. We had payoffs of three multifamily property loans that totaled \$49.1 million in the second quarter and mitigated our loan growth. We expect this higher level of loan payoffs to continue and that our loan growth will be flat to up low single digits in the third quarter.

Skipping to Slide 7. Loans in our major metropolitan markets of Dallas, Houston and El Paso decreased by \$26 million in the second quarter to \$1.01 billion. Of note, the heightened level of loan payoffs in the second quarter exceeded our new loan production in these markets which drove the decline in loan balances.

The good news is that these payoffs included the problem loan we've discussed on prior calls. Importantly, this had been expected, and we anticipate that loan payoffs will begin to moderate in the third quarter but will remain a headwind to loan growth. Looking forward, we are optimistic that the loan growth will reaccelerate given expected economic growth, combined with the addition of new lenders in the Dallas market. At quarter end, our major metro loan portfolio represented 32.7% of our total loan portfolio.

Skipping to Slide 10. Our indirect auto loan portfolio modestly decreased to \$241 million at the end of the second quarter as compared to \$243 million at the end of the linked quarter. We saw a change in behavior as consumers began to slow their spending in May as a result of the expected tariffs which were announced in early April. This behavior may persist to remain a headwind to indirect auto loan production in the short term.

As we discussed on the first quarter call, we've tightened our loan-to-value requirements in our indirect auto portfolio to ensure we proactively managed the current environment and any potential challenges to come. We are closely monitoring the effects of the expected tariffs on our local economy, the consumer and used car prices as we tightly manage our portfolio.

Importantly, we believe the credit quality of our indirect portfolio remains very strong, and we're pleased to see our 30-plus days past due loans improved nine basis points to 32 basis points in the second quarter as compared to 41 basis points in the first quarter and 47 basis points in the fourth quarter of 2024. We believe our tightened credit standards will further protect the Bank and the credit profile of our indirect auto portfolio.

Looking to the second half of 2025, we remain cautiously optimistic that economic growth across our Texas markets to remain resilient and continue to expect our loan growth to trend to the lower end of our low- to mid-single-digit range for the full year 2025.

Turning to Slide 11. We generated \$12.2 million of non-interest income in the second quarter as compared to \$10.6 million in the linked quarter. This was primarily due to an increase of \$1.5 million in mortgage banking revenues, mainly from the increase of \$1.4 million in the fair value adjustment of mortgage servicing rights asset as interest rates that affect the value stabilized in the second quarter of 2025.

For the second quarter, non-interest income was 22% of Bank revenues consistent with the first quarter. Continuing to grow our non-interest income remains a focus of our team.

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

**Steven B. Crockett**

Thanks, Cory.

In the second quarter, diluted earnings per share were \$0.86 compared to \$0.72 from the linked quarter. As Cory discussed, there was a \$1.6 million recovery of interest, fees and legal expenses net of tax related to the full repayment of a loan that had previously been on non-accrual. This equated to a one-time benefit of \$0.09 per diluted share in the quarter.

Starting on Slide 13. Net interest income was \$42.5 million for the second quarter compared to \$38.5 million in the linked quarter. Our net interest margin, calculated on a tax equivalent basis, was 4.07% in the second quarter as compared to 3.81% in the linked quarter. The rise in our NIM in the second quarter was positively impacted by 17 basis points due to the one-time interest recovery that I just mentioned.

Excluding this one-time gain, our NIM rose 9 basis points to 3.90% primarily due to a five-basis point decline in our cost of deposits. As outlined on Slide 14, deposits decreased by \$53.6 million to \$3.74 billion at the end of the second quarter. As we have previously discussed, we experienced a large inflow of public fund deposits during the first quarter, which are higher cost. These funds move back out of the Bank in the second quarter due to seasonality.

Non-interest-bearing deposits increased \$32.3 million in the second quarter. This, coupled with the decline in public fund deposits, contributed to our non-interest-bearing deposits to total deposits ratio increasing to 26.7% in the second quarter from 25.5% in the linked quarter. The mix shift change in deposits, along with the continued drop in CD rates, contributed to the five basis point decline in our cost of deposits to 214 basis points in the second quarter, down from 219 basis points in the linked quarter.

Turning to Slide 16. Our ratio of allowance for credit losses to total loans held for investment was 1.45% at June 30, 2025, an increase of five basis points from the end of the prior quarter. We recorded a \$2.5 million provision for credit losses in the second quarter, which was largely attributable to an increase in specific reserves, net charge-off activity, increased loan balances and several credit quality downgrades.

Skiping ahead to Slide 18. Our non-interest expense was \$33.5 million in the second quarter as compared to \$33.0 million in the linked quarter. Five hundred and thirteen thousand dollar increase from

the first quarter of 2025 was largely the result of an increase of \$267,000 in personnel expenses and \$144,000 in increased professional service expenses.

Moving to Slide 20. We remain well capitalized with tangible common equity to tangible assets of 9.98% at the end of the second quarter, an increase of 34 basis points from the end of the first quarter. Tangible book value per share increased to \$26.70 as of June 30, 2025, compared to \$26.05 as of March 31, 2025. The increase was primarily driven by \$12.2 million of net income after dividends paid partially offset by a \$2.3 million decrease in accumulated other comprehensive income.

This concludes our prepared remarks. I will now turn the call back to the Operator to open the line for any questions. Operator?

### **Operator**

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Thank you. Our first question comes from the line of Stephen Scouten with Piper Sandler. Please proceed.

### **Stephen Scouten**

Hi, good afternoon, everyone. I guess I'd love to start on the loan pipeline. Cory, I appreciate your comments. You kind of said, I think, lower end of the low to mid-single-digit loan growth for '25 based on what you're seeing. But just wondering if you can give some color there on what the pipeline looks like maybe quarter-over-quarter just so we can kind of frame up what growth could do in the potential absence of the higher repayments.

### **Brent A. Bates**

Hi, Stephen. This is Brent. I think kind of like Cory said, we feel really good about what we're seeing in the pipeline and really our trend in originations. What's really a bit harder to predict or we think we can predict the payments that we're getting. But this quarter, our payments were in the neighborhood of \$15 million higher than last quarter, and that's really causing us to see the second half in that low to mid-single digit range. If that make sense?

### **Cory T. Newsom**

Stephen, this is Cory. I would just add that while we think the balance of the year, we're looking at flat to upper low single digits. If you look at the hires that we're trying to do, our intention is not to leave it at that level. Our goal is to be driving that up probably more to mid to high after '25, I feel really good about what we're trying to accomplish on some of the hires that we're actually doing. I never want to take away what we have in place.

### **Stephen Scouten**

Yes. That maybe leads to my next question, just how do you think about that balance of investing in additional new hires versus the potential for M&A? It sounds like it's kind of a both and strategy. If you were to find the right sort of deal, do you think that would lead you to put some new hiring activity on hold? Or can you continue to do both concurrently, do you think?

**Cory T. Newsom**

We have no intention of putting new hire effort on hold even if we did find something because we think that there's still some opportunities. We say the same thing and a lot of other people try to say the same thing, but we're a relationship banker—bank. If these guys can bring some relationships to us, it just continues to enhance what we're doing. But our focus is not on just trying to grow loans but trying to grow deposits at the same time. We are working on some efforts that we think will help continue to expand on that side of it as well.

**Stephen Scouten**

Okay. Great. Maybe just last thing. Any color you can lend on the increase in specific reserves in particular? Was that associated with that one large credit that you called out a multifamily loan? Or is that related to other types of credits?

**Brent A. Bates**

Yes. Stephen, We just saw—we did see a lot of ins and outs. This is Brent, by the way. We saw a lot of ins and outs in criticized assets during the quarter, a lot of good movement out and a little bit coming in. The net effect of that was a slight increase, and that slight increase just kind of drove general reserves up. But we did have a couple of loans that entered non-accrual status that were smaller, and we took a conservative approach on them.

**Steven B. Crockett**

Yes. Stephen, this is Steve. I'll add to that just a—there was not a specific reserve on that larger credit that we talked about. This is on a few of the other credits.

**Cory T. Newsom**

Stephen, I think it's...

**Stephen Scouten**

Got it.

**Cory T. Newsom**

It's very nice to have a nice recovery and have some of that stuff happen in the same quarter. You can just take it for that.

**Stephen Scouten**

Okay, understood. Yes, I appreciate all the color, guys. Thanks for the time.

**Cory T. Newsom**

Thanks.

**Curtis C. Griffith**

Thanks, Stephen.

**Operator**



Thank you. Our next question comes from the line of Brett Rabatin with Hovde Group. Please proceed.

**Brett Rabatin**

Hey guys. Good afternoon. I wanted to talk about the margin sum from here. If I heard you correctly, you talked about the loan yields being more flattish from here on a core basis. I know we had talked about some potential deposit exception pricing that could lower the cost of funds. But the interest-bearing cost of deposits was down two bps. Linked quarter, it would seem like you'd have a flattish outlook from here, but I wanted to get your perspective where we might go from here.

**Steven B. Crockett**

Yes, this is Steve. I'll start. Yes, we've had—the CD book is repricing down. CDs are 10%, 11% or so of total deposits. That's not a huge driver overall, but that is trending in the right direction. The rest of the book outside of Fed movements to rates, it is a little bit slower moving on any of those rates. We have done a little bit of work toward the end of the quarter on a few of our public fund deposits or a couple of clients like that that maybe will save a little bit. But again, absent the change in Fed drop in rates, there's not big moves to be made but we will continue to look at those rates.

**Cory T. Newsom**

This is Cory. I do think we'll have some NIM expansion. We're extremely focused on that. The exception-based pricing that we've talked about in the past is no different than what we do, and we continue to do on a daily basis. But I think we'll continue to be focused on trying to expand that.

**Brett Rabatin**

Okay. That's helpful. Just back on the M&A topic. We've obviously seen a couple of deals in Texas here in the past week or two. Just wanted to hear from you guys' perspective, the environment as you see it in terms of, if there are any things that are impediments, is it valuation expectations or other things that might hold up you guys doing something? If you could remind us kind of your range from an asset perspective, what you might be looking at, that would be helpful.

**Curtis C. Griffith**

Brett, this is Curtis. As far as impediments, yes, essentially buyer expectations is probably the biggest one. We're going to look really hard to find somebody with the right culture. If we don't think we've got that, then we don't even really get around to talking about price. But we've got several of the investment bankers that are out there bringing ideas to us. But we've got to get some people a little more motivated to start—be willing to accept the prices that the market is telling us is the right price. We're looking, we're working on it.

For us, I think it's like we said before, somewhere down in \$600 million, \$700 million is probably towards the bottom side of what we'd like to do. We feel okay going up some number over \$1 billion, and for the right trade, maybe even a little higher if one really lined up with all the stars, but we're definitely looking.

Again, we still got people out there that because of the structure in that bank, that we'd be very interested in, they've still got a pretty significant AOCI problem. Nobody really wants to fess up and say that means I lose—I don't get that money when they sell the bank. We get some sellers a little more realistic about where that puts the real price for their bank. It's kind of hard to do the business.

But I would say that it's obvious that this regulatory environment has loosened up significantly. I think as you see more and more deals get announced, maybe we're going to see some of these more entrenched



sellers that feel like if they're going to do something now is the time because it's going to be a lot easier to get deals through the system, I think.

**Brett Rabatin**

Okay. Maybe just one last one on mortgage banking. I guess it depends what will happen with rates here, but I was curious if you got any thoughts on mortgage banking performance in the back half as you see the environment.

**Cory T. Newsom**

Brett, this is Cory. It's been pretty flat. I think it's still going to be pretty flat. The thing is, as we've said all along, we've kept our infrastructure in place, we are doing mortgages on a consistent basis, but we're not setting the world on fire. But here's the thing. We're not losing any money doing this, and we're making sure that we're maintaining these relationships in the process. But to be able to keep our mortgage operation in the black during some of the most challenging times, I think it speaks well of our team.

That's why we've been very reluctant to step away from that because we like the ability to be able to do it and get some rate movement that actually makes some sense. We're ready to go. We're really excited about that.

**Brett Rabatin**

Okay. Appreciate all the color, guys.

**Cory T. Newsom**

Thanks.

**Operator**

Thank you. As a reminder, please press star, one to ask a question. Our next question comes from the line of Woody Lay with KBW. Please proceed.

**Wood Lay**

Hey, good afternoon, guys.

**Cory T. Newsom**

Hi, Woody.

**Wood Lay**

I wanted to start on loan yields. Even backing out for the interest recovery, They saw really nice expansion in the quarter. I was just hoping to get some color on maybe where new loan production rates are coming on and how that compared to the payoffs you saw in the quarter?

**Cory T. Newsom**

I think for new rates to come on—this is Cory. You're seeing low sevens, high sixes on some of the larger, more sophisticated borrowers that we're doing business with. But we're still trying to collect fees at the same time in doing some of this stuff. We're also doing some stuff trying to hold our position if rates start

cutting that it will be a little bit of delay in process for our loans to start cutting. We think there's still some expansion there for us.

**Steven B. Crockett**

Yes. The other good thing that helped us besides the one-time recovery was just getting that loan off of non-accrual. We had \$20 million in loans there that we're not accruing. Just had been accruing at a normal rate yield would have been up in prior quarters as well.

**Curtis C. Griffith**

Woody, this is Curtis. Part of our Board committees today, we were going over a list of loans that will be either maturing or hitting a rate reset dates over the next 18 months or so. While it's not going to be one huge, big spike, there are several large credits in there that will re-price at, looking at current numbers, probably re-price a good 200 basis points up from where they are today.

Again, it's not going to make the big jump and move the needle enormously in the next three months, but it will help continue to hold that NIM up as we do that as well as bringing new ones on. We just don't know what kind of paydowns we do have. I know we'll get a few more. I think the ones we've had recently and probably will have in this quarter are certainly significant. I personally kind of doubt that we see quite those levels going forward the rest of the year. But it's something we have to work for. If you look at where we would be with new loan production, without a couple of these major paydowns on it, we'd be hitting the kind of numbers we really like to hit. It's only these big blocks paydowns that kind of skew the numbers back down toward being low single digit.

**Cory T. Newsom**

But to keep in mind—and please be very clear that not all of these are that. But if you look at some of the headwinds that we've talked about at some of these paydowns, there's a fair number of those that were very cheap priced loans that we were not sad to see go away. The biggest one being at zero and taking that all the way up to some stuff that we've got that's got a four in front of it, and we're okay with that.

**Wood Lay**

Yes, that's really helpful color. Maybe shifting over to non-interest-bearing deposits. You saw a nice growth in the quarter. Was there any strategies that drove that growth? Or just any color you can provide on the higher balances.

**Cory T. Newsom**

I'd like to tell you that we're just really good at that. But I think the reality is our treasury management solutions just continues to mature. We're so proud of the way we work that in line with new loan production, and I think that probably represents the biggest bulk of it.

We're not out—we don't have something new that we've just done it. We're just getting better and better all the time at how we deliver to these clients.

**Wood Lay**

Yes. Last for me, I just wanted to hit on the hiring strategy and just try to get a better idea of the scope or opportunity of hiring that's out there and just how that impacts expense growth from here?

**Cory T. Newsom**

It's going to impact expense growth. We know that, and we're okay with that because well, we put a pretty short timeline on how long before we break even on new hires. We think it's—it will have some impact on expenses on the short run. But we look at that as—that's growth development for us. Not only are we trying to impact it from that standpoint, but the things that we're trying to do to improve the loan origination system we have inside the Company, making sure that we're prepared for the kind of growth that we're after.

It will definitely have some impact on that. As far as the different areas, We're pretty much across the board where we're wanting to do some expansion in hires. But you all know we're very selective of what it takes to get—for us to hire people out here, and we screen them very, very well. The ones that we've been so lucky to get and successful and actually getting closed are ones that we think that are going to fit into our teams very, very well.

**Wood Lay**

All right, that's all for me. Thanks for taking my questions.

**Curtis C. Griffith**

Thanks, Woody.

**Operator**

Thank you. Our next question comes from the line of Joe Yanchunis with Raymond James. Please proceed.

**Joe Yanchunis**

Good afternoon.

**Cory T. Newsom**

Hello, Joe.

**Curtis C. Griffith**

Joe, hey.

**Joe Yanchunis**

I know this horse has been beat, but I'm going to take another swing at it. The strategy behind Dallas, you've had some loan balance contraction in your metro markets, it occurred again this quarter. Is part of the hiring strategy related to those declining balances? I guess additionally, I may have missed this, but how many lenders did you hire? Do you have a sense for the size of their book of business?

**Cory T. Newsom**

We've been hiring constantly. Probably in the last month, we've hired another couple of lenders. We're just continuing to keep adding to this. It's just an ongoing process.

Let's dissect Dallas for a second. The big non-accrual loan that paid off was tied to the Dallas market because that's where the lender was that it originated it. That was one of the headwinds that they've had right there.

Some of the headwinds like we've been talking about they're okay. We've wanted some of this stuff to separate and go find a new spot. There are some others in there that were some cheap priced stuff that we weren't going to—they were going to get repriced, and they knew they had to find some other solution for it as well. I do think that headwind has not just all of a sudden gone away, but I think it's one that we've managed through very well. There's nothing tied to the fact that we're doing lenders because we've had that headwind right there. Hiring lenders because we have opportunities to hire some very good talent and bringing them into our team, and that's what we're focused on.

But it's not just Dallas. It is pretty much across the board of where we're strategically trying to identify those that would fit our culture, both sides of it, credit culture as well, and making sure that the type of business that they do is the type of business that we want to bring on to our books.

**Joe Yanchunis**

Got it. I appreciate it. Just one last one for me here. You had a pretty nice gain on non-interest-bearing deposit balance in the quarter. Do you have a sense for how much of that came from new customers?

**Cory T. Newsom**

I don't think I can even take a shot at that right this minute. I think there's a fair amount of it because that's our focus. Every discussion we have over a loan ends up with a discussion over a deposit as well. I would say that there is some of that contributed to it, but I wouldn't try to go say that was lion's share by any means.

**Curtis C. Griffith**

I do know that we've got the message out there that for existing customers that getting those deposits is every bit as important as having their loan and that message is getting communicated from that loan servicing officer out to the customer, and that gives some chance to get the treasury management folks in front of them. I know we have seen a meaningful increase and getting some deposits in from people that we've had a loan with for two, three, four years. It's just nobody pushed very hard to get the deposits and now we are.

It's a combo. But again, I couldn't give you this percentage breakdown, but we are gaining some customers. Sometimes what you see is it's a part of a relationship that we may have a loan to this entity over here, and it may be one that we've had the operating account on, but that's not anything with any real balances in it. Now we're getting back in front of that—the human being that's the lead in that customer relationship, and saying, "Yes, but over here in this part of your business, you've got some significant deposits, and we want to show you why we can do a better job for you than the bank you're with." We're having some success with that. It's combo with a lot of things, and it's slow, but it's steady. I think we're going to keep getting that kind of growth.

**Cory T. Newsom**

Joe, I'd like to go back and give a little bit of credit to the fact that I think the way our ICP plan actually works, where these lenders are incentivized on deposits as well as on loans. They're not only incentivized, but they've got metrics that they need to meet. I think that has as much to do with this across the board as anything.

**Joe Yanchunis**

Understood. I appreciate the thorough answers.

**Cory T. Newsom**

Thank you.

**Curtis C. Griffith**

Thanks, Joe.

**Operator**

Thank you. There are no further questions at this time. I'd like to turn the floor back over to Curtis Griffith for closing comments.

**Curtis C. Griffith**

Thanks, Operator.

Thanks to everybody that participated on today's call. We do believe our second quarter results demonstrate our strong financial position as well as the growing earnings power and the liquidity of the Bank. Our markets are generally enjoying healthy economic growth. We see opportunities to accelerate organic loan growth through continuing to hire experienced lenders who can bring high-quality customer relationships to the Bank.

We have a strong position in our markets where we do business, and we do believe we can grow market share over time. We also see some opportunities to grow through M&A as the deal environment improves in our industry. That said, though, we will be very selective and ensure any acquisition that we consider makes economic sense for our shareholders.

Taken together, we believe we're in an advantageous position to succeed, continue to deliver value to our shareholders as we work to accelerate the growth of South Plains. Thanks again for your time today.

**Operator**

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.