

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 26, 2023

South Plains Financial, Inc.

(Exact name of registrant as specified in its charter)

Texas  
(State or other jurisdiction of incorporation)

001-38895  
(Commission File Number)

75-2453320  
(IRS Employer Identification No.)

5219 City Bank Parkway  
Lubbock, Texas  
(Address of principal executive offices)

79407  
(Zip Code)

(806) 792-7101  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	SPFI	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On January 26, 2023, South Plains Financial, Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2022. A copy of the Company’s press release covering such announcement and certain other matters is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 7.01 Regulation FD Disclosure.**

On January 26, 2023, officers of the Company will have a conference call with respect to the Company’s financial results for the fourth quarter and year ended December 31, 2022. An earnings release slide presentation highlighting the Company’s financial results for the fourth quarter and year ended December 31, 2022 is furnished as Exhibit 99.2 to this Current Report on Form 8-K. This earnings release slide presentation will also be available on the Company’s website, [www.spfi.bank](http://www.spfi.bank), under the “News & Events” section.

In accordance with General Instruction B.2 of Form 8-K, the information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 furnished herewith, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 furnished herewith, shall not be incorporated by reference into any filing or other document pursuant to the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

[99.1](#) Press release, dated January 26, 2023, announcing fourth quarter and year-end 2022 financial results of South Plains Financial, Inc.

[99.2](#) Earnings release slide presentation, dated January 26, 2023.

104 Cover Page Interactive Data File (formatted as Inline XBRL).

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SOUTH PLAINS FINANCIAL, INC.**

Dated: January 26, 2023

By: /s/ Steven B. Crockett

Steven B. Crockett  
Chief Financial Officer and Treasurer

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## South Plains Financial, Inc. Reports Fourth Quarter and Year-End 2022 Financial Results

LUBBOCK, Texas, January 26, 2023 (GLOBE NEWSWIRE) – South Plains Financial, Inc. (NASDAQ:SPFI) (“South Plains” or the “Company”), the parent company of City Bank (“City Bank” or the “Bank”), today reported its financial results for the quarter and year ended December 31, 2022.

### Fourth Quarter 2022 Highlights

- Net income for the fourth quarter of 2022 was \$12.6 million, compared to \$15.5 million for the third quarter of 2022 and \$14.6 million for the fourth quarter of 2021.
- Diluted earnings per share for the fourth quarter of 2022 was \$0.71, compared to \$0.86 for the third quarter of 2022 and \$0.79 for the fourth quarter of 2021.
- Pre-tax, pre-provision income (non-GAAP) for the fourth quarter of 2022 was \$16.3 million, compared to \$18.6 million for the third quarter of 2022 and \$18.2 million for the fourth quarter of 2021.
- Average cost of deposits for the fourth quarter of 2022 increased to 97 basis points, compared to 52 basis points for the third quarter of 2022 and 23 basis points for the fourth quarter of 2021.
- Loans held for investment grew \$57.7 million, or 8.6% annualized, during the fourth quarter of 2022 as compared to September 30, 2022.
- Nonperforming assets to total assets were 0.20% at December 31, 2022, compared to 0.20% at September 30, 2022 and 0.30% at December 31, 2021.
- Return on average assets for the fourth quarter of 2022 was 1.27% annualized, compared to 1.53% annualized for the third quarter of 2022 and 1.50% annualized for the fourth quarter of 2021.

### Full Year 2022 Highlights

- Total assets were \$3.94 billion at December 31, 2022, compared to \$3.90 billion at December 31, 2021.
- Full year net income of \$58.2 million in 2022, compared to \$58.6 million in 2021.
- Diluted earnings per share of \$3.23 in 2022, compared to \$3.17 in 2021.
- Loans held for investment grew \$310.5 million, or 12.7%, during 2022.
- Efficiency ratio of 66.8% in 2022, compared to 67.1% in 2021.
- Tangible book value (non-GAAP) per share of \$19.57 at December 31, 2022, compared to \$21.51 at December 31, 2021.
- Return on average assets of 1.47% for the full year 2022, compared to 1.56% for 2021.

Curtis Griffith, South Plains’ Chairman and Chief Executive Officer, commented, “I am very proud of our execution over the last year as we successfully navigated a challenging economic environment and, we believe we have positioned South Plains for continued success in the future. Central to our success has been the expansion of our commercial lending platform where we achieved full-year organic loan growth of 12.7% during 2022, exceeding our mid-to-high digit loan growth guidance. Importantly, we delivered 19.2% loan growth during 2022 in our major metropolitan markets of Dallas, Houston and El Paso as we continued to expand our commercial lending team. As our loan balances grew through the year, we experienced an acceleration to our net interest income growth, which began to offset the expected decline in our mortgage banking revenues, given the sharp rise in market interest rates through the year. As a result, we were able to achieve modest earnings per share growth in 2022, as compared to 2021, which is a true credit to the dedication and hard work of our employees. We also remained focused on returning capital to our shareholders, as we repurchased 4.8% of the Company’s shares, which were outstanding, as of December 31, 2021, during this past year, and distributed \$0.46 per share in quarterly cash dividends in 2022, representing a 53% increase as compared to 2021. Looking forward, we expect economic growth to moderate in Texas as the economy digests the impact of higher market interest rates, which supports our low single digit loan growth outlook for 2023.”

### Results of Operations, Quarter Ended December 31, 2022

#### Net Interest Income

Net interest income was \$36.3 million for the fourth quarter of 2022, compared to \$35.1 million for the third quarter of 2022 and \$31.4 million for the fourth quarter of 2021. Net interest margin, calculated on a tax-equivalent basis, was 3.88% for the fourth quarter of 2022, compared to 3.70% for the third quarter of 2022 and 3.50% for the fourth quarter of 2021. The average yield on loans was 5.59% for the fourth quarter of 2022, compared to 5.12% for the third quarter of 2022 and 4.90% for the fourth quarter of 2021. The average cost of deposits was 97 basis points for the fourth quarter of 2022, which is 45 basis points higher than the third quarter of 2022 and 74 basis points higher than the fourth quarter of 2021.

Interest income was \$46.2 million for the fourth quarter of 2022, compared to \$41.1 million for the third quarter of 2022 and \$34.6 million for the fourth quarter of 2021. Interest income increased \$5.1 million in the fourth quarter of 2022 from the third quarter of 2022, which was comprised of increases of \$4.2 million in loan interest income and \$0.9 million in interest income from securities and other interest-earning assets. The increase in loan interest income was primarily due to an increase of \$74.4 million in average loans outstanding, a \$0.9 million purchase discount principal and interest recovery, and the rising interest rate environment. The increase in interest income on securities and other interest-earning assets was primarily due to continued rising market interest rates. Interest income increased \$11.6 million in the fourth quarter of 2022 compared to the fourth quarter of 2021. This increase was primarily due to an increase of average loans of \$227.9 million, securities purchases, and rising market interest rates during the period.

Interest expense was \$9.9 million for the fourth quarter of 2022, compared to \$6.0 million for the third quarter of 2022 and \$3.2 million for the fourth quarter of 2021. Interest expense increased \$3.9 million compared to the third quarter of 2022 and \$6.8 million compared to the fourth quarter of 2021 primarily as a result of rising interest rates on interest-bearing liabilities, with the increase being mainly comprised of interest expense on deposits.

#### **Noninterest Income and Noninterest Expense**

Noninterest income was \$12.7 million for the fourth quarter of 2022, compared to \$20.9 million for the third quarter of 2022 and \$22.9 million for the fourth quarter of 2021. The decrease from the third quarter of 2022 was primarily due to the seasonal decrease of \$2.0 million in income from insurance activities, a decrease of \$3.5 million in mortgage banking activities revenue, and \$2.1 million of income from legal settlements recorded in the third quarter of 2022. The decrease in mortgage banking activities revenues was mainly the result of a decline of \$26.8 million, or 17.7%, in mortgage loan originations, as the residential mortgage market continued to slow during the fourth quarter of 2022, as a result of higher market interest rates and seasonality, and a \$1.3 million fair value write-down of the mortgage servicing rights portfolio. The decrease in noninterest income for the fourth quarter of 2022 as compared to the fourth quarter of 2021 was primarily due to a decline of \$9.6 million in mortgage banking activities revenue as mortgage loan originations declined \$189.0 million, or 60.2%, as high-volume refinance activity experienced during 2020 and 2021 has slowed as a result of higher market interest rates.

Noninterest expense was \$32.7 million for the fourth quarter of 2022, compared to \$37.4 million for the third quarter of 2022 and \$36.1 million for the fourth quarter of 2021. The decrease from the third quarter of 2022 was primarily the result of a decline of \$4.2 million in personnel expense and a decline of \$0.6 million in legal expenses. The decrease in personnel expense was mainly the result of having the additional \$1.8 million in commissions for increased insurance activities in the third quarter of 2022 and a decrease of \$1.2 million in mortgage commission and related supporting personnel expenses as mortgage loan originations decreased in the fourth quarter of 2022. The decrease in noninterest expense for the fourth quarter of 2022 as compared to the fourth quarter of 2021 was primarily driven by lower mortgage commissions and other variable mortgage-based expenses due to the reduction in mortgage loan originations, partially offset by additional commercial lenders hired as part of a planned initiative.

#### **Loan Portfolio and Composition**

Loans held for investment were \$2.75 billion as of December 31, 2022, compared to \$2.69 billion as of September 30, 2022 and \$2.44 billion as of December 31, 2021. The \$57.7 million, or 2.1%, increase during the fourth quarter of 2022 as compared to the third quarter of 2022 was primarily the result of organic net loan growth. This loan growth remained relationship-focused and occurred primarily in commercial real estate loans, residential mortgage loans, and consumer auto loans, partially offset by a decrease in hotel loans and agricultural production loans. As of December 31, 2022, loans held for investment increased \$310.5 million, or 12.7% year over year, from December 31, 2021, primarily attributable to strong organic loan growth.

Agricultural production loans were \$66.5 million as of December 31, 2022, compared to \$94.1 million as of September 30, 2022 and \$103.0 million as of December 31, 2021. The typical funding of these agricultural production loans during 2022 was below normal given the drought conditions experienced across the State of Texas.

#### **Deposits and Borrowings**

Deposits totaled \$3.41 billion as of December 31, 2022, compared to \$3.46 billion as of September 30, 2022 and \$3.34 billion as of December 31, 2021. Deposits decreased by \$54.1 million, or 1.6%, in the fourth quarter of 2022 from September 30, 2022. As of December 31, 2022, deposits increased \$65.2 million, or 2.0% year over year, from December 31, 2021. Noninterest-bearing deposits were \$1.15 billion as of December 31, 2022, compared to \$1.26 billion as of September 30, 2022 and \$1.07 billion as of December 31, 2021. Noninterest-bearing deposits represented 33.4% of total deposits as of December 31, 2022. The quarterly decrease in deposits was mainly the result of increased competition for deposits amid overall deposit outflows in the United States banking system. The year-over-year increase in deposits is primarily a result of organic growth noted through the first three quarters of 2022.

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## Asset Quality

The Company recorded a provision for loan losses in the fourth quarter of 2022 of \$248 thousand, compared to a negative provision of \$782 thousand in the third quarter of 2022 and no provision in the fourth quarter of 2021. The Company continued to largely experience stable credit metrics in the loan portfolio during the fourth quarter of 2022. There were improvements specifically noted in the hotel segment, which had a net reduction in outstanding principal of \$16.8 million during the quarter. Nevertheless, forecasted economic conditions continue to remain uncertain due to the continued rising interest rate environment and persistent high inflation levels in the United States, and provisions for loan losses may be necessary in future periods.

The ratio of allowance for loan losses to loans held for investment was 1.43% as of December 31, 2022, compared to 1.47% as of September 30, 2022 and 1.73% as of December 31, 2021.

The ratio of nonperforming assets to total assets as of December 31, 2022 was 0.20%, compared to 0.20% as of September 30, 2022 and 0.30% at December 31, 2021. Annualized net charge-offs (recoveries) were 0.09% for the fourth quarter of 2022, compared to (0.10)% for the third quarter of 2022 and 0.11% for the fourth quarter of 2021.

## Capital

Book value per share increased to \$20.97 at December 31, 2022, compared to \$20.03 at September 30, 2022. The increase was mainly driven by an \$8.4 million dollar increase in accumulated other comprehensive income ("AOCI") and by an increase of \$10.6 million of net income after dividends paid. The increase in AOCI was attributed to the rise in fair value of our available for sale securities and fair value hedges, net of tax, as a result of decreases in longer-term market interest rates during the period.

## Conference Call

South Plains will host a conference call to discuss its fourth quarter and year-end 2022 financial results today, January 26, 2023, at 5:00 p.m., Eastern Time. Investors and analysts interested in participating in the call are invited to dial 1-877-407-9716 (international callers please dial 1-201-493-6779) approximately 10 minutes prior to the start of the call. A live audio webcast of the conference call and conference materials will be available on the Company's website at <https://www.spfi.bank/news-events/events>.

A replay of the conference call will be available within two hours of the conclusion of the call and can be accessed on the investor section of the Company's website as well as by dialing 1-844-512-2921 (international callers please dial 1-412-317-6671). The pin to access the telephone replay is 13733502. The replay will be available until February 2, 2023.

## About South Plains Financial, Inc.

South Plains is the bank holding company for City Bank, a Texas state-chartered bank headquartered in Lubbock, Texas. City Bank is one of the largest independent banks in West Texas and has additional banking operations in the Dallas, El Paso, Greater Houston, the Permian Basin, and College Station, Texas markets, and the Ruidoso, New Mexico market. South Plains provides a wide range of commercial and consumer financial services to small and medium-sized businesses and individuals in its market areas. Its principal business activities include commercial and retail banking, along with insurance, investment, trust and mortgage services. Please visit <https://www.spfi.bank> for more information.

## Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures include Tangible Book Value Per Share, Tangible Common Equity to Tangible Assets, and Pre-Tax, Pre-Provision Income. The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures.

We classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the United States in our statements of income, balance sheets or statements of cash flows. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies.

A reconciliation of non-GAAP financial measures to GAAP financial measures is provided at the end of this press release.

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## Available Information

The Company routinely posts important information for investors on its web site (under [www.spfi.bank](http://www.spfi.bank) and, more specifically, under the News & Events tab at [www.spfi.bank/news-events/press-releases](http://www.spfi.bank/news-events/press-releases)). The Company intends to use its web site as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD (Fair Disclosure) promulgated by the U.S. Securities and Exchange Commission (the "SEC"). Accordingly, investors should monitor the Company's web site, in addition to following the Company's press releases, SEC filings, public conference calls, presentations and webcasts.

The information contained on, or that may be accessed through, the Company's web site is not incorporated by reference into, and is not a part of, this document.

## Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect South Plains' current views with respect to future events. Any statements about South Plains' expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. South Plains cautions that the forward-looking statements in this press release are based largely on South Plains' expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond South Plains' control. Factors that could cause such changes include, but are not limited to, general economic conditions, the extent of the impact of the COVID-19 pandemic (and any current or future variants thereof) on our customers, changes in market interest rates, the persistence of the current inflationary environment in the United States and our market areas, the uncertain impacts of quantitative tightening and current and future monetary policies of the Federal Reserve, regulatory considerations, competition and market expansion opportunities, changes in non-interest expenditures or in the anticipated benefits of such expenditures, and changes in applicable laws and regulations. Additional information regarding these risks and uncertainties to which South Plains' business and future financial performance are subject is contained in South Plains' most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file with the SEC, and other documents South Plains files with the SEC from time to time. South Plains urges readers of this press release to review the "Risk Factors" section of our most recent Annual Report on Form 10-K, as well as the "Risk Factors" section of other documents South Plains files or furnishes with the SEC from time to time, which are available on the SEC's website, [www.sec.gov](http://www.sec.gov). Actual results, performance or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements due to additional risks and uncertainties of which South Plains is not currently aware or which it does not currently view as, but in the future may become, material to its business or operating results. Due to these and other possible uncertainties and risks, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized and readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. Any forward-looking statements presented herein are made only as of the date of this press release, and South Plains does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, new information, the occurrence of unanticipated events, or otherwise, except as required by law. All forward-looking statements, express or implied, included in the press release are qualified in their entirety by this cautionary statement.

Contact: Mikella Newsom, Chief Risk Officer and Secretary  
(866) 771-3347  
[investors@city.bank](mailto:investors@city.bank)

Source: South Plains Financial, Inc.

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South Plains Financial, Inc.  
Consolidated Financial Highlights - (Unaudited)  
(Dollars in thousands, except share data)

	As of and for the quarter ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
<b>Selected Income Statement Data:</b>					
Interest income	\$ 46,228	\$ 41,108	\$ 40,752	\$ 33,080	\$ 34,600
Interest expense	9,906	6,006	3,647	3,133	3,151
Net interest income	36,322	35,102	37,105	29,947	31,449
Provision for loan losses	248	(782)	-	(2,085)	-
Noninterest income	12,676	20,937	18,835	23,697	22,928
Noninterest expense	32,708	37,401	36,056	37,924	36,132
Income tax expense	3,421	3,962	4,001	3,527	3,631
Net income	12,621	15,458	15,883	14,278	14,614
<b>Per Share Data (Common Stock):</b>					
Net earnings, basic	0.74	0.89	0.91	0.81	0.82
Net earnings, diluted	0.71	0.86	0.88	0.78	0.79
Cash dividends declared and paid	0.12	0.12	0.11	0.11	0.09
Book value	20.97	20.03	20.91	21.90	22.94
Tangible book value (non-GAAP)	19.57	18.61	19.50	20.49	21.51
Weighted average shares outstanding, basic	17,007,914	17,286,531	17,490,706	17,716,136	17,777,542
Weighted average shares outstanding, dilutive	17,751,674	17,901,899	18,020,548	18,392,397	18,433,038
Shares outstanding at end of period	17,027,197	17,064,640	17,417,094	17,673,407	17,760,243
<b>Selected Period End Balance Sheet Data:</b>					
Cash and cash equivalents	234,883	329,962	375,690	528,612	486,821
Investment securities	701,711	711,412	763,943	793,404	724,504
Total loans held for investment	2,748,081	2,690,366	2,580,493	2,453,631	2,437,577
Allowance for loan losses	39,288	39,657	39,785	39,649	42,098
Total assets	3,944,063	3,992,690	3,974,724	3,999,744	3,901,855
Interest-bearing deposits	2,255,942	2,198,464	2,230,105	2,318,942	2,269,855
Noninterest-bearing deposits	1,150,488	1,262,072	1,195,732	1,131,215	1,071,367
Total deposits	3,406,430	3,460,536	3,425,837	3,450,157	3,341,222
Borrowings	122,354	122,307	122,261	122,214	122,168
Total stockholders' equity	357,014	341,799	364,222	387,068	407,427
<b>Summary Performance Ratios:</b>					
Return on average assets	1.27%	1.53%	1.60%	1.47%	1.50%
Return on average equity	14.33%	17.37%	16.96%	14.58%	14.39%
Net interest margin <sup>(1)</sup>	3.88%	3.70%	4.02%	3.33%	3.50%
Yield on loans	5.59%	5.12%	5.57%	4.80%	4.90%
Cost of interest-bearing deposits	1.52%	0.82%	0.42%	0.34%	0.35%
Efficiency ratio	66.35%	66.38%	64.11%	70.30%	66.07%
<b>Summary Credit Quality Data:</b>					
Nonperforming loans	7,790	7,834	7,889	12,141	10,598
Nonperforming loans to total loans held for investment	0.28%	0.29%	0.31%	0.49%	0.43%
Other real estate owned	169	37	59	1,141	1,032
Nonperforming assets to total assets	0.20%	0.20%	0.20%	0.33%	0.30%
Allowance for loan losses to total loans held for investment	1.43%	1.47%	1.54%	1.62%	1.73%
Net charge-offs to average loans outstanding (annualized)	0.09%	(0.10)%	(0.02)%	0.06%	0.11%



	As of and for the quarter ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
<b>Capital Ratios:</b>					
Total stockholders' equity to total assets	9.05%	8.56%	9.16%	9.68%	10.44%
Tangible common equity to tangible assets (non-GAAP)	8.50%	8.00%	8.60%	9.11%	9.85%
Common equity tier 1 to risk-weighted assets	11.81%	11.67%	12.24%	12.86%	12.91%
Tier 1 capital to average assets	11.03%	10.95%	10.93%	10.78%	10.77%
Total capital to risk-weighted assets	16.58%	16.46%	17.32%	18.22%	18.40%

(1) Net interest margin is calculated as the annual net interest income, on a fully tax-equivalent basis, divided by average interest-earning assets.

South Plains Financial, Inc.  
Average Balances and Yields - (Unaudited)  
(Dollars in thousands)

	For the Three Months Ended					
	December 31, 2022			December 31, 2021		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets</b>						
Loans, excluding PPP <sup>(1)</sup>	\$ 2,744,574	\$ 38,607	5.58%	\$ 2,469,703	\$ 29,940	4.81%
Loans - PPP	1,021	88	34.19%	48,033	1,143	9.44%
Debt securities - taxable	601,411	4,868	3.21%	507,948	2,174	1.70%
Debt securities - nontaxable	214,011	1,418	2.63%	219,812	1,458	2.63%
Other interest-bearing assets	184,471	1,546	3.32%	359,088	192	0.21%
<b>Total interest-earning assets</b>	<b>3,745,488</b>	<b>46,527</b>	<b>4.93%</b>	<b>3,604,584</b>	<b>34,907</b>	<b>3.84%</b>
Noninterest-earning assets	182,088			260,211		
<b>Total assets</b>	<b>\$ 3,927,576</b>			<b>\$ 3,864,795</b>		
<b>Liabilities &amp; stockholders' equity</b>						
NOW, Savings, MMDA's	\$ 1,844,551	7,231	1.56%	\$ 1,864,373	904	0.19%
Time deposits	305,098	1,027	1.34%	337,449	1,016	1.19%
Short-term borrowings	4	-	0.00%	4	-	0.00%
Notes payable & other long-term borrowings	-	-	0.00%	-	-	0.00%
Subordinated debt securities	75,938	1,013	5.29%	75,752	1,012	5.30%
Junior subordinated deferrable interest debentures	46,393	635	5.43%	46,393	219	1.87%
<b>Total interest-bearing liabilities</b>	<b>2,271,984</b>	<b>9,906</b>	<b>1.73%</b>	<b>2,323,971</b>	<b>3,151</b>	<b>0.54%</b>
Demand deposits	1,234,570			1,093,352		
Other liabilities	71,615			44,620		
Stockholders' equity	349,407			402,852		
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 3,927,576</b>			<b>\$ 3,864,795</b>		
Net interest income		\$ 36,621			\$ 31,756	
Net interest margin <sup>(2)</sup>			3.88%			3.50%

(1) Average loan balances include nonaccrual loans and loans held for sale.

(2) Net interest margin is calculated as the annualized net income, on a fully tax-equivalent basis, divided by average interest-earning assets.

PPP - Small Business Administration Paycheck Protection Program

South Plains Financial, Inc.  
Average Balances and Yields - (Unaudited)  
(Dollars in thousands)

	For the Twelve Months Ended					
	December 31, 2022			December 31, 2021		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets</b>						
Loans, excluding PPP <sup>(1)</sup>	\$ 2,597,274	\$ 135,927	5.23%	\$ 2,302,413	\$ 112,255	4.88%
Loans - PPP	14,887	2,030	13.64%	117,788	8,290	7.04%
Debt securities - taxable	594,405	15,010	2.53%	532,272	9,292	1.75%
Debt securities - nontaxable	216,216	5,733	2.65%	219,385	5,872	2.68%
Other interest-bearing assets	318,862	3,675	1.15%	336,081	565	0.17%
<b>Total interest-earning assets</b>	<b>3,741,644</b>	<b>162,375</b>	<b>4.34%</b>	<b>3,507,939</b>	<b>136,274</b>	<b>3.88%</b>
Noninterest-earning assets	222,544			261,140		
<b>Total assets</b>	<b>\$ 3,964,188</b>			<b>\$ 3,769,079</b>		
<b>Liabilities &amp; stockholders' equity</b>						
NOW, Savings, MMDA's	\$ 1,889,888	13,013	0.69%	\$ 1,841,678	4,163	0.23%
Time deposits	327,289	3,989	1.22%	329,509	4,130	1.25%
Short-term borrowings	4	-	0.00%	8,045	5	0.06%
Notes payable & other long-term borrowings	-	-	0.00%	19,641	38	0.19%
Subordinated debt securities	75,874	4,050	5.34%	75,699	4,056	5.36%
Junior subordinated deferrable interest debentures	46,393	1,640	3.54%	46,393	880	1.90%
<b>Total interest-bearing liabilities</b>	<b>2,339,448</b>	<b>22,692</b>	<b>0.97%</b>	<b>2,320,965</b>	<b>13,272</b>	<b>0.57%</b>
Demand deposits	1,189,730			1,016,835		
Other liabilities	66,182			42,654		
Stockholders' equity	368,828			388,625		
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 3,964,188</b>			<b>\$ 3,769,079</b>		
Net interest income		\$ 139,683			\$ 123,002	
Net interest margin <sup>(2)</sup>			3.73%			3.51%

(1) Average loan balances include nonaccrual loans and loans held for sale.

(2) Net interest margin is calculated as the annualized net income, on a fully tax-equivalent basis, divided by average interest-earning assets.

PPP - Small Business Administration Paycheck Protection Program

South Plains Financial, Inc.  
Consolidated Balance Sheets  
(Unaudited)  
(Dollars in thousands)

	As of	
	December 31, 2022	December 31, 2021
<b>Assets</b>		
Cash and due from banks	\$ 61,613	\$ 68,425
Interest-bearing deposits in banks	173,270	418,396
Federal funds sold	—	—
Investment securities	701,711	724,504
Loans held for sale	30,403	76,507
Loans held for investment	2,748,081	2,437,577
Less: Allowance for loan losses	(39,288)	(42,098)
Net loans held for investment	2,708,793	2,395,479
Premises and equipment, net	56,337	57,699
Goodwill	19,508	19,508
Intangible assets	4,349	5,895
Mortgage servicing assets	27,474	19,700
Other assets	160,605	115,742
<b>Total assets</b>	<b>\$ 3,944,063</b>	<b>\$ 3,901,855</b>
<b>Liabilities and Stockholders' Equity Liabilities</b>		
Noninterest-bearing deposits	\$ 1,150,488	\$ 1,071,367
Interest-bearing deposits	2,255,942	2,269,855
Total deposits	3,406,430	3,341,222
Other borrowings	-	-
Subordinated debt securities	75,961	75,775
Junior subordinated deferrable interest debentures	46,393	46,393
Other liabilities	58,265	31,038
Total liabilities	3,587,049	3,494,428
<b>Stockholders' Equity</b>		
Common stock	17,027	17,760
Additional paid-in capital	112,834	133,215
Retained earnings	292,261	242,750
Accumulated other comprehensive income (loss)	(65,108)	13,702
Total stockholders' equity	357,014	407,427
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,944,063</b>	<b>\$ 3,901,855</b>

South Plains Financial, Inc.  
Consolidated Statements of Income  
(Unaudited)  
(Dollars in thousands)

	Three Months Ended		Twelve Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<b>Interest income:</b>				
Loans, including fees	\$ 38,694	\$ 31,082	\$ 137,954	\$ 120,540
Other	7,534	3,518	23,214	14,496
Total Interest income	46,228	34,600	161,168	135,036
<b>Interest expense:</b>				
Deposits	8,258	1,920	17,002	8,293
Subordinated debt securities	1,013	1,012	4,050	4,056
Junior subordinated deferrable interest debentures	635	219	1,640	880
Other	-	-	-	43
Total Interest expense	9,906	3,151	22,692	13,272
Net interest income	36,322	31,449	138,476	121,764
<b>Provision for loan losses</b>	248	-	(2,619)	(1,918)
Net interest income after provision for loan losses	36,074	31,449	141,095	123,682
<b>Noninterest income:</b>				
Service charges on deposits	1,680	1,940	6,829	6,963
Income from insurance activities	2,823	2,168	10,826	8,314
Mortgage banking activities	2,777	12,397	31,370	59,726
Bank card services and interchange fees	3,090	3,479	12,946	12,239
Other	2,306	2,944	14,174	10,227
Total Noninterest income	12,676	22,928	76,145	97,469
<b>Noninterest expense:</b>				
Salaries and employee benefits	18,703	21,549	86,323	93,360
Net occupancy expense	4,085	3,600	15,987	14,560
Professional services	1,945	2,269	9,740	6,752
Marketing and development	1,223	1,068	3,614	3,225
Other	6,752	7,646	28,425	30,133
Total noninterest expense	32,708	36,132	144,089	148,030
<b>Income before income taxes</b>	16,042	18,245	73,151	73,121
Income tax expense	3,421	3,631	14,911	14,507
<b>Net income</b>	<u>\$ 12,621</u>	<u>\$ 14,614</u>	<u>\$ 58,240</u>	<u>\$ 58,614</u>

**South Plains Financial, Inc.**  
**Loan Composition**  
**(Unaudited)**  
**(Dollars in thousands)**

	As of	
	December 31, 2022	December 31, 2021
<b>Loans:</b>		
Commercial Real Estate	\$ 919,358	\$ 755,444
Commercial - Specialized	327,513	378,725
Commercial - General	484,783	460,024
Consumer:		
1-4 Family Residential	460,124	387,690
Auto Loans	321,476	240,719
Other Consumer	81,308	68,113
Construction	153,519	146,862
<b>Total loans held for investment</b>	<b>\$ 2,748,081</b>	<b>\$ 2,437,577</b>

**South Plains Financial, Inc.**  
**Deposit Composition**  
**(Unaudited)**  
**(Dollars in thousands)**

	As of	
	December 31, 2022	December 31, 2021
<b>Deposits:</b>		
Noninterest-bearing deposits	\$ 1,150,488	\$ 1,071,367
NOW & other transaction accounts	350,910	395,322
MMDA & other savings	1,618,833	1,534,795
Time deposits	286,199	339,738
<b>Total deposits</b>	<b>\$ 3,406,430</b>	<b>\$ 3,341,222</b>

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**South Plains Financial, Inc.**  
**Reconciliation of Non-GAAP Financial Measures (Unaudited)**  
(Dollars in thousands)

	December 31, 2022	September 30, 2022	For the quarter ended June 30, 2022	March 31, 2022	December 31, 2021
<b>Pre-tax, pre-provision income</b>					
Net income	\$ 12,621	\$ 15,458	\$ 15,883	\$ 14,278	\$ 14,614
Income tax expense	3,421	3,962	4,001	3,527	3,631
Provision for loan losses	248	(782)	-	(2,085)	-
<b>Pre-tax, pre-provision income</b>	<u>\$ 16,290</u>	<u>\$ 18,638</u>	<u>\$ 19,884</u>	<u>\$ 15,720</u>	<u>\$ 18,245</u>

**South Plains Financial, Inc.**  
**Reconciliation of Non-GAAP Financial Measures (Unaudited)**  
(Dollars in thousands)

	December 31, 2022	September 30, 2022	As of June 30, 2022	March 31, 2022	December 31, 2021
<b>Tangible common equity</b>					
Total common stockholders' equity	\$ 357,014	\$ 341,799	\$ 364,222	\$ 387,068	\$ 407,427
Less: goodwill and other intangibles	(23,857)	(24,228)	(24,620)	(25,011)	(25,403)
<b>Tangible common equity</b>	<u>\$ 333,157</u>	<u>\$ 317,571</u>	<u>\$ 339,602</u>	<u>\$ 362,057</u>	<u>\$ 382,024</u>
<b>Tangible assets</b>					
Total assets	\$ 3,944,063	\$ 3,992,690	\$ 3,974,724	\$ 3,999,744	\$ 3,901,855
Less: goodwill and other intangibles	(23,857)	(24,228)	(24,620)	(25,011)	(25,403)
<b>Tangible assets</b>	<u>\$ 3,920,206</u>	<u>\$ 3,968,462</u>	<u>\$ 3,950,104</u>	<u>\$ 3,974,733</u>	<u>\$ 3,876,452</u>
Shares outstanding	<u>17,027,197</u>	<u>17,064,640</u>	<u>17,417,094</u>	<u>17,673,407</u>	<u>17,760,243</u>
Total stockholders' equity to total assets	9.05%	8.56%	9.16%	9.68%	10.44%
Tangible common equity to tangible assets	8.50%	8.00%	8.60%	9.11%	9.85%
Book value per share	\$ 20.97	\$ 20.03	\$ 20.91	\$ 21.90	\$ 22.94
Tangible book value per share	\$ 19.57	\$ 18.61	\$ 19.50	\$ 20.49	\$ 21.51

# South Plains Financial



## Fourth Quarter and Year-End 2022 Earnings Presentation

January 26, 2023



## FORWARD-LOOKING STATEMENTS

This presentation contains, and future oral and written statements of South Plains Financial, Inc. ("South Plains" or the "Company" or "SPFI") and City Bank ("City Bank" or the "Bank") may contain, statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect South Plains' current views with respect to, among other things, the ongoing COVID-19 pandemic, future events and South Plains' financial performance. Any statements about South Plains' expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. Forward-looking statements include, but are not limited to: (i) projections and estimates of revenues, expenses, income or loss, earnings or loss per share, and other financial items, (ii) statements of plans, objectives and expectations of South Plains or its management, (iii) statements of future economic performance, and (iv) statements of assumptions underlying such statements. Forward-looking statements should not be relied on because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of South Plains and City Bank. These risks, uncertainties and other factors may cause the actual results, performance, and achievements of South Plains and City Bank to be materially different from the anticipated future results, performance or achievements expressed in, or implied by, the forward-looking statements. Factors that could cause such differences include, but are not limited to, local, regional, national and international economic conditions, the extent of the impact of the COVID-19 pandemic (and any current or future variant thereof), including the impact of actions taken by governmental and regulatory authorities in response to such pandemic, such as the Coronavirus Aid, Relief, and Economic Security Act and subsequent related legislations, and the programs established thereunder, and City Bank's participation in such programs, volatility of the financial markets, changes in market interest rates, the persistence of the current inflationary environment in the United States and our market areas, the uncertain impacts of quantitative tightening and current and future monetary policies of the Board of Governors of the Federal Reserve System, regulatory considerations, competition and market expansion opportunities, changes in non-interest expenditures or in the anticipated benefits of such expenditures, the receipt of required regulatory approvals, changes in non-performing assets and charge-offs, adequacy of loan loss reserves, changes in tax laws, current or future litigation, regulatory examinations or other legal and/or regulatory actions, the impact of any tariffs, terrorist threats and attacks, acts of war or threats thereof or other pandemics. Due to these and other possible uncertainties and risks, South Plains can give no assurance that the results contemplated in the forward-looking statements will be realized and readers are cautioned not to place undue reliance on the forward-looking statements contained in this presentation. For more information about these factors, please see South Plains' reports filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC"), including South Plains' most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file with the SEC, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Further, any forward-looking statement speaks only as of the date on which it is made and South Plains undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as required by law. All forward-looking statements, express or implied, herein are qualified in their entirety by this cautionary statement.

## NON-GAAP FINANCIAL MEASURES

Management believes that certain non-GAAP performance measures used in this presentation provide meaningful information about underlying trends in its business and operations and provide both management and investors a more complete understanding of the Company's financial position and performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, SPFI's reported results prepared in accordance with GAAP. Numbers in this presentation may not sum due to rounding.

# Today's Speakers



**Curtis C. Griffith**  
*Chairman & Chief Executive Officer*

- Elected to the board of directors of First State Bank of Morton, Texas, in 1972 and employed by it in 1979
- Elected Chairman of the First State Bank of Morton board in 1984
- Chairman of the Board of City Bank and the Company since 1993



**Cory T. Newsom**  
*President*

- Entire banking career with the Company focused on lending and operations
- Appointed President and Chief Executive Officer of the Bank in 2008
- Joined the Board in 2008



**Steven B. Crockett**  
*Chief Financial Officer & Treasurer*

- Appointed Chief Financial Officer in 2015
- Previously Controller of City Bank and the Company for 14 and 5 years respectively
- Began career in public accounting in 1994 by serving for seven years with a local firm in Lubbock, Texas

# Fourth Quarter and Full Year 2022 Highlights



## Fourth Quarter 2022

<b>Organic Loan Growth</b> 8.6% Annualized	<b>Net Income</b> \$12.6 M	<b>Return on Average Assets</b> ("ROAA") 1.27%	<b>Net Interest Margin <sup>(1)</sup></b> ("NIM") 3.88%
<b>Loans Held for Investment</b> ("HFI") \$2.75 B	<b>EPS - Diluted</b> \$0.71	<b>Efficiency Ratio</b> 66.4%	<b>Average Yield on Loans</b> 5.59%

## Full Year 2022

<b>Organic Loan Growth</b> 12.7%	<b>Net Income</b> \$58.2 M	<b>ROAA</b> 1.47%	<b>NIM <sup>(1)</sup></b> 3.73%
<b>Total Assets</b> \$3.94 B	<b>EPS - Diluted</b> \$3.23	<b>Efficiency Ratio</b> 66.8%	

- For the full year 2022, **the Bank delivered 12.7% loan growth**, above the Company's mid to high single digit guidance
- The Bank's loan portfolio in its **major metropolitan markets<sup>(2)</sup>** grew 19.2% to \$878.8 million, **representing 32% of the Bank's total loan portfolio**
- **Credit quality remained stable** as the ratio of nonperforming assets to total assets was 20 bps in 4Q'22 and in 3Q'22 as compared to 30 bps in 4Q'21
- **Diligently managed expenses to drive profitability** as mortgage banking revenues declined
- Remained focused on returning capital to shareholders having **repurchased 4.8% of shares outstanding** as of December 31, 2021 while distributing **\$0.46 per share in quarterly dividends** in 2022, a **53% increase YoY**
- **2023 strategic priority shift** due to a conservative economic outlook prompting prudent management of the balance sheet while taking action on multiple levers to sustain liquidity and profitability

(1) Net interest margin is calculated on a tax-equivalent basis

(2) The Bank defines its "major metropolitan markets" to include Dallas, Houston and El Paso, Texas

Source: Company documents

## Total Loans HFI

\$ in Millions



## 4Q'22 Highlights

- ✓ Loans HFI increased \$57.7 million from 3Q'22, primarily due to organic net loan growth
  - Organic net loan growth remained relationship-focused, occurring primarily in commercial real estate loans, residential mortgage loans and consumer auto loans, partially offset by a decrease in hotel and agriculture loans
- ✓ Loans HFI increased \$310.5 million from 4Q'21
- ✓ 4Q'22 yield on loans of 5.59%; an increase of 47 bps compared to 3Q'22
  - Included 12bps for a purchased loan recovery on one credit in the 4Q'22 yield

Source: Company documents



# Attractive Markets Poised for Organic Growth

## Dallas / Ft. Worth

- ✓ Largest metropolitan statistical area ("MSA") in Texas. Steadily expanding population that accounts for over 26% of the state's population
- ✓ Attractive location for companies interested in relocating to more efficient economic environments
- ✓ Major U.S. airport hub and large corporations in diversified sectors, including financial services, transportation, energy and technology
- ✓ Focus on commercial real estate lending

## El Paso

- ✓ Population of 865,000+ people
- ✓ Adjacent in proximity to Juarez, Mexico's growing industrial center and an estimated population of 1.5 million people
- ✓ Home to four universities including The University of Texas at El Paso
- ✓ Focus on commercial real estate lending

## Houston

- ✓ Second largest MSA in Texas and fifth largest in the nation
- ✓ Called the "Energy Capital of the World," the area also boasts the world's largest medical center and second busiest port in the U.S
- ✓ Leading corporations across a variety of industries propelling growth through new entrants and diversification
- ✓ Focus on commercial real estate lending

## Lubbock

- ✓ Population in excess of 320,000 people with major industries in agribusiness, education, and trade among others
- ✓ Home of Texas Tech University – enrollment of 40,000 students
- ✓ Focus on community bank approach and expanding local relationships

Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation to GAAP

# Metropolitan Loan Growth

## Total Metropolitan Loans

*\$ in Millions*

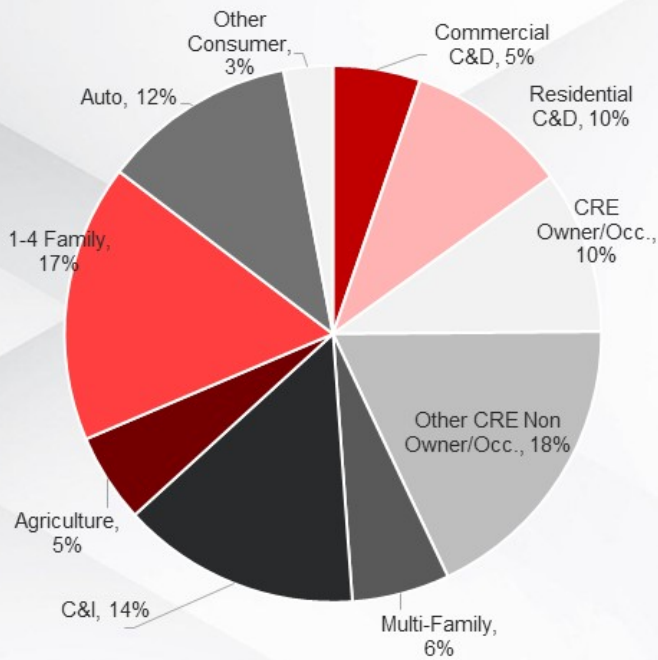


## 4Q'22 Highlights

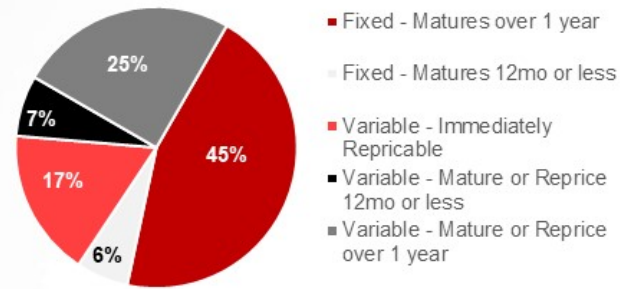
- ✓ Loans HFI in our Dallas, Houston and El Paso metro markets increased 13.9% annualized in 4Q'22 as compared to 3Q'22
- ✓ Loans HFI increased 19.2% in 2022 as compared to 2021 in our MSA's and represent 32% of total Bank loans at year-end 2022
  - Expansion of lending team across the Company's metro markets is driving accelerated loan growth
  - Existing infrastructure in Dallas, Houston and El Paso can support further growth
  - New lenders continue to ramp more quickly than anticipated reaching breakeven ahead of plan, on average

Source: Company documents

## Loan Mix



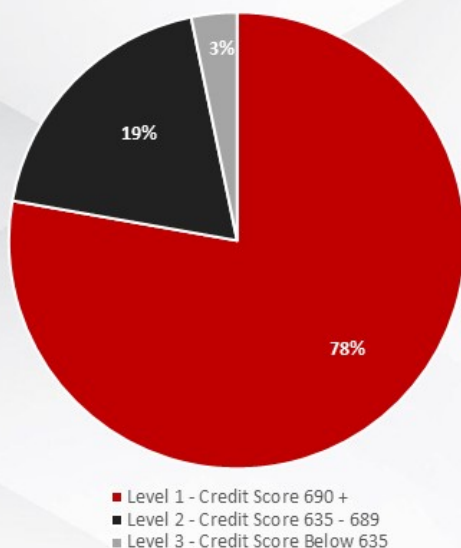
## Fixed vs. Variable Rate at 12/31/22



Loan Portfolio (\$ in millions)	12/31/22
Commercial C&D	\$ 144.7
Residential C&D	269.1
CRE Owner/Occ.	269.5
Other CRE Non Owner/Occ.	497.3
Multi-Family	161.9
C&I	394.9
Agriculture	147.8
1-4 Family	460.1
Auto	321.5
Other Consumer	81.3
<b>Total</b>	<b>\$ 2,748.1</b>

Source: Company documents

## Indirect Auto Credit Breakdown



Credit score at origination

## Indirect Auto Highlights

- ✓ Indirect auto loans totaled \$296.9 million at the end of 4Q'22
- ✓ Disciplined underwriting approach to selectively grow indirect auto lending portfolio
- ✓ Strong credit quality in sector positioned for resiliency across economic cycles:
  - Credit score 690+: \$230.9 million
  - Credit score 635-689: \$56.3 million
  - Credit score below 635: \$9.6 million
- Loans past due 30+ days: 26bps as of year-end 2022

Source: Company documents



# Mortgage Banking Overview

## Mortgage Banking Activity

\$ in Millions



- ### 4Q'22 Highlights
- ✓ Mortgage loan originations decreased 17.7% in 4Q'22 compared to 3Q'22 as the residential mortgage market continued to slow during the fourth quarter primarily due to higher market interest rates and seasonality
  - ✓ Continued to pivot loan strategy to maintain profitability as mortgage volumes continue to decline
  - ✓ Management believes the Bank's mortgage banking business is no longer a headwind to financial results at current levels
  - ✓ Mortgage servicing rights – a negative fair value adjustment of \$1.3 million in 4Q'22

Source: Company documents

# Noninterest Income Overview

## Noninterest Income

\$ in Millions



## 4Q'22 Highlights

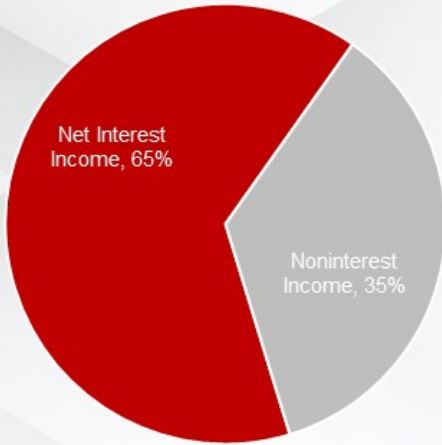
- ✓ Noninterest income of \$12.7 million, compared to \$20.9 million in 3Q'22, was primarily a result of the seasonal decline of \$2.0 million in insurance activity and a decrease of \$3.5 million in mortgage banking activities revenue
- ✓ Additionally, 3Q'22 noninterest income benefited from \$2.1 million of income from one-time legal settlements
- ✓ Noninterest income expected to stabilize in the coming quarters as mortgage banking revenues trough

Source: Company documents

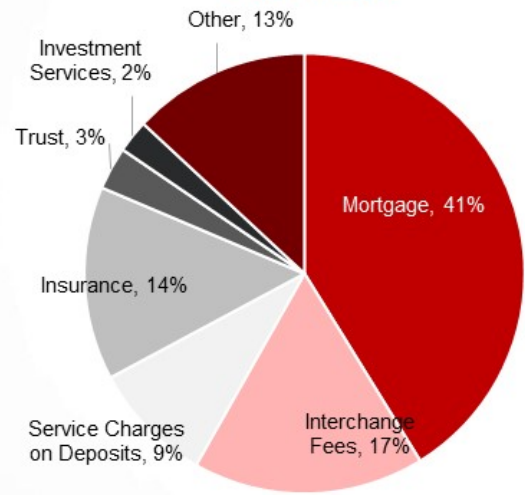
# Diversified Revenue Stream

Twelve Months Ended December 31, 2022

**Total Revenues**  
*\$214.6 million*



**Noninterest Income**  
*\$76.1 million*

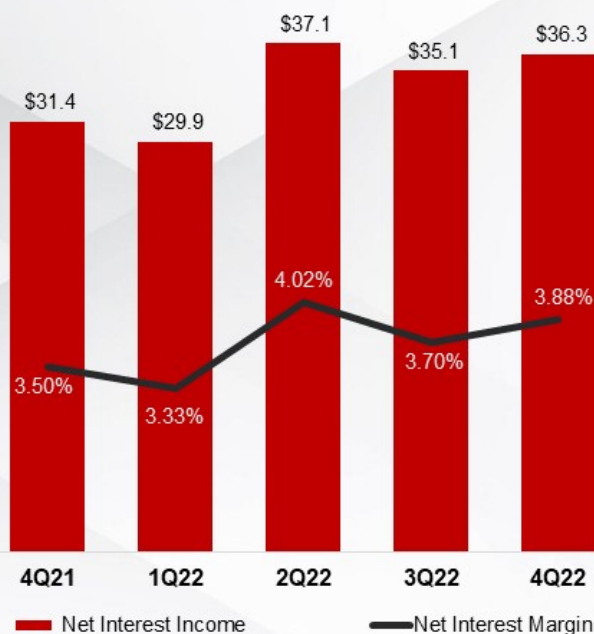


Source: Company documents

# Net Interest Income and Margin

## Net Interest Income & Margin

\$ in Millions



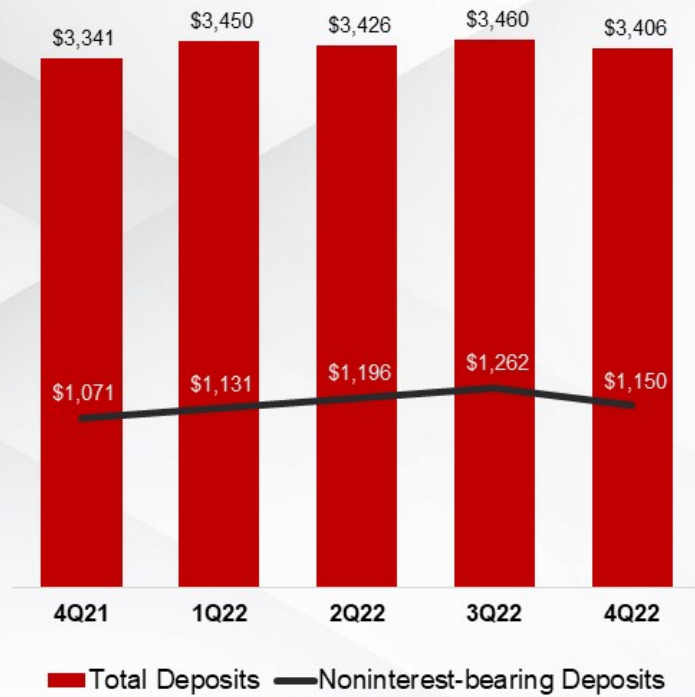
## 4Q'22 Highlights

- ✓ Net interest income ("NII") of \$36.3 million, compared to \$35.1 million in 3Q'22
- ✓ 4Q'22 NIM of 3.88%, an increase of 18 bps compared to 3Q'22:
  - \$74.4 million growth in average loans outstanding during the fourth quarter
  - Continued increase in market interest rates during the fourth quarter
  - Included 9bps for a purchased loan recovery on one credit in the 4Q'22 yield

Source: Company documents

## Total Deposits

\$ in Millions



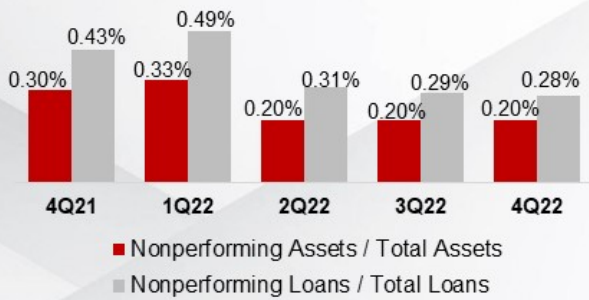
## 4Q'22 Highlights

- ✓ Total deposits of \$3.41 billion at 4Q'22, a decrease of \$54.1 million from 3Q'22
  - Decrease was attributable to increased competition for deposits amid overall deposit outflows in the United States banking system
- ✓ Cost of interest-bearing deposits increased to 1.52% in 4Q'22 from 0.82% in 3Q'22
  - Average cost of deposits was 97 bps as compared to 52 bps in 3Q'22
- ✓ Noninterest-bearing deposits to total deposits was 33.8% in 4Q'22, compared to 36.5% in 3Q'22

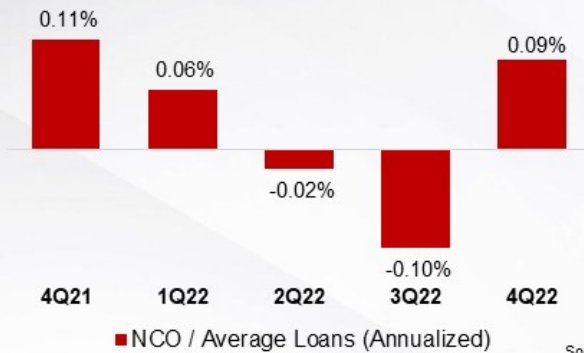
Source: Company documents



## Credit Quality Ratios



## Net Charge-Offs to Average Loans

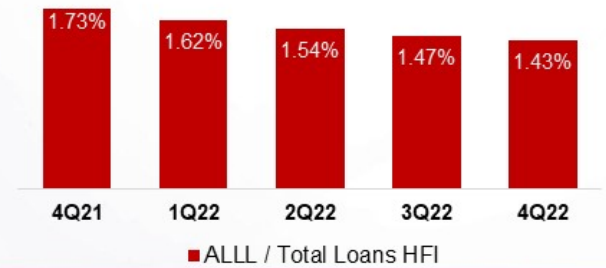


Source: Company documents

## 4Q'22 Highlights

- ✓ The Company recorded a provision for loan losses in 4Q'22 of \$248 thousand, compared to a negative provision of \$782 thousand in 3Q'22, due to increases in loan balances during the period
- ✓ Credit metrics in the loan portfolio were stable during the fourth quarter and benefited from further improvements in the hotel segment
- ✓ Ratio of Allowance for Loan Losses ("ALLL") to loans HFI was 1.43% at 12/31/22

## ALLL to Total Loans HFI

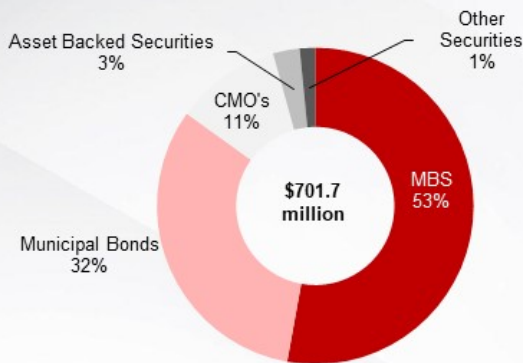


## Securities & Cash

\$ in Millions



## 4Q'22 Securities Composition



## 4Q'22 Highlights

- ✓ Investment Securities totaled \$701.7 million at 12/31/2022, a decrease of \$10 million from 9/30/2022
  - Includes a decrease of \$11.7 million in the unrealized loss on available for sale securities during 4Q'22, primarily due to longer-term rate decreases in market interest rates during the period
- ✓ All municipal bonds are in Texas
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE

Source: Company documents

# Noninterest Expense and Efficiency

## Noninterest Expense

\$ in Millions



## 4Q'22 Highlights

- ✓ Noninterest expense for 4Q'22 decreased \$4.7 million from 3Q'22 primarily due to:
  - Decline of \$4.2 million in personnel expense - \$1.8 million decrease in insurance commissions and \$1.2 million decrease in mortgage commission and related personnel costs; resulting from the decline in insurance and mortgage revenues in the fourth quarter
  - Reduction of \$587 thousand in legal expense during the period
- ✓ Anticipate noninterest expense to be flat to modestly higher in Q1'23 as compared to Q4'22 given cost inflation across the Bank
- ✓ Will continue to aggressively manage expenses to drive profitability

Source: Company documents

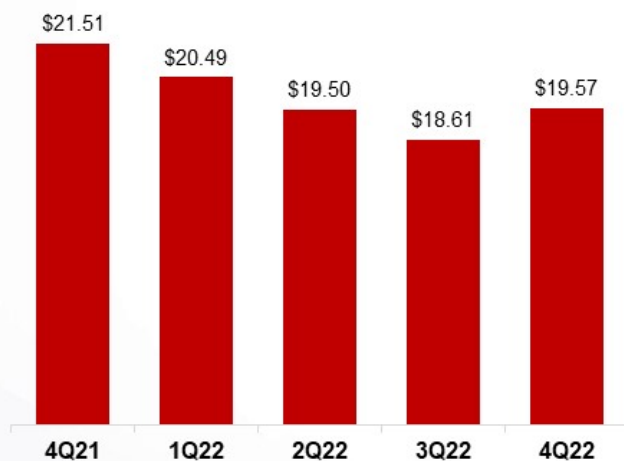


## Balance Sheet Highlights

\$ in Millions



## Tangible Book Value Per Share

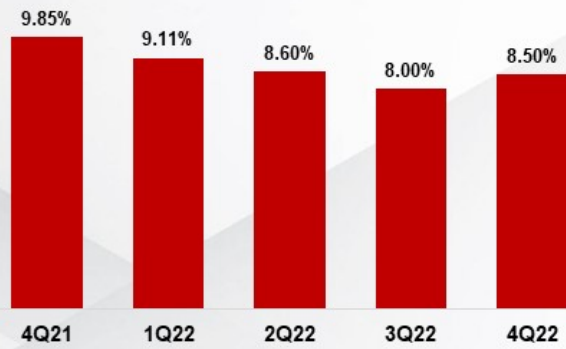


Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP

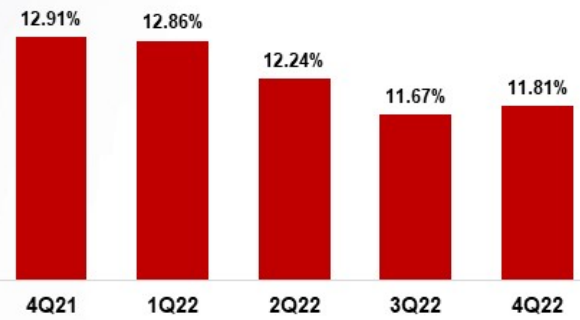
Source: Company documents

# Strong Capital Base

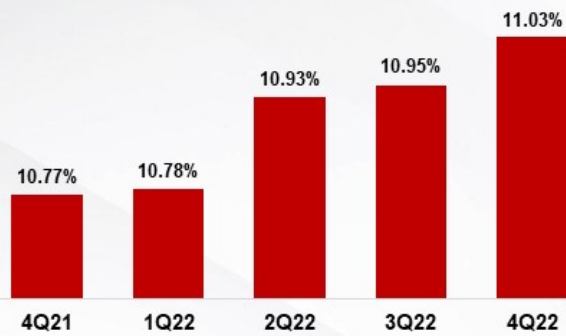
Tangible Common Equity to Tangible Assets Ratio



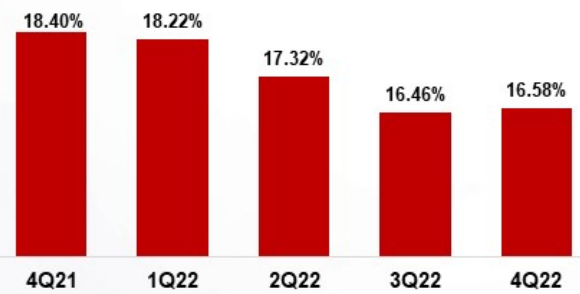
Common Equity Tier 1 Ratio



Tier 1 Capital to Average Assets Ratio



Total Capital to Risk-Weighted Assets Ratio



Source: Company documents

Note: Tangible common equity to tangible assets ratio is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP.

# SPFI's Core Purpose and Values Align: Centered on Relationship-Based Business

## THE POWER OF RELATIONSHIPS

At SPFI, we build lifelong, trusted relationships so you know you always have someone in your corner that understands you, cares about you, and stands ready to help.



South Plains  
Financial, Inc.

## Our Core Purpose is:

To use the power of relationships to help people succeed and live better

## HELP [ALL STAKEHOLDERS] SUCCEED

- **Employees** → great benefits and opportunities to grow and make a difference.
- **Customers** → personalized advice and solutions to achieve their goals.
- **Partners** → responsive, trusted win-win partnerships enabling both parties to succeed together.
- **Shareholders** → share in the prosperity and performance of the Bank.

## LIVE BETTER

We want to help everyone live better. At the end of the day, we do what we do to help enhance lives. We create a great place to work, help people achieve their goals, and invest generously in our communities because there's nothing more rewarding than *helping people succeed and live better.*

# Appendix

# Non-GAAP Financial Measures

	For the quarter ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
<b>Pre-tax, pre-provision income</b>					
Net income	\$ 12,621	\$ 15,458	\$ 15,883	\$ 14,278	\$ 14,614
Income tax expense	3,421	3,962	4,001	3,527	3,631
Provision for loan losses	248	(782)	-	(2,085)	-
<b>Pre-tax, pre-provision income</b>	<b>\$ 16,290</b>	<b>\$ 18,638</b>	<b>\$ 19,884</b>	<b>\$ 15,720</b>	<b>\$ 18,245</b>
	As of				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
<b>Tangible common equity</b>					
Total common stockholders' equity	\$ 357,014	\$ 341,799	\$ 364,222	\$ 387,068	\$ 407,427
Less: goodwill and other intangibles	(23,857)	(24,228)	(24,620)	(25,011)	(25,403)
<b>Tangible common equity</b>	<b>\$ 333,157</b>	<b>\$ 317,571</b>	<b>\$ 339,602</b>	<b>\$ 362,057</b>	<b>\$ 382,024</b>
<b>Tangible assets</b>					
Total assets	\$ 3,944,063	\$ 3,992,690	\$ 3,974,724	\$ 3,999,744	\$ 3,901,855
Less: goodwill and other intangibles	(23,857)	(24,228)	(24,620)	(25,011)	(25,403)
<b>Tangible assets</b>	<b>\$ 3,920,206</b>	<b>\$ 3,968,462</b>	<b>\$ 3,950,104</b>	<b>\$ 3,974,733</b>	<b>\$ 3,876,452</b>
<b>Shares outstanding</b>	<b>17,027,197</b>	<b>17,064,640</b>	<b>17,417,094</b>	<b>17,673,407</b>	<b>17,760,243</b>
Total stockholders' equity to total assets	9.05%	8.56%	9.16%	9.68%	10.44%
Tangible common equity to tangible assets	8.50%	8.00%	8.60%	9.11%	9.85%
Book value per share	\$ 20.97	\$ 20.03	\$ 20.91	\$ 21.90	\$ 22.94
Tangible book value per share	\$ 19.57	\$ 18.61	\$ 19.50	\$ 20.49	\$ 21.51

Source: Company documents