Northpoint Bancshares, Inc.
Q4 2025 Earnings Call
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<u>Presenters</u>
Brad Howes, CFO
Chuck Williams, CEO
Kevin Comps, President

<u>Q&A Participants</u>
Crispin Love - Piper Sandler & Co.
Damon Del Monte - Keefe, Bruyette, & Woods, Inc.
Christopher Marinac - Janney Montgomery Scott

Operator
Greetings. Welcome to the Northpointe Bancshares Inc. Fourth Quarter 2025 Earnings Call. At this time, all participants are in listen-only mode. A question and answer session will follow the formal presentation. If anyone this morning should require operator assistance during the conference, please press “*” “0” from your telephone keypad. Please note that this conference is being recorded. At this time, I'll turn the conference over to Brad Howes, CFO. Brad, you may begin.

Bradley Howes
All right. Thank you. Good morning. Welcome to Northpointe's Fourth Quarter 2025 Earnings Call. My name is Brad Howes, and I'm the Chief Financial Officer. With me today are Chuck Williams, our Chairman and CEO; and Kevin Comps, our President. Additional earnings materials, including the presentation slides that we will refer to on today's call, are available on Northpointe's Investor Relations website, ir.northpointe.com.

As a reminder, during today’s call, we may make forward looking statements, which are subject to risks and uncertainties and are intended to be covered by the safe harbor provisions of federal securities law. For a list of factors that may cause actual results to differ materially from expectations, please refer to the disclosures contained within our SEC filings. We will aslo reference non-GAAP financial measures and encourage you to review the non-GAAP reconciliations provided in both our earnings release and presentation slides. The agenda for today's call will include prepared remarks, followed by a question-and-answer session and then closing remarks. With that, I'll turn the call over to Chuck.

Charles Williams
Thank you, Brad. Good morning, everyone, and thank you for joining. As we report today's results, I can't help but reflect on an incredible journey since we went public early in 2025. Prior

to the IPO, we ended 2024 with total assets at $5.2 billion. Today, I'm proud to report that we've grown to over $7 billion in total assets, driven by tremendous growth in our Mortgage Purchase Program, or MPP business.

For 2024, we earned $1.83 per diluted share with a return on average assets of 1.08% and a return on average tangible common equity of 13.94%. For 2025, we increased our earnings per diluted share by 15% to $2.11. We also improved our profitability metrics significantly with the return on average assets of 1.33% and a return on average tangible common equity of 14.43%. The improvement in performance drove an increase in tangible book value per share over the prior year. When you add back the impact of the dividends paid, our tangible book value per share increased by 13.9% on an annual basis.

During the IPO, we laid out our vision for Northpointe with an ambitious plan to grow the bank, generate positive operating leverage and strong shareholder returns. Fast forward one year, I'm pleased to report that we did exactly what we said we would do, and I'm proud of how well our team has executed on Northpointe's strategic direction. We've delivered robust balance sheet growth and consistent earnings throughout 2025. This was driven by sustained momentum and strengthened results across each of our key business lines, while maintaining a strong credit and compliance culture, building out key roles in our leadership team, and investing in new technologies to streamline efficiencies and lay a foundation for scalable future growth.

Before I turn the call over to Kevin and Brad to dive into the details, I'd like to take a moment to share a few highlights. During 2025, our loan growth was very strong. MPP balances increased by over $1.7 billion from the prior year. We also increased participation in that business, which helps drive additional fee income.

Our first-lien home equity lines, which are tied seamlessly to a demand deposit sweep account, which we call All In One loans, increased by $121 million from the prior year, which is a 20% annual growth rate. We also made good progress on the funding side of the balance sheet, adding new relationships to help bolster core deposits and lower our wholesale funding ratio.

Noninterest income increased by $18 million from 2024, driven by solid performance in our residential lending channel. Residential mortgage originations increased by 20% to $2.5 billion for 2025, which is above industry results. This increase was largely attributable to the success of our mortgage originating professionals, including the new lenders that we've added over the past year in our retail channel. It's also attributable to higher refinance activity, specifically within our consumer direct channel, which occurred later in the year as mortgage rates declined slightly. I'd like to turn the call over now to Kevin to provide more details on our business lines.

Kevin Comps
Thanks, Chuck, and good morning, everyone. On Slide 5, we highlight our MPP business, which is our version of mortgage warehouse lending. We utilize our proprietary state-of-the-art technology stack to offer purchase program to mortgage bankers nationwide. As Chuck

highlighted, we have experienced tremendous success over the course of 2025 in that channel. Average balances increased by over $410.2 million from the prior quarter. Period ending balances increased by $60.1 million over the prior quarter, which is in line with our guidance. Keep in mind, these balances are net of any MPP balances participated out.

As we've reiterated on prior calls, participations remain an important component of our overall strategy, allowing us to manage the balance sheet and expand net interest margin while driving higher fee income. At December 31, 2025, we had participated $457.0 million in MPP balances to our partner banks. That is up from $37.5 million at September 30, 2025.

Let me break down our growth a bit further. First, in the fourth quarter, we increased facility size for 3 existing clients, which totaled $50 million in additional capacity, bringing total increases for 2025 to 28 clients for $1.2 billion. Second, we brought in 4 new clients during the fourth quarter, which totaled $45 million in additional capacity, bringing total new deals for 2025 to 29 clients or $1.8 million. And third, our overall utilization of our existing clients remained strong in the fourth quarter, averaging slightly over 60%.

We continue to generate strong returns on the MPP business, with average yields of 6.98 during the quarter. If you include fees, these yields increased to 7.22%. Average yields were down 12 basis points from the prior quarter as about 40% of the MPP portfolio reprices immediately and the remainder reprices on the 15th of each month.

Turning now to Retail Banking on Slide 6. I'd like to highlight the results of the three main businesses within that segment. Starting with residential lending, which includes both our traditional retail and our consumer direct channels, we continue to perform well and take our share of industry volume.

We closed $762.0 million in mortgages during the fourth quarter, which is up from $636.6 million in the prior quarter. Mortgage rate lock commitments and applications both decreased slightly from the prior quarter driven by normal seasonality in the purchase business, offset by an increase in refinance activity. During the fourth quarter, we sold $665.6 million, which represents approximately 87% of total loans closed in the quarter, in line with prior quarters. Of that saleable production, 65% was in our traditional retail channel and 35% was in consumer direct. The volume increase within the consumer direct channel was attributable to the increase in refinance activity, which started in late third quarter and continued into fourth quarter.

We sold approximately 79% of the salable mortgages servicing released in the fourth quarter, which is consistent with the prior quarter level. Additionally, 48% of our overall production was purchase business in the fourth quarter, which is down from 72% in the third quarter and reflects the increase in refinance activity, which began in September. We continue to look for opportunities to create additional efficiencies, using technology and hire new talent lenders within the channel. Over the course of 2025, we hired 34 new mortgage professionals to help us continue to grow the channel.

In the middle of Slide 6, we highlight our digital deposit banking channel, where we feature our direct-to-customer platform and competitive product suite. We ended the fourth quarter with $4.9 billion in total deposits, up from $4.8 billion in the third quarter. The breakout of these deposits is detailed in the appendix on Slide 12. As Chuck mentioned, during 2025, we added two new relationships to help bolster core deposits and fund our planned growth. The deposits from these relationships can ebb and flow a bit during the year, but an aggregate total over $500 million in new core deposits.

The majority of our deposit growth compared to the prior quarter was from a new digital deposit relationship completed during the quarter. This drove $234.2 million increase in savings and money market deposits over the prior quarter. As we've highlighted on past calls, we will continue to explore similar additional sources of non-broker deposits going forward.

On right side of Slide 6, we highlight our specialty mortgage servicing channel, where we focus on servicing first-lien home equity lines tied seamlessly to demand deposit sweep accounts, including what we commonly refer to as AIO loans. Excluding the negative adjustment on the change in fair value of the MSR, we earned $2.2 million in loan servicing fees for Q4, which is up from $2.0 million in the prior quarter. Including loans we outsource to a subservicer, we serviced 15,200 loans for others with a total UPB of $4.9 billion as of the fourth quarter 2025. During 2025, we began specialized servicing for five new relationships and two additional securitizations.

Lastly, turning to asset quality on Slide 7, which remains one of the largest risks for any bank. We monitor this risk very closely and spend a great deal of time analyzing our held for investment loan portfolio. Consistent with prior quarters, we are not seeing any systemic credit quality or borrower issues in any of our portfolios. What we are seeing is the normal migration of credit trends on the seasoned loan portfolio.

Residential mortgage, construction, other consumer, and home equity loans make up $1.8 billion or about 30% of our loans held for investment portfolio. This will continue to decline as we are not materially adding any new loans to these categories. Of these, approximately 88% were originated in 2022 or earlier.

We had net charge-offs of $1.2 million in the fourth quarter, which is up from $977,000 in the prior quarter. Fourth quarter charge-offs represented an annualized net charge-off ratio to average loans of 8 basis points, which remains well below long-term historical averages. The charge-offs we took in the fourth quarter, similar to prior quarters, came from isolated occurrences. There are a handful of larger mortgage, land, and construction loan charge-offs this quarter, which totaled about $1.1 million. In the vast majority of these instances where we're dealing with a nonperforming loan, there is sufficient collateral to cover the unpaid principal balance, which usually leads to little or no loss. We saw that trend continue in the majority of loans added to nonperforming status this quarter.

Let me provide some additional details on our asset quality metrics this quarter. First, total nonperforming assets increased by $7.4 million for the prior quarter. Again, this represents normal seasoning and migration of our loans held for investment portfolio. Second, early-stage [indiscernible] loans improved this quarter with loans past due 31 to 89 days, decreasing by $1.9 million from the third quarter level.

Third, at December 31, 2025, MPP represented 54% of all loans, and we've continued to experience pristine credit quality in that portfolio. Fourth, virtually all our loan portfolio is backed by residential real estate, which typically carries much lower average loss rates than other asset classes. Fifth, our residential mortgage portfolio is also high quality, seasoned, and geographically diverse.

At December 31, 2025, our average FICO was 747, and our average LTV on new factory in mortgage insurance was 71%. Additionally, our average debt-to-income ratio was 35%. I'd like to now turn the call over to Brad to cover the financials.

Bradley Howes
Thanks, Kevin. Last quarter, I provided preliminary 2026 guidance for many of our key drivers. As I go through today's slide presentation, that will be incorporating full year 2026 guidance into my commentary. Let's start on Slide 8. As a reminder, our non-GAAP reconciliation on Slide 14 provides the details of the calculations and a reconciliation to the comparable GAAP measure for all non-GAAP metrics.

For the fourth quarter of 2025, we had net income to common stockholders of $18.4 million or $0.52 per diluted share. During the last quarterly call, I provided an update on our strategy to replace a significant portion of our preferred stock with subordinated debt. That was completed during the fourth quarter, which helps optimize our capital stack and realize material annual cost savings in 2026.

With that, we had $3.2 million or $0.09 per share in additional expense from the unamortized field issuance costs, which was included in the preferred stock dividend line and there is no tax impact on the expense. Excluding this expense, earnings per diluted share would have been $0.61 for the fourth quarter of 2025 and $2.20 for the full year 2025, which is in line with our expectations during the IPO process. Net interest income increased by $3.2 million over the prior quarter. This reflected growth in average interest-earning assets of $393.2 million, along with the four basis point improvement in net interest margin from the prior quarter.

Our yield on average interest-earning assets decreased by 11 basis points from the prior quarter, but was outpaced by a 16 basis point decrease in our cost of funds. We benefited from a steeper yield curve with MPP yields only coming down about half the level of the 225 basis point Fed cuts in the fourth quarter. The decrease in our cost of funds was primarily driven by a 20 basis point reduction in the cost of interest-bearing deposits from the prior quarter.

Our net interest margin was 2.51% for the fourth quarter and 2.45% for the full year 2025. For full year 2026, I'm expecting a similar range of 2.45% to 2.55%. My guidance assumes continued improvement in the mix of loans within the held for investment portfolio as well as 2 additional 25 basis point Fed funds rate cuts in 2026.

MPP balances increased by $60.1 million over the third quarter level but were net of $457 million in participations. As Kevin mentioned, we utilized participations to manage the balance sheet within our existing capital framework. For 2026, I'd expect our MPP loan balances to increase between $4.1 billion and $4.3 billion by year-end. I'm also expecting an additional $300 million to $500 million on average will be participated out throughout 2026.

AIO loan balances increased by $31 million over the third quarter level. For 2026, I'd expect period-ending AIO balances to increase between $900 million and $1.0 billion by year-end. Excluding MPP and AIO loans, I'd expect the rest of the loan portfolio to continue to decrease to between $1.9 billion and $2.1 billion by year-end 2026. This includes loans held for sale, which tends to vary based on the timing of loan sales.

Kevin provided additional details on the higher level of net charge-offs this quarter. We had a total benefit for credit losses of $608,000 in the fourth quarter of 2025. This was driven primarily by an improvement in the economic forecast used in our credit model, most notably higher forecasted home prices over the next five years. We continue to experience a relatively low level of charge-offs compared to long-term historical averages. Our annualized charge on ratio was 8 basis points in the fourth quarter of 2025 and 5 basis points for the full year 2025.

I'd expect total provision expense of between $3 million and $4 million for 2026 related to the replenishment of net charge-offs and growth in our MPP and AIO loans. Any additional provision expense or benefit related to credit migration trends, changes in the economic forecast or other changes to the credit models would not be part of my guidance. Noninterest income decreased by $2.4 million from the prior quarter, reflecting a decrease in gain on sale revenue, partially offset by higher MPP and loan servicing fees.

On the top of Slide 13, we pick out our 3 fair value assets and their associated quarterly increases or decreases. These assets tend to move up or down with interest rates and are not part of my revenue guidance each quarter. On the bottom of Slide 13 and in our earnings release tables, we provide further details on the components of net gain on sale of loans. As you can see, the fourth quarter net gain on sale of loans included a $1.7 million increase in fair value for loan self-investment and the lender risk account with the Federal Home Loan Bank. Excluding these items, net gain on the sale of loans would have been $16.6 million, which is down slightly from the third quarter level on a comparable basis.

For 2026, I am forecasting total sale of our mortgage originations of 2.2 to 2.4 billion with only margins of 2.75% to 3.25% on those originations. My margin guidance is a blend of margins from our retail and consumer direct channels. The consumer direct channel has lower margins but then offsetting lower variable mortgage expense.

For the year, consumer direct made up 24% of total saleable volume driven mostly by refinance volume. My guidance assumes a similar volume mix for 2026. Keep in mind that these estimates do not assume any significant decrease in mortgage rates nor do they assume any changes to the current level of mortgage originators within the bank. I expect MPP fees to continue to increase from their current run rate to between $9 million and $11 million for full year 2026 based on the expected participation balances and continued growth in loans funded.

Excluding fair value decreases, loan servicing fees were $2.2 million for the quarter up from $2.0 million in the prior quarter based on the new servicing relationships and increase in loan service as Kevin highlighted. I'd expect that quarterly run rate to continue to increase in 2026 with full year revenue between $9 million and $11 million. Noninterest expense was down $581,000 from the prior quarter, driven primarily by lower salaries and benefits, specifically bonus and incentive compensation. For 2025, total net interest expense was $129.2 million. For the full year 2026, I'd expect total noninterest expense to be in the range of $138 million to $142 million.

This increase in noninterest expense is more than offset by the growth in total revenue based on the positive operating leverage we have been able to generate. My 2026 expense guidance assumes approximately $1.0 million and additional salaries and benefits expense from new roles in addition to the usual cost of living adjustment to base salaries. We also saw increased medical benefits expense in 2025, which we believe will somewhat abate in 2026.

Turning to the balance sheet on Slide 9. Total assets increased to $7.0 billion at December 31, 2025. Kevin provided details on our funding and deposits this quarter. Our wholesale funding ratio was 64.6% at December 31, 2025, down from the prior quarter level due to the new core deposit relationship, which drove an increase in savings and money market balances.

Looking forward, we'd expect to continue to fund MPP growth through a combination of brokered CDs, retail deposits and other sources of non-brokered deposits where possible. Our effective tax rate increased to 26.04% for the fourth quarter of 2025. This was driven by $500,000 of additional income tax expense related to the nondeductible tax rules for publicly traded companies. The effective tax rate for 2025 was 24.44%, and I would expect a similar level for 2026.

Lastly, on Slide 10, we outline our regulatory capital ratios, which are estimates pending completion of regulatory reports. Looking forward, I'd expect we will continue to leverage additional capital generated through retained earnings to grow MPP and AIO balances. With that, we're now happy to take questions. Rob, please open the line for Q&A.

Operator

Thank you. We'll now be conducting a question and answer session. If you'd like to ask a question at this time, please press "*" "1" from your telephone keypad and a confirmation tone will indicate your line is in the question queue. You may press "*" "2" if you would like to withdraw your question from the queue. For participants that are using speaker equipment, it may be necessary to pick up your handset before pressing the "*" keys. Thank you. And our first question will be from the line of Crispin Love with Piper Sandler. Please proceed with your question.

Crispin Love
Thank you. Good morning, everyone. So just first, it's very fluid mortgage environment right now. But can you just discuss how the last several weeks impacted your guidance for 2026, if at all? Mortgage rates down at their lowest level in seven years -- several years, seems like the administration is supportive. So curious on just how the recent landscape has impacted your 2026 or at least near term for salable mortgage originations and MPP loan balances. And again, that's it for the first question.

Bradley Howes
Sure. Well, hey, Crispin. This is Brad. I'll start and then Kevin and Chuck can certainly add to my comments. But I would say, pretty minimal impact from the last couple of weeks. When we do our forecasting, we're always looking at kind of a blend of all of the economic forecasts out there. If you look at Fannie, MBA, or Moody's, they do have rates coming down towards the tail end of next year to sub-6, I think.

We were very encouraged, I think, to see the decline in rates, although it could be short-lived. We don't know what's going to happen in the next few weeks. Kevin highlighted kind of volume trends, and we saw a nice pickup starting in September in refinancing activity that helped drive some higher volume for us, and we were encouraged by that. But I'd say where we sit right now today, we need to see kind of a more sustained decline to really see a significant benefit to our P&L.

Kevin Comp
Yes. I'd say just we always have the normal seasonality within our mortgage origination platform. Also, when you think about year-over-year, Q1 of 26, volume-wise, all else being equal, should be higher than Q1 2025 based on the current rate environment.

Crispin Love
Got it. That makes a ton of sense. And then just for full year '26, what are you assuming for mortgage rates?

Bradley Howes
Yes. So kind of coming down to -- again, this is predicated on sort of the consensus economic forecast from any of the kind of the three major sources we have for mortgage, but rates dipping to below 6% towards the end of the year, but sort of a slow drift over the course of the year with what would be kind of built into our base economic forecast. So really, I'd say, not a ton of

significant benefit from our guidance embedded in what we may see a optimism from rates. So that would be upside if we do see additional decline to it. It works further than we think or that our estimates are assuming. There'll be benefit or upside to our origination forecast.

Crispin Love
Okay. Perfect. I appreciate that. Then just on your guide for the net interest margin here for '26, I believe, $2.45 to $2.55. But can you discuss what's implied in your guide for the trajectory throughout 2026, just as you move through the year, big picture just based on the current rate outlook and your expectations?

Bradley Howes
Sure. Yes. So we had a $2.51 margin in the quarter, in the fourth quarter of 2025. Guidance, I wouldn't think would be, as you look at the trajectory, you'll see a little bit of continued improvement in margin based on the shift of mix in the loans rate as we amortize off residential mortgages and other loans that have lower yields, and we replaced those with MPP and AIO loans, which carry higher average yields. So you'll see a little bit of benefit as we go out throughout the year on that.

But then we have two rate cuts that get embedded in the middle part of the year where we see a little bit of a decline that kind of offset some of that improvement. So net-net, I don't think there's going to be a ton of change from a trajectory standpoint as we look out to 2026. It will obviously depend on deposit betas and the rate environment and where the yield curve kind of plays out with some of the middle part of the curve. But just, I think from a trajectory standpoint, should be pretty consistent across the year.

Crispin Love
Okay. Great. Appreciate the color and thanks for taking my questions.

Bradley Howes
Thanks, Crispin.

Operator
Our next questions are from the line of Damon DelMonte with KBW. Please proceed with your questions.

Damon Del Monte
Hey. Good morning, guys. Thanks for taking my questions. Just wanted to start off with the outlook on the provision. I think, Brad, you had said that it would be kind of in the $3 million to $4 million range for the year. And when you kind of factor in growth, it doesn't really move the reserve much. So just I was wondering if you could provide a little color around your comfort with the reserve level kind of slowly declining during the course of 2025 and kind of where you feel like a good targeted level is for you guys.

Bradley Howes
Yes. I have to start there and Chuck and Kevin could join, too. When I think about the provision guidance, that's going to be just nominal growth in MPP and AIO loans. So as you indicated, not a ton of extra provisions was there. But if you look at the last couple of quarters of charge-offs, we've seen a little bit of elevation although still well below long-term historical averages. So my guidance was just based on some higher charge-offs that may or may not come through next year, but that's just for conservatism. That's kind of what we're seeing right now.

What I'd say about the decline in reserve, if you look throughout the course of the year, there's a lot of different things that go into that reserve. We have a very granular allowance methodology when we're running all of our loans at a loan level, forecasting out a lot of different economic scenarios, a lot of different model assumptions that go into it.

What I'd say is, if you look at our reserve, if you exclude MPP, which is pristine credit quality and you take out our fair value loans, we're probably about 37 basis points of coverage to the HFI book. When you think about our book, keep in mind, as Kevin indicated, it's a very seasoned book. Most of it was originated in 2022 or earlier. We're continuing to improve the mix with growth in MVP and AIO loans, which are much stronger asset quality than the remainder of the portfolio carry much lower outage loss rates. So that improves the overall mix, and it reduces the allowance as we go forward.

The biggest decrease this quarter, I'd say, would be from our economic forecast. As we look out, this tends to change quarter-to-quarter, right, as the economic forecasts are updated in Moody's. But when you see an improvement in economic forecast and really HPI will be the big one, our allowance can change up or down based on that.

Last quarter, we had the opposite, in fact, where oil prices were expected to come down relative to the prior forecast. So that tends to ebb and flow throughout the year. I'd also say when you look at our nonperforming loans, as Kevin indicated, the majority of the loans that we see go into the nonperforming bucket, we have little or no loss because there's sufficient collateral coverage.

We have a 71% average LTV on our portfolio, a decent (inaudible) MI if it's above 80% and 99% of it is backed by residential real estate collateral. So I think our actual losses, even at this quarter and the last quarter have been below what the model would indicate for charge-offs. So we're not seeing any detrimental updates, the loss rates really think our allowance model, I think it gives us a lot of comfort with where we stand today from an allowance to loan tell investment perspective.

Damon Del Monte
Great color. I appreciate that. And then with respect to the expense guide, I think you said $138 million to $142 million for the full year. Kind of drilling in here a little bit. The taxes and insurance line has kind of gone up in the back half of the year and hit like $2.6 million, I think it was, here in the fourth quarter. Do you expect that to continue to rise? Is that just kind of part of being a

public company? Or were there some unique items here in the fourth quarter, which will kind of come out and it will go back to maybe where it was for the first half of the year?

Bradley Howes
No, I'd expect the former. That would continue to go up. We expect it to increase as part of the expense guidance, right? We'll see an increase in the other taxes and insurance. That's really driven by our FDIC insurance charges. And two items really impact that. I think the capital levels are one as we lever capital throughout the course of '25, and we've grown our balance sheet, that capital charge goes up.

And then the wholesale brokered or as a percentage of your funding is another big driver of that FDIC assessment charges where we've continued to use a sizable portion of our funding is wholesale brokerage related. That's why it's important that we continue to get our deposit initiatives and look for sources of non-brokered deposits that help drive that down.

Damon Del Monte
Got it. Okay. And then just lastly, can you provide any update on your strategy for adding retail hires? I think you said there was about 34 or something this year that you added, Kind of just what the prospect is to add more producers as the year progresses?

Bradley Howes
Yes. So we're always continuing on the recruiting front. We actually have a formalized recruiting strategy that we implemented in late Q4 around retail loan officers throughout the country. And so there is a pipeline we're working of new originators. It's a simple answer, I guess.

Damon Del Monte
Got it. Okay. Great. I think that's all that I had. Thank you very much.

Bradley Howes
Thanks, Damon.

Operator
As a reminder, if you would like to ask a question at this time, you may press "*" "1" from your telephone keypad. The next question is from the line of Christopher Marinac with Janney Montgomery Scott. Please proceed with your question.

Christopher Marinac
Hey, thanks. Good morning. Could you elaborate a little bit more on the digital deposit relationship that you mentioned in the press release? And how many more opportunities like that are out there for this new year?

Kevin Comps

Yes, this is Kevin. So we did partner with an online platform where we gather these digital deposits direct to the customer through that platform. As I said, it's a little over $230 million that we brought in in the past quarter. We're continuing to look for opportunities like that. As we've mentioned on a couple of these calls, we've had some decent sized relationships we were able to acquire during 2025. Nothing specific additionally to add for 2026 at this point, but we continue to explore all those different sources.

Christopher Marinac
Are these more attractive today just given the fact that broad interest rates have edged down? And is there any sort of risk of these leaving once you have them onboarded?

Bradley Howes
So there is -- they are real sensitive customers like a lot of our funding are. However, we continue to stay competitive on a national scale. These are savings money markets, deposits, which we do pay competitive rates and launch that very closely with competitors in this online space. We can control that through rates and pricing.

Christopher Marinac
Got it. And then just looking at kind of where you were six months ago on the custodial deposits within the specialized mortgage servicing, I mean, how significant to you is it that you've built that a lot these last six months?

Bradley Howes
Yes. So that's an important part of our funding strategy also. A couple of different things there. So the deposits that we have, some of the funds related to the mortgage servicing rights that we own, all those custodial accounts are housed here. Also, as we've outsourced the agency subservicing to a counterparty, we retain all those deposits here as part of that relationship, also.

In addition to the larger custodial fund relationship outside of the MSRs that we own, we brought on during 2025 also. So we continue to explore additional custodial type relationships to bring to the bank in addition to the one we have today. They definitely will continue to add as we retain more MRSs. In the future, all those custodial funds will remain here also.

Christopher Marinac
Okay. So is it fair to say that there's a scenario where you get to the upper end of the margin range primarily -- or not primarily, but just part of it is because you could get these new deposits in, impact the mix, therefore, drive a higher margin. Is that still part of this year plus the ability to do higher over time?

Bradley Howes
I would say we don't have a lot of those kinds of deposits embedded in the margin guidance. So that would be upside to that. What I would say would drive the needle though is deposit betas coming in better than we thought, which if you look at the last two quarters, we've had almost

100% deposit betas on the ones that we can control. We do have some deposits, obviously, CDs right or year out and some other ones that are smaller. But for the ones that we have control over, we've been very happy with the beta. If that continues, that could be incremental benefit to keep us at the top end of that range, even above where our model would say our beta should be.

Christopher Marinac
Okay. Great. And then just one quick question on the gain on sale. I know there's a wide range of $275 million to $325 million. But could you just remind us on what could be, or what could happen to be at the upper end of that gain on the sale range this year?

Bradley Howes
Yes. I'll start. Chris, I'd say it's really going to be driven on competition, right, and just spreads. From 2025, we were able to price I think a little better based on the less competition than we expect for these kinds of loans and that will be both in our conforming business and across our 9 QM. So we do expect that competition to heat up a little bit there, which is why you see a little bit lower guide on the overall margins. So that's one. And I'd say, obviously, the mix of loans impacts that, too. I mentioned in my commentary, consumer direct has a lower margin and a lower expense structure.

So net-net profitability is the same. But when you look at the all-in margin, if consumer direct comes in at a lower percentage, that will drive up the margin guidance a little bit. It comes in at a higher percentage, that will take it down. I'd say those two items.

Christopher Marinac
Great. Thank you for walking me through these points today. And I appreciate all the disclosure.

Bradley Howes
Yeah. Thank you.

Operator
Thank you. This now concludes our question-and-answer session. I'd like to turn the floor back over to Chuck Williams for closing remarks.

Charles Williams
Thank you. I want to, again, thank everyone for joining today's call. Our success over the last year is directly attributable to our talented team who work hard every day to make Northpointe the best bank in America. I'm proud of all we've achieved in 2025, and I look forward to remaining nimble and opportunistic and further driving long-term shareholder value in 2026. We appreciate all the trust and support for Northpointe. And with that, have a great day, everyone.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may now disconnect your lines, and have a wonderful day.