

Northpointe Bancshares, Inc.
Q1 2026 Earnings Call
April 22, 2026

Presenters

Brad Howes - Executive VP & CFO
Chuck Williams - Founder, Chairman & CEO
Kevin Comps - President & Secretary

Q&A Participants

Crispin Love - Piper Sandler
Damon Del Monte - KBW
Christopher Marinac – Brean Capital Research

Operator

Greetings. Welcome to Northpointe Bancshares Incorporated first quarter 2026 earnings call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star, zero on your telephone keypad. Please note this conference is being recorded.

I will now turn the conference over to Brad Howes, Executive Vice President and Chief Financial Officer. Thank you. You may begin.

Brad Howes

Good morning, and welcome to Northpointe's first quarter 2026 earnings call. My name is Brad Howes, and I am the Chief Financial Officer. With me today are Chuck Williams, our Chairman and CEO, and Cevin Komps, 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 also 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.

With that, I'll turn the call over to Chuck.

Chuck Williams

Thank you, Brad. Good morning, everyone, and thank you for joining. With one quarter completed, we're off to a very good start in 2026. Despite the macroeconomic uncertainty, our business model remains resilient, and our exceptional team members continue to perform well.

For the quarter, we earned \$0.62 per diluted share and with a return on average assets of 1.28%, and a return on average tangible common equity of 15.71%. Factoring in the impact of dividends paid, our tangible book value per share increased by over 16% annualized over the prior period. Our first quarter results were anchored by robust growth and continued marked share gains in our mortgage purchase program, or MPP business, strong performance in our residential lending channel, a modest reduction in our wholesale funding ratio and an improvement in overall asset quality.

We've added a new slide, which is on page 4 of our earnings call presentation, which I think really tells the story well. We're proud to be one of the only entirely mortgage focused banks in the country. While certain aspects of our financial performance are naturally sensitive to mortgage rates, our diversification across the mortgage space has historically insulated us from dramatic income statement volatility typically associated with the mortgage industry.

As outlined in the charts, we've continued to deliver consistent financial performance and grow tangible book value despite the challenging and volatile interest rate environment. One of the biggest drivers of our performance is the success we've achieved in our MPP business. Let me walk through a few highlights.

MPP balances ended the quarter at \$3.9 billion, an impressive growth rate of 51% annualized over the prior period. Total loans funded through the channel was \$11.2 billion for the quarter, which is very strong considering the first quarter is typically slower due to normal seasonality in the mortgage business. By comparison, total loans funded was \$6.7 billion for the first quarter of 2025.

We have funded \$4.6 billion in total loans during March, which is our highest volume month on record. I believe our first quarter results, combined with the momentum we have gained, set us up nicely to meet or exceed our 2026 growth plan.

I'd like to now turn the call over to Kevin to provide more details on our business lines.

Kevin Comps

Thanks, Chuck. Good morning, everyone. Let's start with our MPP business on Slide 6. Compared to the prior quarter, period ending MPP balances increased by \$435.7 million, and average balances increased by \$59.3 million, with most of the balance growth occurring towards the end of the quarter. As I've discussed on prior calls, these are net of any MPP balances participated out. At March 31st, 2026, we had participated \$412.7 million to our partner banks, down slightly from the level at December 31st, 2025.

Let me break down our first quarter 2026 growth a bit further. First, we brought in eight new clients, which totaled \$205 million in additional capacity. Second, we increased facility size for 11 existing clients, which totaled \$465 million in additional capacity, and third, the overall utilization of our existing clients remained strong during the quarter, averaging 57%. Average MPP yields were 6.59%, and fee-adjusted yields were 6.82% during the first quarter of 2026. Our average yield was down 39 basis points from the prior quarter, which is consistent with the decrease in SOFR over that same time period.

Turning now to Retail Banking on Slide 7, 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 closed \$693.7 million in mortgages during the first quarter, which is down from \$762.0 million in the prior quarter. During the first quarter of 2026, saleable volume was \$626.6 million. Of that, 39% was in the consumer direct channel, and 61% was in the traditional retail channel. This compares to \$671.3 million in saleable volume during the fourth quarter of 2025, with 35% of the volume in the consumer direct channel and 65% in the traditional retail channel.

Refinance activity made-up 59% of the total saleable volume in the first quarter of 2026, up from 51% in the fourth quarter of 2025. In both periods, we saw a drop in mortgage rates, which spurred additional refinance activity.

As we've discussed previously, it only takes a 25 to 50 basis point decline in mortgage rates to drive additional refinance activity, and we were able to take advantage of that temporary drop in both of the last two quarters. The additional refinance activity helped maintain strong volumes and revenues in what is typically a slower buying season.

Mortgage rate lock commitments increased by 12% over the prior year quarter, driven by an increase in refinance activity with purchase activity down modestly from the prior quarter. We sold approximately 68% of the saleable mortgages service released in the first quarter of 2026, which is down from 79% in the prior quarter.

We continue to look for opportunities to create additional efficiencies using technology and hire new talented lenders within the channel. During the first quarter, we hired seven new mortgage professionals in two new markets to help us continue to grow the channel.

In the middle of Slide 7, we highlight our digital deposit banking channel, where we feature our direct customer platform and competitive product suite. We ended the fourth quarter with \$5.1 billion in total deposits, an increase from the prior quarter. The breakout of these deposits is detailed in the appendix on Slide 13. The majority of our deposit growth compared to the prior quarter was driven by normal seasonality in our custodial deposit balances as well as higher levels of brokered network deposits, which had more attractive rates than brokered CDs.

On the right side of Slide 7, 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 adjustment for the change in fair value of MSRs, we earned \$2.2 million in loan servicing fees for Q1, which is flat from the prior quarter. Including loans we outsourced to a sub-servicer, we serviced \$15,900 loans for others with a total UPV of \$5.2 billion as of the first quarter of 2026.

Turning lastly to Slide 8, we saw a nice improvement in our overall asset quality metrics during the quarter. Consistent with prior quarters, we are not seeing any systemic credit quality or borrower issues in any of our portfolios. We had net charge-offs of \$266,000 in the first quarter of 2026, which is down from \$1.2 million in the prior quarter. First quarter charge-off represented an annualized net charge-off ratio to average loans of 2 basis points, which remains well below long-term historical averages.

Let me provide some additional details on our asset quality metrics this quarter. First, total non-performing assets decreased by \$2.0 million from the prior quarter. Second, early-stage delinquent loans improved this quarter, with past due loans 31 to 89 days decreasing by \$6.5 million from the fourth quarter of 2025 level. Third, at March 31, 2026, MPP represented 58% of all loans, and we've continued to experience pristine credit quality in that portfolio. Fourth, virtually all of our loan portfolio is backed by residential real estate, which typically carries much lower average loss rates than other asset classes. And fifth, our residential mortgage portfolio is high quality, seasoned, and geographically diverse. At March 31st, 2026, our average FICO was 752, and our average LTV when you factor in mortgage insurance was 72%. Additionally, our average debt to income ratio was 35%.

Now I'd like to turn the call over to Brad to cover the financials.

Brad Howes

All right, thanks, Kevin. As I go through today's slide presentation, I will be incorporating full year 2026 guidance into my commentary. Let's start on Slide 9. As a reminder, our non-GAAP reconciliation on Slide 15 provides details of the calculations and a reconciliation to the comparable GAAP measure for all non-GAAP metrics.

For the first quarter of 2026, we had net income to common stockholders of \$21.7 million or \$0.62 per diluted share. Our performance and profitability metrics, which are laid out on Slide 5, remain strong. Net interest income decreased by \$2.21 million from the prior quarter, reflecting a 9 basis point decrease in net interest margin, partially offset by growth in average interest bearing [sp] assets of \$47.6 million. Our yield on average interest earning assets was down 17 basis points from the prior quarter, driven primarily by a decrease in loan yields. A significant portion of our MPP facilities are tied to the SOFR index, which was down almost 40 basis points on average on a linked quarter basis. Our cost of funds decreased by 13 basis points, reflecting a federal funds rate cut of 25 basis points in December of 2025.

For full year 2026, I am lowering our expected NIM range slightly to 235 to 250. My guidance assumes a continued improvement in the mix of loans within the held for investment portfolio and that SOFR and funding costs will remain at or near current levels. I am also assuming that we do not have any additional Fed funds rate cuts in 2026.

Turning to loan growth guidance, for 2026, I expect MPP balances to increase to between \$4.1 billion and \$4.3 billion by year-end. I'm also still expecting \$300 million to \$500 million on average will be participated out throughout 2026. As we've reiterated on prior calls, participation has remained an important component of our overall MPP strategy, which allows us to manage the balance sheet and optimize capital ratios while driving higher fee income. We will continue to look for opportunities to add and expand participation partners to help drive further growth in the business.

I'd also still expect period-ending AIO balances to increase to 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. None of my loan growth guidance has changed from the prior quarter guidance that I provided.

Kevin provided details on the improvement in asset quality trends this quarter. With the lower level of charge-offs, the decrease in non-performing and early-stage delinquent loans, and continued runoff of non-AIO and MPP loans, we had a total benefit for credit losses of \$445,000 in the first quarter of 2026. With the provision benefit this quarter, I now expect total provision expense of between \$2 million and \$3 million for 2026, which would be driven by the replenishment of net charge-offs and growth in our MPP and AIO loans. Any additional provision expense or benefit related to the credit migration trends, changes in the economic forecast, or other changes to the credit models would not be part of my guidance.

Non-interest income increased slightly from the prior quarter, reflecting higher gain on sale revenue, partially offset by larger adjustments to our fair value assets.

On the top of Slide 14, we break out three of our 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 14 and in our earnings release tables, we provide further details on the components of net gain on sale of loans. As you can see on that chart, first quarter net gain on sale of loans included a \$1.2 million decrease in fair value of loans held for investment and lender risk account with the Federal Home Loan Bank. Excluding these items, net gain on the sale of loans would have been \$17.8 million, which is up from \$16.6 million on a comparable basis in the prior quarter.

For 2026, I am forecasting total saleable mortgage originations of \$2.2 billion to \$2.4 billion, with all-in margins of 2.75% to 3.25% on those mortgage originations. My margin guidance is a blend of margins from our traditional retail and consumer direct channels. As a reminder, the consumer

direct channel has lower margins with an offsetting lower mortgage variable comp expense. These estimates do not assume any significant decrease in mortgage rates, nor do they assume any change to the current level of mortgage originators within the bank. I'd expect MPP fees to range between \$9 million and \$11 million for the full year 2026 based on the expected participation balances and continued growth in loans funded.

Excluding fair value changes in the MSR, loan servicing fees were \$2.2 million for the quarter, flat from the prior quarter. I'd expect that quarterly run rate to continue to increase in 2026 with full year revenue between \$9 million and \$11 million.

Non-interest expense was up \$658,000 from the prior quarter, driven primarily by salaries and benefits, mostly related to bonus and incentive compensation, which is tied to company performance. For the full year 2026, I'd expect total non-interest expense to be in the range of \$138 million to \$142 million, no change from my prior guidance. The expected increase in non-interest expense is more than offset by growth in total revenue based on the positive operating leverage we are able to generate.

Turning to the balance sheet on Slide 10, total assets increased to \$7.4 billion at March 31, 2026, based on the strong growth in MPP balances during the quarter. Our wholesale funding ratio was 62.94% at March 31, 2026, which is down from 64.60% in the prior quarter, based on the deposit growth Kevin highlighted.

Looking forward, we'd expect to continue to fund MPP and AIO growth through a combination of brokered CDs, retail deposits, and other sources of non-brokered deposits where possible.

Our effective tax rate was 24.72% for the first quarter of 2026, reflecting additional income tax expense related to non-deductible tax rules for publicly traded companies. I'd expect the 2026 run rate to be in line with that.

Lastly, on Slide 11, 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 to retain earnings to grow MPP and AIO balances.

We previously announced the completion of a private placement of \$20 million in aggregate principal amount of fixed to floating rate subordinated notes. We believe this additional capital provides us with flexibility should we see stronger growth throughout 2026, and with respect to our \$25 million in Series B preferred stock that we anticipate calling prior to year-end.

With that, we are now happy to take questions. Sherry [sp], please open the lines for Q&A.

Operator

Thank you. 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. And for participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

Our first question is from Crispin Love with Piper Sandler. Please proceed.

Crispin Love

Thank you. Good morning, everyone. First, just on the net interest margin trajectory, I heard your update on the guide, I think 2.35% to 2.5% for the year, did 2.42% in the most recent quarter. But can you just discuss the ramp you would expect throughout the remaining three quarters of the year to just fit within that range and then just any puts and takes there?

Brad Howes

Sure. Crispin, this is Brad. Good morning. What I'd say about the guidance is that, as we think about rates, we don't have anything significant changing in our models today where we stand with interest rates. So, SOFR funding rates and all that remain relatively flat, no Fed fund cuts. So really, the benefit that comes over the remaining quarters would come from the continued improvement in the mix of loans. If you look at MPP and AIO loans, which are driving the growth in the balance sheet today, as we grow those and as we run off legacy assets, which have lower average yields based on when they were generated, we will see a little bit of a continued improvement in the mix of loans, which drive up margin.

That's really the only put and take, I'd say, that's embedded in our guidance. We do have a small amount of borrowings that are coming due, \$50 million this year. But for the most part, most of the funding costs should remain pretty flat absent any changes in rates.

Crispin Love

Okay, great. That makes sense. And then I just have just two related questions on MPP. Just first, on the loan balances for 2026, did you reaffirm that \$4.1 billion to \$4.3 billion guide? I just might have missed that.

Brad Howes

We did, Crispin, yeah, no change for prior guidance.

Crispin Love

Okay, perfect. Again, that's what I thought; just wanted to make sure. And then just broadly on MPP balances, they've continued to grow meaningfully. They did on a sequential basis in the first quarter. So can you just discuss some of the drivers of that growth and sustainability of that? And I assume with that guidance, I would think that some of those sequential increases should decelerate a bit in the coming quarters, but just curious on that MPP balance growth that you continue to generate?

Kevin Comps

This is Kevin. I can start with that, Crispin. So, part of the growth is -- was in the commentary -- was some of it is coming from existing clients expanding their facilities still. That is reasonably expected to continue as we get into the busier cycle of the year, which is typically the summer buying season. That could be a reasonable place, also. And then, as usual, we do have a pipeline of clients that could potentially come on board additionally; we had new ones added during Q1, also. We'd expect to add some new ones moving forward. The pace of growth of new clients, to your point, would probably not be the same as when we came out of the gate with the IPO a year ago and had a very long backlog of new clients coming on board. So both of those things will still represent growth within the channel going forward, though.

Crispin Love

Great. I appreciate that, and thanks for taking my questions.

Brad Howes

Thanks, Crispin.

Chuck Williams

Thanks, Crispin.

Operator

Our next question is from Damon Del Monte with KBW. Please proceed.

Damon Del Monte

Hey, good morning, guys. Hope that everybody's doing well. Appreciate all the commentary and detail in the prepared remarks. Just curious on the commentary on capital and the potential for the \$25 million of preferred to be called, is that something that you could do with kind of cash on hand, or is that something that might require another sub debt issuance?

Chuck Williams

No, we believe we can do that now looking at our models with what we have today. That was kind of part of the purpose of the sub debt offering that we did, twofold - one, to be able to generate higher growth throughout the year should we see it, and then two, to sort of bring that money in now so that we have the funding towards the end of the year and don't need to raise any additional capital and take any variability in what could happen in the markets out of play and have that money.

Damon Del Monte

Got it. And can you remind us kind of what your targets are for capital levels? I think total capital is 11.4%. What is your comfort zone in that ratio?

Chuck Williams

Sure. Yeah. So we look at -- there's four regulatory ratios. We look at each of those regulatory ratios at the bank and the holding company. We have a capital plan that has trigger levels that

are with a buffer to well-capitalized based on what we're comfortable with. Today, as we sit, our most binding capital ratio would be total risk-based at the bank. And we still have, call it, good room from there until we even get to the trigger level. So as we look out for our growth, we continue to lever additional retained earnings to grow our balances and grow our capital levels. And then I would expect those to continue to be consistent throughout the level of 2026.

Damon Del Monte

Got it. Okay, great. And then in the mortgage banking, I think you reaffirmed your expectation for origination activity for the year. What was the gain on sale this quarter?

Brad Howes

The dollar or the margin?

Damon Del Monte

The margin. I think you gave a range of, what, \$2.75 to \$3.25? So what was the -- where did it shake out this year or this quarter?

Brad Howes

Yeah, I'd say this quarter, the margin as a percentage was probably closer to the bottom end or a little off the bottom end or a little above the bottom end of that range. We've talked about in prior quarters, we are seeing competitive pressures on the conforming business and more entrance into the non-QM space, which is you have typically higher margins. So I'd expect our guidance is predicated on that. Depending on what happens throughout the year, we'll still continue to earn in that range that we outlined, but it's probably closer this quarter towards the bottom end of that range.

Damon Del Monte

Got it. Okay, great. That's all that I had. Thank you.

Operator

As a reminder, it is star, one on your telephone keypad if you would like to ask a question.

Our next question is from Christopher Marinac with Brean Capital Research. Please proceed.

Christopher Marinac

Hey, good morning. I wanted to talk about the progress in the wholesale funding ratio and that reliance inching down. Is the all-in-one progress this year and the further growth itself going to contribute to that, and are there other kind of goals for that ratio going forward?

Kevin Comps

Yes, this is Kevin. Start with the all-in-one piece of this. So the all-in-one product is tied to real-time sweep features from a checking account, but those checking accounts are zero dollar

balance checking accounts with real-time sweep features to pay down the loan. So that is not driving the decrease in the wholesale funding ratio.

Normal swings in our custodial funds related to our servicing MSRs that we own and the other servicing relationships we have on the custodial front, the normal seasonality of those accounts is what's the main driver of the reduction in the wholesale funding ratio. And then we're always looking for additional opportunities on the non-brokered side of the house; o material items to speak of for this quarter as we sit, but we always are looking to do something additional there.

Christopher Marinac

Understood. Thank you for that background. I appreciate it. And as you have been very productive in the digital channel for a while with the business plan, are those customers behaving any differently when you have a modest backup in rates like we've seen since the end of February, or does that create any headwinds for you in the upcoming quarters?

Brad Howes

Are you talking from like a beta perspective, Crispin [sp]?

Christopher Marinac

Correct, exactly.

Brad Howes

Yeah, I'd say no. If you look at our cost of interest bearing -- or, sorry -- our cost of deposits this quarter was down 22 basis points from the prior quarter. We had the Fed funds cut in December, so we behaved, I think, from a beta perspective very well. 22 of the 25 would be in the deposit side. Where you see, obviously, the funding mix more stable is on the borrowing side where we have match funded some of our longer-term assets with longer-term liabilities. So we've locked those in over time to maintain the same margin. But when you look at Fed funds rate cuts, obviously those remain flat, but we do see a nice benefit from the rate cut. And we really were able to pass along most of that beta in this last rate hike and haven't seen anything to the contrary so far this quarter.

Christopher Marinac

Sounds good. And a final question for me just is, as you continue to build the asset side and kind of pledgeable [sp] assets as the balance sheet grows, does that extra liquidity give you any difference in terms of whether it's managing capital, like the preferred decision, or just sort of how you pursue other initiatives?

Brad Howes

Could you repeat that? You cut out for a second there, Chrispin [sp] -- Chris.

Christopher Marinac

That's Okay. I was asking about the growth of the balance sheet and how that impacts liquidity as you have more assets you can pledge for further borrowings in the future and how that impacts sort of the profit build out [inaudible].

Brad Howes

Yeah, no, we have a pretty good amount of excess capacity as we stand today. That will slowly grow as we grow the balance sheet. You're absolutely right. With MPP being pledgeable to Federal Home Loan Bank, that's one of our largest sources of liquidity, that will continue to grow over time. We haven't had to tap a lot of it because we have sort of a growth path in funding and a growth path in assets that matches each other. And we've maintained that level of liquidity. We'd like to have that just in case. But you're right, that will continue to grow nominally over the course of 2026.

Christopher Marinac

So if the environment were to change and become more favorable or margins changed it to where you wanted to take advantage and grow faster, you could. And that was really just a channel check.

Brad Howes

Yeah, from liquidity would not be the constraining factor. That would be more based on our capital ratios. And our growth path kind of has us leveraging all the capital we generate. What I mentioned in our comments, though, and what Chuck and Kevin have reiterated on prior calls is that we would use participations and continue to grow that program if we should see opportunities for further growth this year. That is a vehicle that we could utilize to manage our balance sheet and to grow faster or higher than we originally thought.

Christopher Marinac

Great. I follow, and thanks for explaining and reiterating. I appreciate it. Thanks for taking all of our questions.

Brad Howes

You bet.

Operator

There are no further questions at this time. This will conclude today's conference. You may disconnect your lines at this time, and thank you for your participation.