



South Plains Financial, Inc.

Fourth Quarter 2025
Earnings Call Transcript

January 26, 2026

PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the South Plains Financial Fourth 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 Crockett

Thank you, Operator, and good afternoon, everyone. We appreciate you joining our earnings conference call.

The related earnings press release and earnings slide deck presentation issued earlier today are available on the News and Events section of our website, [sphi.bank](https://www.sphi.bank). Please refer to Slide 2 of the presentation for our Safe Harbor statements regarding forward-looking statements. All comments expressed or implied made during today's call are made only as of today's date and are subject to those Safe Harbor statements in the presentation and earnings release.

In addition, please refer to Slide 2 of the presentation for our disclaimer regarding the use of non-GAAP financial measures. Reconciliation of these measures to the most comparable GAAP financial measures can be found in our presentation and earnings release.

I'm joined here today by Curtis Griffith, our Chairman and CEO, Cory Newsom, our President, and Brent Bates, City Bank's Chief Credit Officer.

Curtis, let me hand it over to you.

Curtis Griffith

Thank you, Steve, and good afternoon.

I'm very pleased with the results that we delivered over the past quarter and the full year, and would like to thank our employees for their hard work and commitment to City Bank and our customers. Their efforts are the key to our success, and they demonstrate every day the culture that we have developed over many years.

At South Plains, our core purpose is to use the power of relationships to help people succeed and live better. I believe that we're here to help enhance lives by creating a great place to work, help people achieve their goals, and invest generously in our communities, because there is nothing more rewarding than helping people succeed and live better. This also helps us to attract the best employees, develop deep relationships with our customers, and ultimately deliver strong financial results for our Shareholders.

This can be seen by our achievements for the full year of 2025, as outlined on slide four of our presentation, where we delivered a 17.8% increase in diluted earnings per share, loan growth in line with our guidance, 33 basis points of NIM expansion as our NIM was 4% for the fourth quarter, tangible book value per share

ViaVid has made considerable efforts to provide an accurate transcription. There may be material errors, omissions, or inaccuracies in the reporting of the substance of the conference call. This transcript is being made available for information purposes only.

1-888-562-0262 1-604-929-1352 <https://viaavid.com/>

growth of more than 14% to \$29.05, and as previously announced, we entered into a definitive agreement to acquire BOH Holdings and its banking subsidiary, Bank of Houston.

While I am very proud of our results, I'm even more excited with the opportunities that I see ahead as we continue to execute our strategy to enhance our earnings. It is focused on expanding our lending team across our high-growth Texas markets, as well as pursuing accretive M&A opportunities. Through the past year, we made great strides on both initiatives, highlighted by our definitive agreement announcement in December to acquire Bank of Houston.

As highlighted on Slide 5, we believe Bank of Houston will complement our existing Houston team and bring both meaningful-scale and deeply entrenched customer relationships to South Plains in one of the fastest-growing metropolitan markets in the country. More importantly, the Bank of Houston team, led by Jim Stein, holds similar values to those that we hold dear at South Plains. Deep customer relationships, disciplined credit standards, and a genuine focus on employees and communities.

As we have consistently said on these calls, finding an acquisition partner with similar culture and values is a necessary factor to a successful merger, and I believe we've found that in Bank of Houston. I'm looking forward to partnering with Jim, who will continue to lead his team once the merger is consummated, while also joining the boards of both South Plains and City Bank. Jim will provide important continuity and leadership depth as we work to further scale our presence in the Houston market.

Looking deeper into the Houston market, our existing team has worked hard to build a strong presence in Houston as our loan portfolio has grown at a 34% compound annual rate over the last five years. By bringing BOH into the South Plains family, we are projected to have more than \$1 billion in loans in the Houston region, which is significant to us. Importantly, both institutions share a focus on commercial real estate lending, a segment where Bank of Houston has built a high-quality portfolio and where Bank of Houston and City Bank's credit culture and underwriting discipline are closely aligned.

We believe the merger is a good strategic fit with low execution risk and a platform that enables us to both deepen and expand our customer relationships. Financially, this merger is also compelling, as we expect it to be approximately 11% accretive to our earnings in 2027, with an attractive tangible book value earn back of less than three years. We believe that BOH is a highly efficient, profitable company that has demonstrated consistent performance and that the transaction is structured to provide that we are very much aligned. I look forward to officially welcoming the Bank of Houston team when the merger is completed, which we expect to occur early in the second quarter of 2026.

While we expect BOH to be a tailwind to our growth, I'm also very encouraged with the progress we've made in recruiting talented lenders to South Plains, as we continue to benefit from the dislocation that is occurring across our markets from the mergers that have taken place over the last two years, which Cory will touch on. Taken together, we expect our loan growth to accelerate to a mid-to-high single-digit growth rate in 2026, which should also drive a nice acceleration to the earning power of South Plains.

To conclude, we believe we are in a strong capital position that will allow us to benefit from the many opportunities that we have in front of us. Given our capital position, we remain focused on growing City Bank while also returning a steady stream of income to our shareholders through our quarterly dividend and keeping a share buyback program in place. Last week, our Board of Directors authorized a \$0.17 per share quarterly dividend, which will be our twenty-seventh consecutive dividend.

Now let me turn the call over to Cory.

Cory Newsom

Thank you, Curtis, and hello, everyone.

Starting on Slide 6, our loans held for investment increased by \$91 million to \$3.14 billion in the fourth quarter as compared to the linked quarter. The increase was primarily due to organic loan growth in multifamily property loans, direct energy loans, and other commercial loans. I would note that our average loan balances were down slightly in the fourth quarter because the majority of our loan growth came on later in December, which should provide a lift to our net interest income in the first quarter.

Our yield on loans was 6.79% in the fourth quarter as compared to 6.92% in the linked quarter. It's important to point out that our loan yield was boosted by 8 basis points in the third quarter due to \$640,000 in interest and fees related to resolution of credit workouts. Additionally, our loan yield was also boosted by 23 basis points in the second quarter due to \$1.7 million interest recovery from the full repayment of a loan that had been on non-accruals. Excluding these one-time gains, our yield on loans was 6.84% in the third quarter and 6.76% in the second quarter, representing a relatively steadied loan yield over the last nine months.

While we have not yet experienced a material impact to our loan yields from the series of FOMC 25 basis point reductions in their target interest rate in September through December, we do expect our loan yields to moderate in the quarters ahead. That said, we remain optimistic that we can continue to reprice our deposits and manage our margin as market rates decline.

Accelerating our loan growth has been our number one strategic priority over the last year as we focus on expanding our lending platform. We've been selectively recruiting experienced lenders to City Bank across our growth markets while also benefiting from the dislocation created by our competitors' acquisitions. We ended the year having completed about 50% of our expected hiring occurring across our Dallas, Houston, and Midland markets. We expect our new lenders will bring the high-quality, long-term customer relationships that they have built in their successful careers to South Plains, which we expect will drive an acceleration to our loan growth to the mid- to high-single-digit range in 2026.

In fact, we are already seeing an acceleration given the strong loan growth that we delivered in the fourth quarter, as well as a nice pickup in our major metropolitan markets of Dallas, Houston, and El Paso, where loans increased by \$15 million or 5.8% annualized to \$1.03 billion as outlined on Slide 8. Given our thoughtful expansion in these markets, we expect loan activity to continue to improve and are also excited to close our pending merger with BOH, which will increase our scale in the high-growth Houston market. That said, we do still expect some headwinds in the first quarter of 2026 from several expected payoffs in our multifamily property portfolio.

Turning to Bank of Houston, they had approximately \$772 million in assets, \$633 million in loans, and \$629 million in deposits as of September 30, 2025, which will provide us with a substantially expanded platform in the Houston market. Importantly, Houston's Harris County was the number one fastest-growing county in the U.S. in 2024, while also being the top relocation destination. The economy is dynamic, and we should see our commercial and private banking relationships expand across the Houston market.

More importantly, we took time to get to know BOH's management team, employees, and their culture. I personally spent time getting to know Jim Stein, and I really appreciated his philosophy for running Bank of Houston and quickly came to realize that our cultures were very similar. I could see that our banks would work well together and that our teams were like-minded, which should minimize potential disruption and risk from the acquisition and its integration. I'm even more confident of that today. At South Plains, we've built a great business in Houston with a strong team, and BOH should nicely complement our growth strategy and provide important scale in a terrific market.

Skipping to Slide 11, our indirect auto loan portfolio totaled \$241 million at the end of the fourth quarter, which is relatively unchanged as compared to \$239 million at the end of the linked quarter. As we discussed on our third quarter call, we have been carefully managing this portfolio with a focus on maintaining its credit quality over the last two years, which has resulted in a decline in loan balances of \$55 million since the third quarter of 2023, when the portfolio was \$296 million.

Over this time period, we have seen competitors become more aggressive at the higher end of the credit spectrum while volumes have declined. More recently, we've tightened our loan-to-value requirements to further ensure that we are proactively managing this portfolio in the current economic environment as well as any potential challenges to come. It's also important to highlight that this consumer portfolio comes primarily through auto dealers who are in our markets.

To further improve the transparency on this portfolio, given some of the challenges in the sector, we have updated our indirect auto disclosure. What you can see is that 94% of our current indirect auto portfolio was originated in the super-prime or prime categories, with an additional 5% originated in the near-prime categories. This allows for normal credit deterioration to occur over time, with the majority of the portfolio remaining super-prime and prime. In fact, from the origination to the end of the fourth quarter of 2025, we have experienced only modest deterioration with the portfolio now 87.7% super-prime or prime with 5.6% near-prime.

The strong credit profiles of our consumer borrowers can further be seen in the credit metrics of this portfolio as our 30-plus days past-due loans, which total approximately \$464,000 and improved another 5 basis points to 19 basis points in the fourth quarter. We continue to believe that our past-due status is the best early indicator to any potential signs of credit stress in this portfolio and believe our tightened credit standards will further protect City Bank and the credit profile of our indirect auto portfolio as we look forward. Additionally, our net charge-offs for all consumer autos were approximately \$382,000 for the quarter as compared to \$160,000 in the third quarter.

Turning to Slide 12, we generated \$10.9 million of non-interest income in the fourth quarter, which was relatively flat as compared to \$11.2 million in the linked quarter. The modest decline from the third quarter was primarily due to a \$185,000 decrease in mortgage banking revenues, mainly due to the typical seasonal decline in mortgage volumes through the fourth quarter as can be seen on Slide 13. Overall, we are pleased with how our mortgage business is performing in this low transaction and interest rate environment and believe we are well-positioned for eventual upturn in volumes.

For the fourth quarter, non-interest income was 20% of bank revenues, essentially flat with the linked 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 Crockett

Thanks, Cory.

For the fourth quarter, diluted earnings per share were \$0.90 compared to \$0.96 from the linked quarter. This decrease was primarily a result of a larger provision for credit losses as we experienced strong loan growth in the quarter, though the majority of those new loans funded later in December, coupled with the one-time interest income items in the linked quarter.

Starting on Slide 15, net interest income was \$43 million for the fourth quarter in line with the third quarter's result. Our net interest margin calculated on a tax equivalent basis was 4% in the fourth quarter as compared to 4.05% in the linked quarter. As already mentioned, we had loan interest and fee items related to credit workouts that positively impacted our NIM in both the third quarter and the second quarter of 2025. The third quarter impact was six basis points or \$640,000, while the second quarter impact was 17 basis points or \$1.7 million. Excluding these one-time items in both periods, we delivered steady NIM expansion over the course of the past year, though that expansion slowed in the fourth quarter to just one basis point.

As outlined on Slide 16, deposits held steady from the linked quarter at \$3.87 billion at the end of the fourth quarter, while we experienced strong growth over the full year with deposits rising \$253 million or 7% from year-end 2024. Non-interest bearing deposits modestly decreased by \$26 million in the fourth quarter, which led to a slight decline in our non-interest bearing deposits to total deposits ratio to 26.4% as compared

to the linked quarter. Importantly, we grew our non-interest bearing deposits by \$88 million for the full year 2025, which drove a slight increase in our non-interest bearing deposits to total deposits ratio as compared to year-end 2024.

Our cost of deposits decreased by 9 basis points to 2.01% compared to the linked quarter as we've been repricing our deposit base lower following the FOMC's series of 25 basis point reductions in September through December. Looking forward, we expect a modest decline in our cost of funds in the first quarter given the Fed's most recent cut in December.

Turning to Slide 18, a ratio of allowance for credit losses to total loans held for investment was 1.44% at December 31, 2025, relatively stable from the end of the prior quarter. We recorded a \$1.8 million provision for credit losses in the fourth quarter compared to \$500,000 in the linked quarter. As I previously mentioned, the increase in provision was largely attributable to the strong loan growth that we delivered in the fourth quarter.

Skipping ahead to Slide 20, our non-interest expense was \$33 million in the fourth quarter, unchanged from the linked quarter. During the quarter, we had an increase of \$1.1 million in professional service expenses related primarily to approximately \$500,000 in acquisition-related expenses, in addition to consulting on technology projects and other initiatives, which were largely offset by a decrease of \$1 million in personnel expense. Looking to the first quarter, I would expect non-interest expense to trend modestly higher.

Moving to Slide 22, we remain well capitalized with tangible common equity to tangible assets of 10.61% at the end of the fourth quarter, an increase of 36 basis points from the end of the third quarter. Tangible book value per share increased to \$29.05 as of December 31, 2025, compared to \$28.14 as of September 30, 2025. The increase was primarily driven by \$12.7 million of net income after dividends paid and by an increase in accumulated other comprehensive income of \$3.4 million.

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.

Our first question comes from Woody Lay with KBW. You may proceed with your question.

Woody Lay

Hey, good afternoon, guys.

Curtis Griffith

Hi, Woody.

Woody Lay

I wanted to start on the NIM Outlook, and I know if you adjust for some of those workout fees, NIM was relatively stable quarter over quarter. As you think about the strong growth you expect in 2026, do you think the NIM can remain relatively stable or is that higher growth going to come on at lower spreads and could drive the NIM down a little bit?

Steven Crockett

Yeah, I'll start, Woody. This is Steve. I mean, NIM Outlook, I mean, you're exactly right. We do want to have the loan growth and that should be helpful to us. We just know there's a lot of factors that go into it and, I hate to say that we can expand it from where we're at. I mean, there's still some loans repricing up from floors, but there's some of the loans that were done fairly recently that, or not recently, but in the last year or two that have come down with some of the Fed movement.

A lot of moving pieces. We're going to do our best to keep NIM in a similar place to where it is today. But, I mean, just given how much loan growth we can put on and any additional deposits we may bring on it'll be a little tough. There's just a lot of competition still out there and trying to match what, or at least compete with what they're doing on the deposit side. Some of them are not coming down quite as fast on some of those funds. All that being said, again, I don't know that expansion is where we'll be. Try to keep it where it is. But, I mean, you could see a little bit of compression.

Cory Newsom

Woody, there's definitely going to be some exposure to some compression. We just got to see if we can be as good at managing the cost of deposits as we have been. But we'd be a little bit naive not to think that we had some pressures there.

Woody Lay

Yeah. Then how do you think about the deposit growth during the year? Because I know that you're expecting strong growth. Then also with the pending BOH acquisition, they've got jumbo CDs as around 30% of deposits. It would feel like you could flex your legacy markets a little bit on the deposit side. How are you thinking about deposit growth throughout the year?

Curtis Griffith

Woody, this is Curtis. Yeah, you're hitting on the point there. I do think, and realize, BOH has actually got pretty good name themselves right now. But we do believe that over time, we can reduce their deposit cost, or effectively the deposit cost of their deposit base, as we kind of bring them into higher-our structure. That could kind of offset some of the other NIM pressures. But the big question is, how fast can we do it?

Woody Lay

Got it. Then just last for me, shifting to M&A, you put in the release that you're open to additional deals that look similar to BOH. Would your preference be to add more scale in Houston? Are you looking all over the footprint and just would you be comfortable announcing a deal you know with BOH pending? Or do you kind of need to see that deal close and get through integration first?

Cory Newsom

Woody, this is Cory. I think the first thing is, look, we're not out trying to be a serial acquirer. We're trying to be very thoughtful about what we're doing. For us to—BOH is a perfect example. I mean, we did a lot of study of BOH before we ever really started trying to reach out and figure out if there was something that really worked there. That's the way we're approaching all of, you know, looking at all these things.

We're not just dialing up so that everybody gets a phone call from us just to see what's happening. We're trying to be very thoughtful and very methodical. Would we be afraid of something being announced in there? No, we wouldn't be afraid. But I mean, we're pretty thoughtful. I think it's taken us this long since we did the last one that I think we've proven that we're not somebody that's just going to shoot from the hip.

Houston is a great market. We have no problem in the Houston market. Are we tied completely to only looking there? Absolutely not. It has to make sense.

Woody Lay

All right. I appreciate the insight. Thanks for taking my questions.

Cory Newsom

Thanks, Woody.

Operator

The next question comes from Brett Rabatin with Hovde Group. You may proceed with your question.

Brett Rabatin

Hey, guys.

Cory Newsom

Good afternoon.

Brett Rabatin

I wanted to talk a little bit about payoffs, which has been a topic that has slowed loan growth the past two quarters. It didn't seem like it did at all in 4Q. I was just curious if there were really no payoffs in the fourth quarter. Then just the expectations, it sounds like you might have some in the first quarter. You know, how are you guys thinking about net versus growth for '26 with this mid-to-high single-digit growth expectations?

Brent Bates

This is Brent. I'll kind of start by addressing your question on the payoffs. Yeah, you're right. The fourth quarter was lighter on early payments than the prior three quarters. That did help the net growth number. We do think there are a few more that timing is uncertain, but we think they're going to seek long-term fixed rate financing. We factored that into our estimates for what we're hoping for on growth side. But it's hard to predict them all, but we've got a pretty good handle on the ones we think will ultimately seek long-term fixed rate.

Cory Newsom

Brent, but I want to make one comment. This is Cory. I mean, we went through a period where we had some exits that we wanted to make. We're kind of past that. We're going to have the normal, I mean, give and take, with—between payoffs and ~~findings~~ findings that are going to come along. There's nothing that, just like the ones we talked about that will be coming in the first quarter, there's nothing about those that are unexpected and they're kind of just following their life cycle of where they should be. We think that we've kind of got past the ones that where we felt like that we needed to do a separation from.

Brett Rabatin

Okay. Then I appreciate the additional—guys, I haven't been that really focused on your indirect auto book. I kind of felt like it was pretty high quality, but the additional color made me curious about one topic in particular, the migration from origination to the small, pretty small piece, less than 4%, but the deep subprime credit of 9.2 million. How are you guys monitoring that? How do you see it going from wherever it was, super prime or prime, to that level? Are you seeing customers that may have lost a job or how did they get to deep subprime? Then if they're not past due, what is it because their balances are higher or what's driven them to be a deep subprime credit?

Brent Bates

Yeah, this is Brent. What we found in our studies, because we did study kind of some of the details and oftentimes it might've been a missed payment, might've been even some small medical collection that really drove their score down. I don't think we were kind of surprised student lending didn't have anything to do with it from what we saw, but it definitely, I mean, there's a part of that portfolio that their credit score increased and then there's a part of that portfolio that their credit score declined and it's pretty marked on both sides.

Not too big of a surprise given everything you read about the consumer right now and there being a little bit of a K-shape to the trends. But overall, we feel really good about the quality and feel good about our strategy of going into that higher credit score, much heavier than probably most that are in this business into that higher credit score bucket to begin with. It's kind of proven itself out. The way I see it, the pass-through ratio is a pretty good indicator of the quality we've got in that portfolio.

Cory Newsom

Brett, here's what we really hope to glean out of this, because we did give you extra color. We've kind of sat around and talked about the fact that we kind of gave probably more color than we would normally do or probably normally should do. Here's what we really hope that you looked at and saw in there is it's still in incredibly good condition. It ends up being such a non-event for our portfolio and the amount of exposure that you really can shake it all the way down to. We were really excited to put these numbers out there just so you could see how stable it really, really is.

Brett Rabatin

Okay, that's helpful. Yeah, I haven't really been worried about that piece of the book, but the color kind of made me curious about a few topics on it. Appreciate the color on that.

Cory Newsom

We talked about that because we were a little concerned. I mean, it's still so small in the whole scheme of things.

Brett Rabatin

Yeah. Last question for me, just was hoping for, I've had some other banks talk about getting maybe more aggressive with hiring some mortgage lenders. Mortgage banking is 20% of revenue, which is fairly consistent. I know there's a rate component to this answer in terms of what happens from here, but are you guys doing anything different in mortgage? Do you want to develop that further in the coming quarters? Just any thoughts on fee income drivers if not mortgage in the '26? Thanks.

Cory Newsom

Yeah, I would tell you, there's no question. We're trying to hire producers right now because it's all about the volume that's there. We've been very thoughtful in trying to make sure that we don't put this thing into a negative position. We've been trying to just tread water until it picks back up. Trying to find good producers is probably what we're most focused on right now. We've kept our infrastructure in place and we like that. But yeah, we're still trying to hire some producers.

Brent Bates

Okay. Great. Appreciate all the color. Thank you.

Cory Newsom

Thanks, ~~Brent~~Brett.

Operator

The next question comes from Joe Yanchunis with Raymond James. You may proceed with your question.

Joseph Yanchunis

Good afternoon.

Cory Newsom

Hey, Joe.

Joseph Yanchunis

I was hoping to start with the Bank of Houston. How much revenue upside do you see beyond the announced cost saves, particularly from cross-selling or balance key optimization?

Steven Crockett

Yeah, that's a good question, Joe. I'll start and then let anybody else pick up. We like where they're at. We do believe that there's some additional products that we can help bring to them. I don't know that there's, at this point, that there's anything we would love to try to quantify as to whether it's our wealth management area, which would include trust services. We're going to push for those things. But as far as any of the modeling we did, that's not necessarily built into any of our numbers. But we will certainly try to push for bringing those type products to them.

Cory Newsom

Yeah, I think, look, Bank of Houston's a great bank and we know that they've done a really good job up to this point. We do have a little more scale than they do. I think we'll be able to leverage some of the stuff that we have to help them. Quite frankly, I think Treasury is going to be one of the biggest ones that we'll be able to help them with. They've done a good job of figuring out how to, you know, fund in that bank. It's based on what the theory that we've said about everything else we do. I mean, they build strong relationships just like we try to do and go leverage them. We think that we can help them even more with what we have. But there's definitely some opportunities there and we will try to take advantage of those.

Joseph Yanchunis

I appreciate it. I certainly understand revenue synergies not being baked into the model, just trying to see or kind of get a sense for how much leverage there is within fee income from expanding to the startup presence in Houston. Then, aside from the upcoming integration, are there any other technology investment priorities for 2026 you guys are looking at?

Cory Newsom

I would probably go a little bit—we're always doing something on technology, trying to make sure that we stay pretty relevant in that area. But I think one of the things that we're really trying to make sure of is that between we've got an Abrigo conversion that's coming up so that we can implement some better workflows and do some stuff on the credit side for the loan operations. But we're also focused on trying to make sure that we continue to enhance the credit side of the bank to make sure that we're prepared to bring on a bank that, I mean, their average loan size is probably a little smaller than ours. If you look at what they're doing,

we've got to be smart. I mean, you hear about all these different acquisitions that come along and they kind of don't pan out like everybody thinks. You've got to make sure that you're putting as much effort into embracing what they're doing so that we don't go screw up what they've already built. We have done a lot of that.

If you go back to your other question about the different synergies and stuff that we can bring to the table, you really don't know until you start getting in there and meeting the quality of the talent and everything that they have. I mean, we're quite impressed with what we're seeing. We see opportunities that make us very pleased with the decision that we made to go into an acquisition with these guys. Jim's built a good team and there's quite a bit of talent right there. We think if you take some of the stuff that we have to offer and with the team that they have in place, I think that we can work quite well together.

Joseph Yanchunis

That was very helpful. I just have a couple of ticky-tacky modeling questions here. Kind of starting off to piggyback off Woody's question on the NIM. Do you have a sense for what new loan yields were in the fourth quarter?

Steven Crockett

Brent, I'll let you look that up. I think they're by and large have been in the mid-sixes. That's what I was going to say. Maybe a little bit higher, but mostly in the mid-sixes.

Curtis Griffith

Six and a half, 6.75.

Cory Newsom

We kind of had to build in some of that stuff to try to make sure that, you know, people are seeing some of the rates coming down and so we can stay competitive. But I think we've done a pretty good job at locking some of that stuff in.

Joseph Yanchunis

No, absolutely. I think high sixes is pretty good. Then lastly for me, I was hoping you could kind of disaggregate the \$500,000 that you guys called out in acquisition-related expenses. Then what you spent on consulting. Is there any way to break that down to get more of a core number?

Steven Crockett

As far as the \$500,000? I'm sorry.

Joseph Yanchunis

Correct, correct.

Steven Crockett

Yeah, the \$500,000 being the acquisition expenses that's going to be in legal and professional services. Then really the bulk of the remaining is going to be in a lot of it's still in the professional services line item as we've got consultants going with us through some of the projects Cory was talking about. That's going to be several \$100,000 that's in that line item.

Cory Newsom

Definitely think once we get through this year, we'll have a little bit more (inaudible), those will go away.

Steven Crockett

Yeah, once those projects are done, we may have a little bit, we'll have some amortization expense coming on from some of the items that are capitalized, but the consulting expenses will go away.

Joseph Yanchunis

Okay, perfect. Thank you for taking my questions.

Cory Newsom

Thanks, Joe.

Operator

Before we move on to the next question, as a reminder, 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 queue.

Our next question comes from Stephen Scouten with Piper Sandler. You may proceed with your question.

Stephen Scouten

Hey, good afternoon, guys. I'm curious from an expense perspective, I think Steve, I think I heard you say maybe expect expenses to be up a little bit, modestly higher in the first quarter from the fourth quarter. But how do you think about full year expense build and what sort of additional new higher activities kind of built into those expectations?

Steven Crockett

Yeah, I mean, full year, well, let's back up for '25. Non-interest expense, we did overall kept it pretty flat right around the \$33 million a quarter. We've got just normal salary adjustments that will kick in. We've still got a little bit of the hiring initiatives Cory talked about as far as looking for some mortgage lenders, but also loan producers on the commercial side as well. Really just as far as the commercial lender side, kind of back to what the initial outlook was for that. We're about halfway through what we had originally planned.

There's still several folks we've got added in for that. We do have, again, some of these technology projects we think we'll be getting toward the end of some of that additional expense, but we will see some of that, some of the capitalization of a few of these projects that will start kicking in as we get a little bit later on, maybe halfway through the year.

Cory Newsom

We were pretty thoughtful about the approach that we were taking on the hires that we were doing. Got about halfway through that. We'll continue on with that. I anticipate seeing another one or two in the first quarter. I think we'll kind of finish up the year like where we thought we would be. That's about nine new lenders over a two-year period. That's what we thought we would do. I think you couple that with the production team that we've got with BOH coming on here in the early part of the second quarter. I think those will blend nicely together.

But expense-wise, keep in mind what we've always said is, we're chasing a six-month or sooner break-even point on any of the lenders that we're trying to hire.

Stephen Scouten

Yeah, no, for sure. The expense management, to Steve's point, year-over-year was really good. That's helpful. Thank you. Then from a deposit beta perspective, if my math is right, looks like total deposit beta is for the hikes we've seen, I mean, for the cuts we've seen so far have been around the 30% range. Is that kind of the right way to think about deposit betas moving forward? Or could that be more difficult just as deposit costs on an absolute basis move to a lower end?

Steven Crockett

You know, it's probably a tad higher. We've got a number of the public funds that don't reprice until the first day of the month, so that lags a little bit. It's probably closer to 35, maybe not 40. But we're focused on monitoring that and keeping it kind of consistent with those levels. If there's certain places we can do a little more, we will. If not, we don't want to see a runoff on deposits in any area, so we're trying to be mindful of what else we're seeing out there. But that's a close beta, but maybe just a little bit low from what we actually would see.

Cory Newsom

Steve, just keep in mind is what we've always said that we do is that we still do exception-based pricing. We do it on both sides of the balance sheet, which tells you we're not afraid to make the cuts that we need to make, but we might have some adjustments that come back in there around a little bit of that. But we're pretty focused on trying to make sure we keep these costs down so that we can protect our NIM as much as we possibly can.

Stephen Scouten

Great. Then maybe just last thing for me, the loan growth guide is encouraging up there mid-high single digits. What gives you confidence in that degree of ramp kind of from what has been the net growth over the last couple of years? Is it BOH? Is it the new hires? Is it just better customer demand, the combination of all of the above? Any color you can give to there would be great.

Cory Newsom

I think it's all of it. If you look at where BOH has been, let's be very realistic. The likelihood that we would even get an opportunity to have done something with BOH, if they had tons of liquidity, he has talent in place. That's one of the things we're able to bring to the table to help them augment their liquidity to some extent so that they don't have as much of a cap that they're having to deal with. But you look at the hires we've done. I mean, the organic growth is what we're as focused on our organic growth.

Acquisition is nice, but we love the organic growth. We love the team that we have in place and the team that we've assembled and the relationships that they've been able to build. One of the things we've been very upfront about is we've got a couple of projects and one of them is making sure that we keep the approval processes and everything working like it should so that we continue to scale this Company in a good but safe manner.

A lot of that is making sure that we're timely, that we're responsive, and that we can actually meet the needs that our customers actually have and the stuff that these lenders are trying to bring to the table. It is not just through an acquisition. It is definitely with some of the organic opportunities that I think we have on our plate.

Stephen Scouten

That's great. Thanks for your color and congrats on a great end of 2025 there.

Cory Newsom

Thank you, Stephen.

Operator

This now concludes our question-and-answer session. I would like to turn the call back over to Curtis Griffith for closing comments.

Curtis Griffith

Thank you, Operator, and thanks to everybody that participated in today's call.

Concluding, we delivered some pretty strong results over the past year while positioning South Plains for accelerating the growth in the year ahead. We recruited outstanding lenders across our markets, and we believe they're going to bring new relationships to City Bank. We also entered into a definitive agreement to acquire Bank of Houston, which will provide important scale in the fast-growing Houston MSA.

We've laid the foundation to be a larger community bank, which includes making the necessary investments in technology, systems, and processes to grow efficiently. We've accomplished much, but we're not standing still. We continue to look for other attractive franchises. We believe we have the capacity to acquire maybe another bank of a similar size range, but we will also selectively recruit high-quality lenders in our market and, as Cory just said, really push for organic growth. I'm very excited for what lies ahead for our employees, our customers, and our Shareholders.

Thank you again for your time today.

Operator

Ladies and gentlemen, thank you for your participation. This concludes today's conference. Please disconnect your lines and have a wonderful day.