

South Plains Financial



First Quarter 2024 Earnings Presentation

April 25, 2024

Safe Harbor Statement and Other Disclosures



FORWARD-LOOKING STATEMENTS

This presentation contains, and future oral and written statements of South Plains Financial, Inc. ("South Plains", "SPFI", or the "Company") 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 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, the impact on us and our customers of a decline in general economic conditions and any regulatory responses thereto; potential recession in the United States and our market areas; the impacts related to or resulting from bank failures and any continuation of uncertainty in the banking industry, including the associated impact to the Company and other financial institutions of any regulatory changes or other mitigation efforts taken by government agencies in response thereto; increased competition for deposits and related changes in deposit customer behavior; the impact of changes in market interest rates, whether due to continued elevated interest rates or potential reductions in interest rates and a resulting decline in net interest income; the persistence of the current inflationary pressures, or the resurgence of elevated levels of inflation in the United States and our market areas; the uncertain impacts of ongoing quantitative tightening and current and future monetary policies of the Board of Governors of the Federal Reserve System; the effects of declines in housing prices in the United States and our market areas; increases in unemployment rates in the United States and our market areas; declines in commercial real estate values and prices; uncertainty regarding United States fiscal debt and budget matters; cyber incidents or other failures, disruptions or breaches of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks; severe weather, natural disasters, acts of war or terrorism, geopolitical instability or other external events; competition and market expansion opportunities; changes in non-interest expenditures or in the anticipated benefits of such expenditures; the risks related to the development, implementation, use and management of emerging technologies, including artificial intelligence and machine learnings; potential increased regulatory requirements and costs related to the transition and physical impacts of climate change; current or future litigation, regulatory examinations or other legal and/or regulatory actions; and changes in applicable laws and regulations. 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. Additional information regarding these factors 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 U.S. Securities and Exchange Commission (the "SEC"), including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of such documents, and other documents South Plains files or furnishes with the SEC from time to time. 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 applicable 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. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the results or financial condition of the Company as reported under 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

First Quarter 2024 Highlights

Net Income
\$10.9 M

EPS - Diluted
\$0.64

Net Interest Margin ⁽¹⁾
("NIM") 3.56%

Deposit Growth
1.4% annualized

Loans Held for Investment
("HFI") \$3.01 B

Average Yield on Loans
6.53%

Return on Average Assets
("ROAA") 1.04%

Efficiency Ratio
67.94%

- **Net income** for the first quarter of 2024 was **\$10.9 million**, compared to **\$10.3 million** for the fourth quarter of 2023
- **Diluted earnings per share** for the first quarter of 2024 was **\$0.64**, compared to **\$0.61** for the fourth quarter of 2023
- **Net interest margin** was **3.56%** for the first quarter of 2024, compared to **3.52%** for the fourth quarter of 2023
- **Loans held for investment** were **\$3.01 billion** as of March 31, 2024, compared to **\$3.01 billion** as of December 31, 2023
- **Deposits totaled \$3.64 billion** as of March 31, 2024, compared to **\$3.63 billion** as of December 31, 2023
- Estimated **uninsured and uncollateralized deposits** at City Bank comprise **18% of total deposits**, with an **average deposit account size** of approximately **\$36 thousand** at March 31, 2024
- **Credit metrics improved** through 1Q'24 as **the ratio of nonperforming assets to total assets was 10 bps** as compared to 14 bps in 4Q'23 and 19 bps in Q1'23
- **Tangible book value (non-GAAP) per share** was **\$23.56** as of March 31, 2024, compared to **\$23.47** as of December 31, 2023

Source: Company documents

Note: See appendix for the reconciliation of non-GAAP measures to GAAP

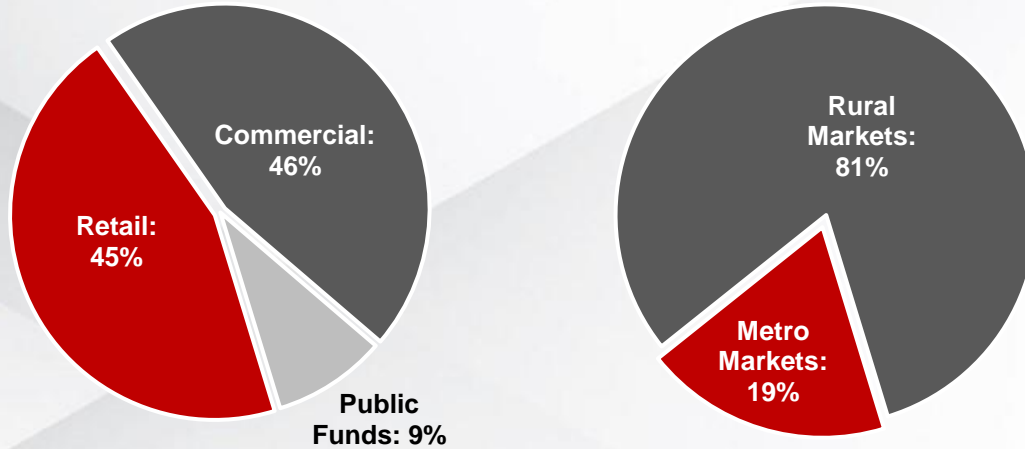
(1) Net interest margin is calculated on a tax-equivalent basis

Granular Deposit Base & Ample Liquidity



South Plains
Financial, Inc.

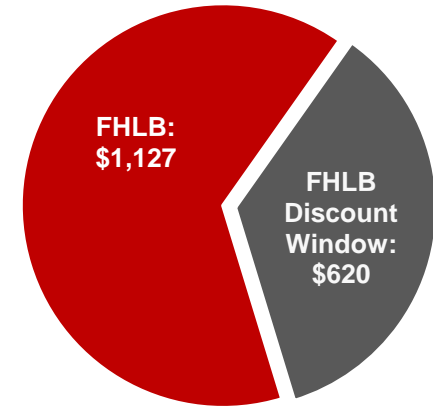
Total Deposit Base Breakdown



- ✓ Average deposit account size is approximately \$36 thousand
- ✓ City Bank's percentage of **estimated uninsured or uncollateralized deposits** is **18% of total deposits**

Total Borrowing Capacity

\$1.75 Billion



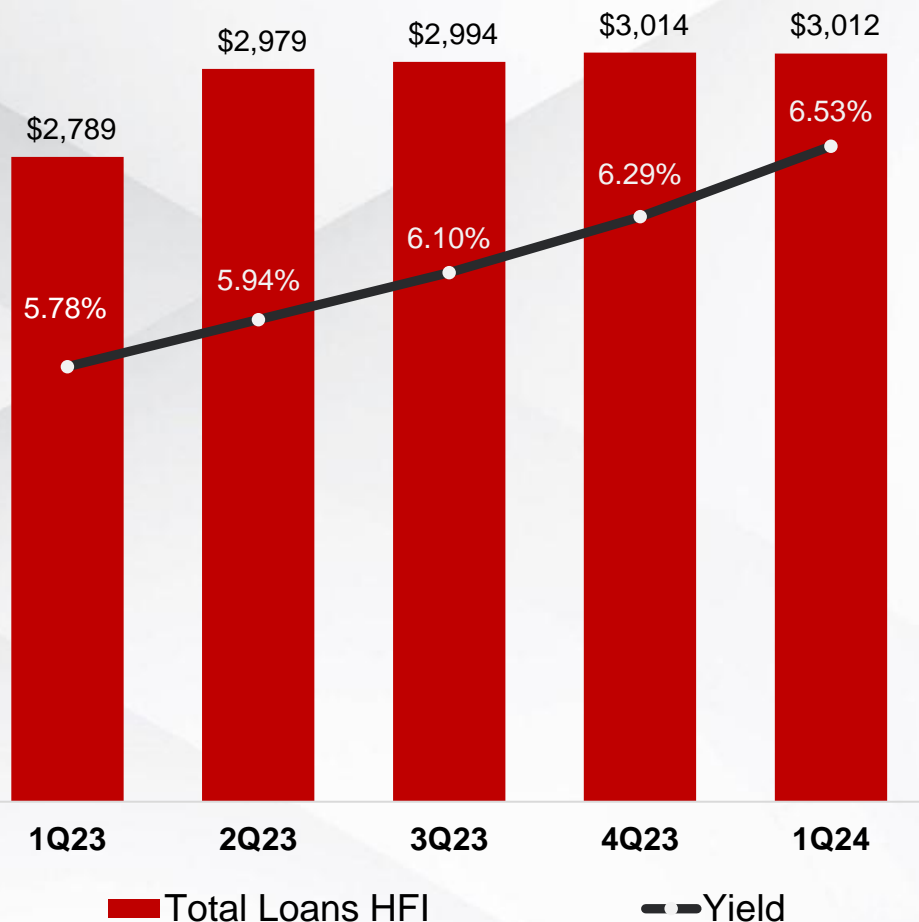
Dollars in millions

- ✓ City Bank had \$1.75 billion of **available** borrowing capacity, as follows:
 - Federal Home Loan Bank of Dallas - \$1.1 billion
 - Federal Reserve Bank of Dallas Discount Window - \$620 million
 - No borrowings utilized from these sources during 1Q'24

Loan Portfolio

Total Loans HFI

\$ in Millions



1Q'24 Highlights

- ✓ Loans HFI were flat at March 31, 2024 as compared to the end of 2023:
 - Growth was primarily in multi-family and single-family property loans and general commercial loans
 - Decreases in seasonal agricultural-related loans, residential construction loans, and consumer auto loans.
- ✓ As of March 31, 2024, loans HFI increased \$223.2 million, or 8.0%, from March 31, 2023
- ✓ The average yield on loans was 6.53% for the 1Q'24, compared to 6.29% for the 4Q'23, includes approximately 9bps of interest recoveries

Attractive Markets Poised for Organic Growth



Dallas / Ft. Worth

- ✓ Largest MSA in Texas and fourth largest in the nation
- ✓ Steadily expanding population that accounts for over 26% of the state's population
- ✓ MSA with the largest job growth in 2022 (+5.9%)
- ✓ Attractive location for companies interested in relocating to more efficient economic environments
- ✓ Focus on commercial real estate lending

El Paso

- ✓ Population of 865,000+
- ✓ 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
- ✓ Total Non-Farm Employment was up 5.6% in 2022 compared to 2021
- ✓ 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
- ✓ Focus on commercial real estate lending

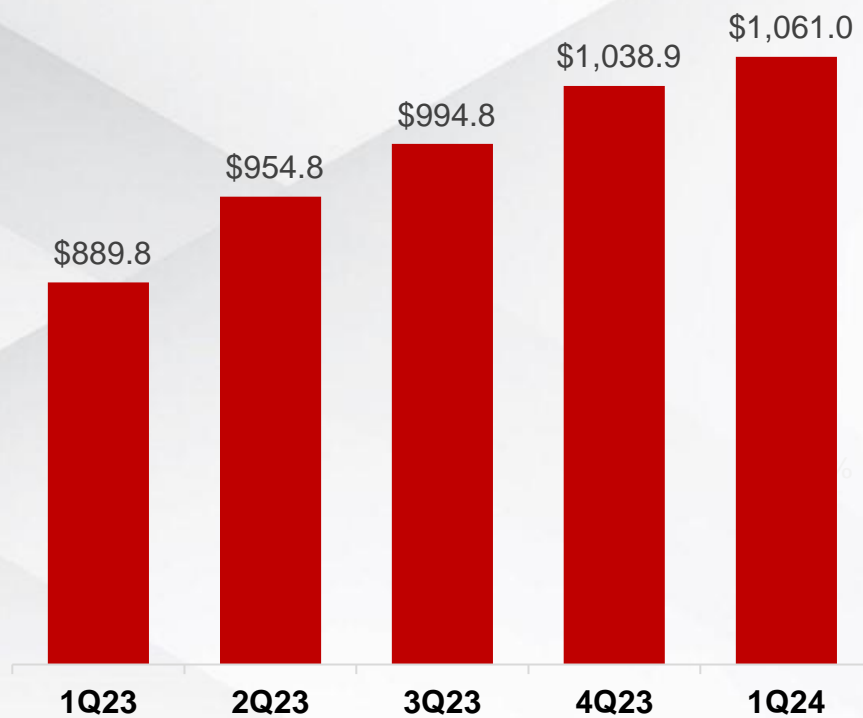
Lubbock

- ✓ Population in excess of 320,000 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

Major Metropolitan Market Loan Growth South Plains Financial, Inc.

Total Metropolitan Loans

\$ in Millions

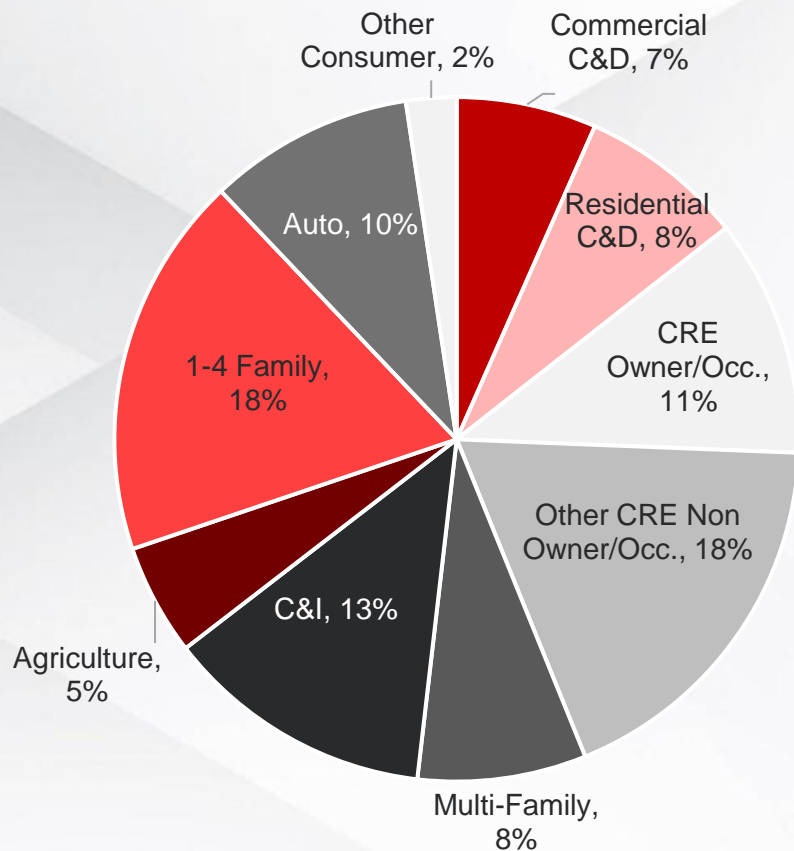


1Q'24 Highlights

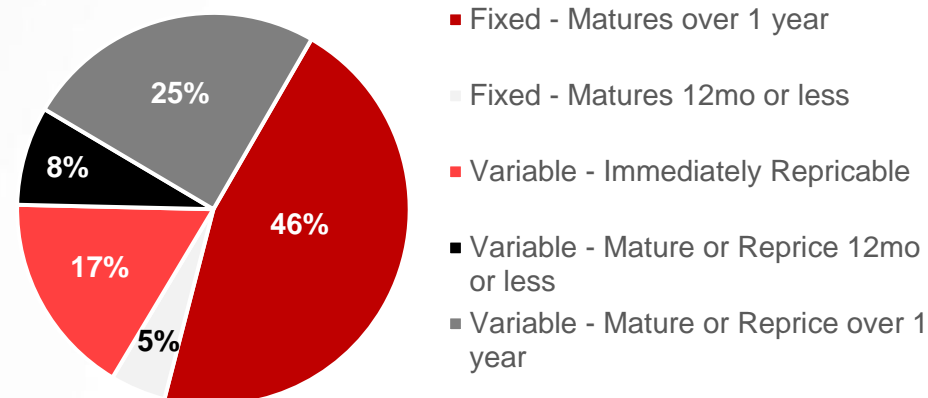
- ✓ Loans HFI in our major metropolitan markets⁽¹⁾ increased by \$22.1 million, or 8.5% annualized, to \$1.06 billion during 1Q'24, as compared to \$1.04 billion at the end of 4Q'23
- ✓ Our major metropolitan market loan portfolio represents 35.2% of the Bank's total loans at March 31, 2024

Loan HFI Portfolio

Loan Mix



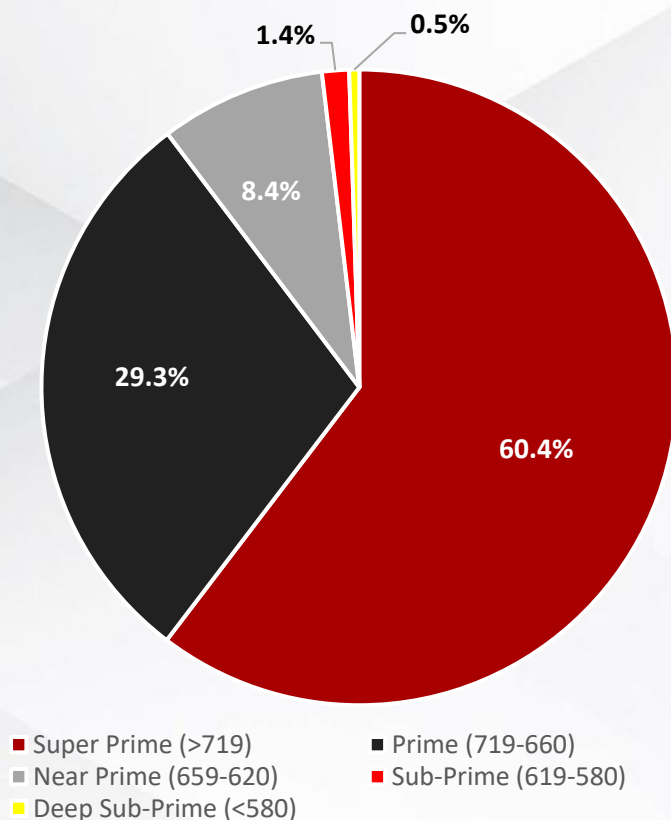
Fixed vs. Variable Rate



Loan Portfolio (\$ in millions)

Commercial C&D	\$	199.3
Residential C&D		234.7
CRE Owner/Occ.		337.8
Other CRE Non Owner/Occ.		549.5
Multi-Family		240.0
C&I		382.9
Agriculture		158.4
1-4 Family		545.1
Auto		292.4
Other Consumer		71.7
Total	\$	3,011.8

Indirect Auto Credit Breakdown



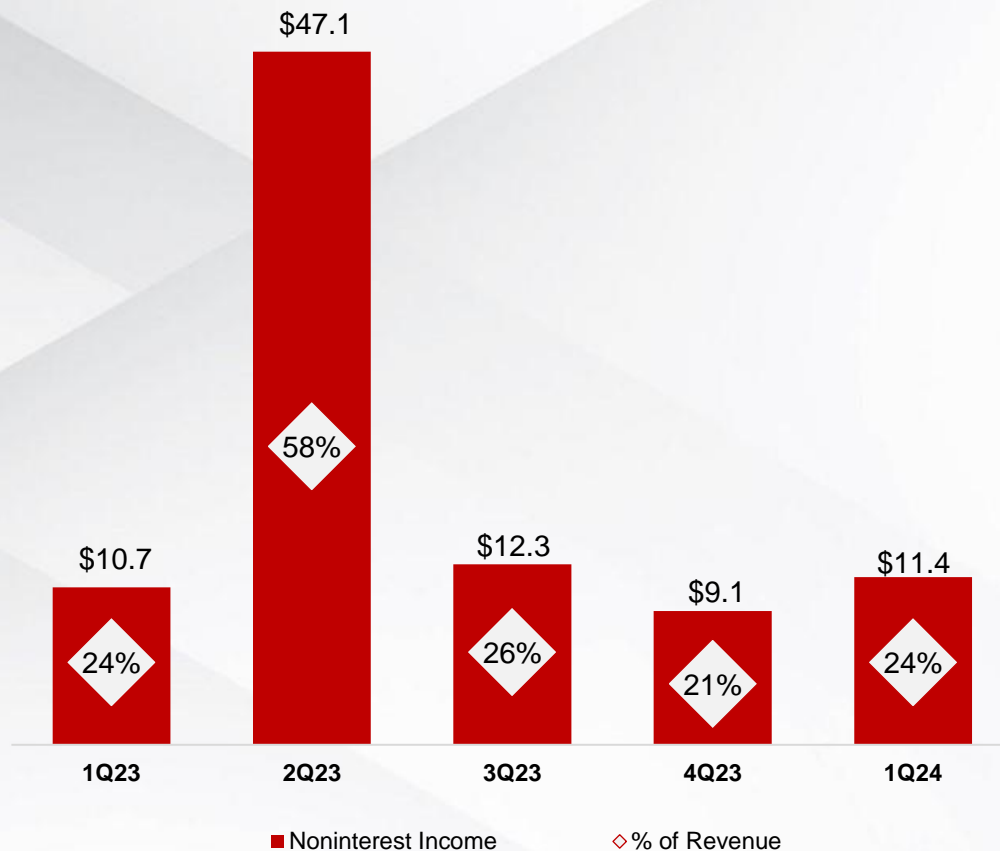
Indirect Auto Highlights

- ✓ Indirect auto loans totaled \$273.4 million
- ✓ Management is carefully managing the portfolio; yields are improving as a portion of monthly principal amortization is redeployed into higher rate loans
- ✓ During 1Q'24 there were approximately \$13 million in net principal reduction
- ✓ Strong credit quality in the sector, positioned for resiliency across economic cycles:
 - Super Prime Credit (>719): \$165.0 million
 - Prime Credit (719-660): \$80.2 million
 - Near Prime Credit (659-620): \$23.0 million
 - Sub-Prime Credit (619-580): \$3.8 million
 - Deep Sub-Prime Credit (<580): \$1.4 million
- ✓ Loans past due 30+ days: 28 bps
- ✓ Non-car/truck (RV, boat, etc.) is 2% of portfolio

Noninterest Income Overview

Noninterest Income

\$ in Millions



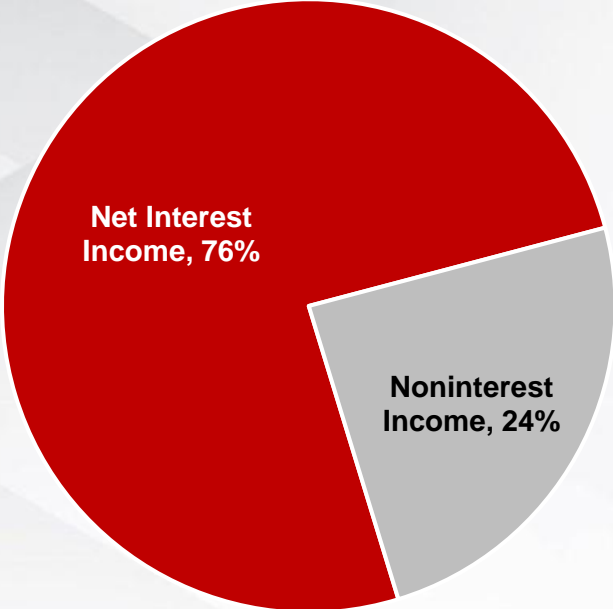
1Q'24 Highlights

- ✓ Noninterest income was \$11.4 million for 1Q'24, compared to \$9.1 million for 4Q'23, primarily due to an increase of \$2.3 million in mortgage banking revenues:
 - 1Q'24 MSR FV adjustment - \$55 thousand
 - 4Q'23 MSR FV adjustment – \$(1.5) million
- ✓ Noninterest income increased \$718 thousand, compared to 1Q'23, primarily due to:
 - An increase of \$1.7 million in mortgage banking revenues:
 - 1Q'24 MSR FV adjustment - \$55 thousand
 - 1Q'23 MSR FV adjustment – \$(2.0) million
 - A reduction of \$1.4 million in income from insurance activities due to the sale of the Bank's insurance subsidiary in April 2023

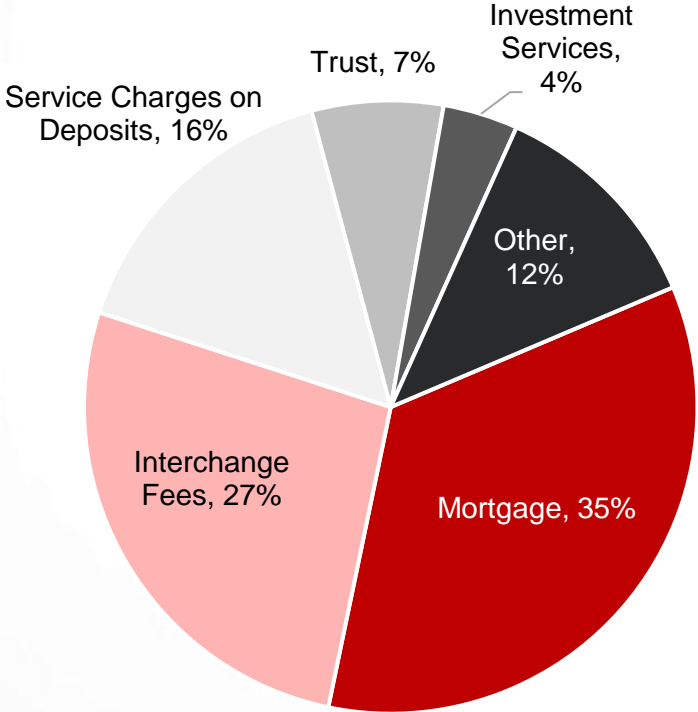
Diversified Revenue Stream

Three Months Ended March 31, 2024

Total Revenues
\$46.8 million



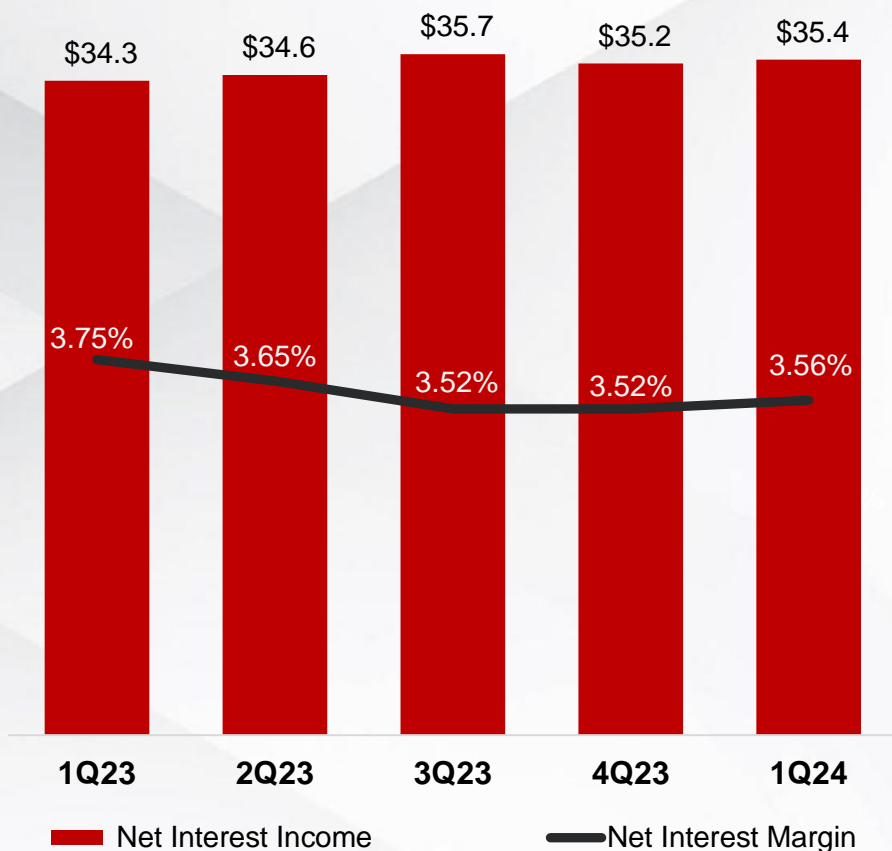
Noninterest Income
\$11.4 million



Net Interest Income and Margin

Net Interest Income & Margin

\$ in Millions



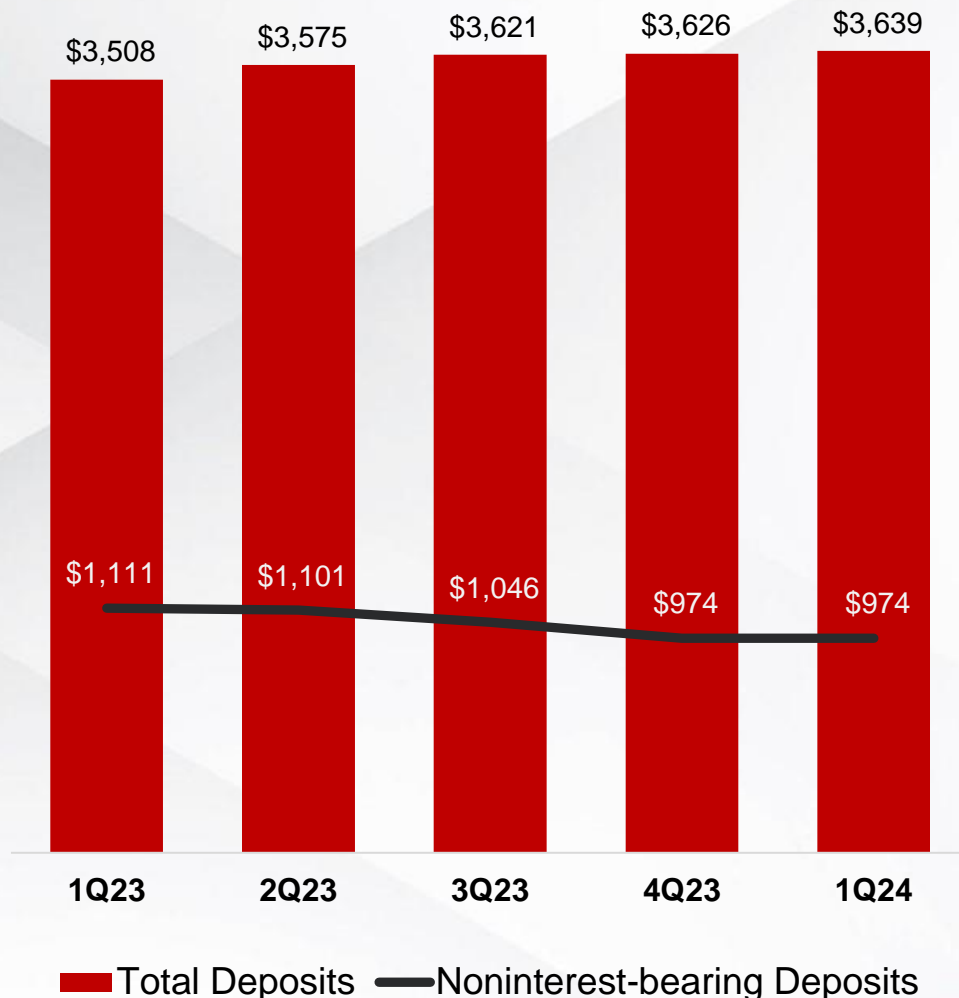
1Q'24 Highlights

- ✓ Net interest income (“NII”) of \$35.4 million, compared to \$35.2 million in 4Q'23
 - The increase in NII was primarily the result of \$667 thousand in interest recoveries on loans that had previously been on nonaccrual
 - Partially offset by one fewer day in the quarter
- ✓ 1Q'24 NIM increased 4 bps to 3.56% as compared to 3.52% in 4Q'23, includes approximately 7 bps of effect from interest recoveries

Deposit Portfolio

Total Deposits

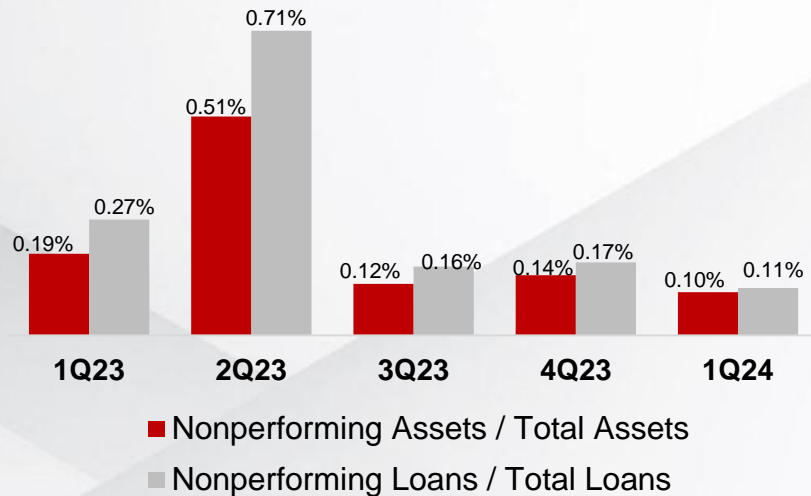
\$ in Millions



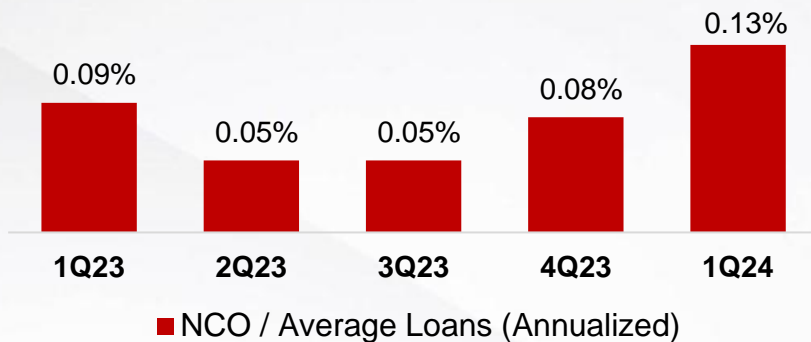
1Q'24 Highlights

- ✓ Total deposits of \$3.64 billion at 1Q'24, an increase of \$12.4 million from 4Q'23
- ✓ Cost of interest-bearing deposits increased to 3.27% in 1Q'24 from 3.14% in 4Q'23
 - Average cost of deposits increased to 2.41% in 1Q'24 as compared to 2.24% in 4Q'23
- ✓ Noninterest-bearing deposits to total deposits was 26.8% at March 31, 2024, compared to 26.9% at the end of 2023
- ✓ Strategic initiatives implemented to stabilize noninterest-bearing deposits while also growing core deposits

Credit Quality Ratios



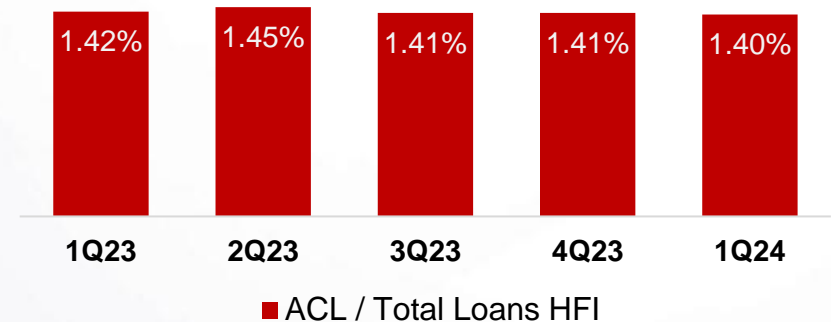
Net Charge-Offs to Average Loans



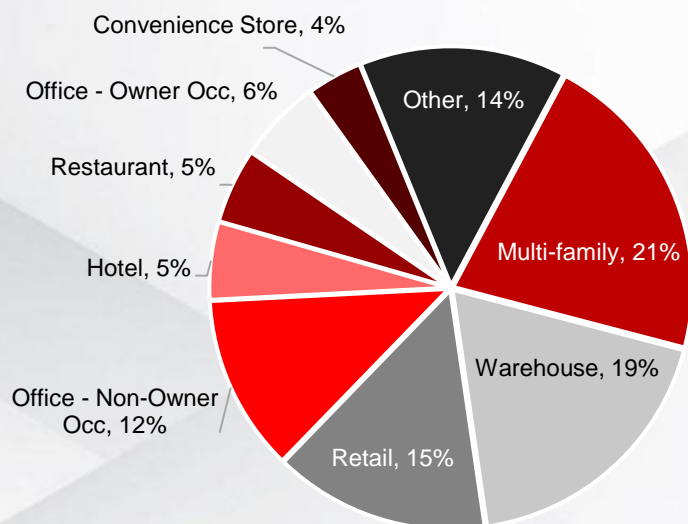
1Q'24 Highlights

- ✓ Provision for credit losses of \$830 thousand, compared to \$600 thousand in 4Q'23
 - The provision during 1Q'24 was largely attributable to net charge-off activity during the quarter.
- ✓ Allowance for Credit Losses (“ACL”) to loans HFI was 1.40% at 3/31/2024
- ✓ Nonperforming loans totaled \$3.4 million at March 31, 2024

ACL to Total Loans HFI



CRE⁽¹⁾ Sector Breakdown



CRE Portfolio (\$ in millions)

Property Type	Total
Multifamily	240.0
Warehouse	209.8
Retail	164.1
Office – Non-Owner Occ	134.5
Hotel	59.1
Restaurant	57.3
Office – Owner Occ	62.8
Convenience Store	42.2
Other	157.1
Total	\$1,126.9

Office Loan Details

- ✓ 6.6% of total loans HFI
- ✓ 32% is owner-occupied
- ✓ Average loan size is \$897 thousand
- ✓ Medical offices comprise 11% of office loans

Multi-Family Loan Details

- ✓ 8.0% of total loans HFI
- ✓ Average loan size \$3.4 million
- ✓ Loans past due 30+ days or nonaccrual: 7 basis points

CRE Analysis

(000's) as of 3/31/2024	Hospitality	Office	Retail	Multi-Family	Industrial	C Store	Restaurant	Mini-Storage
Segment Total Balance	\$60,922	\$201,354	\$176,817	\$301,870	\$228,758	\$42,196	\$71,121	\$30,363
Segment to Total Loans	2.03%	6.71%	5.89%	10.06%	7.62%	1.41%	2.37%	1.01%
Average Balance	\$3,046	\$903	\$1,524	\$4,025	\$941	\$2,009	\$1,016	\$1,125
Owner-Occupied		\$59,077	\$16,433		\$73,176	\$39,486	\$43,650	
% Owner-Occupied		29.34%	9.29%		31.99%	93.58%	61.38%	
% Urban Center	5.89%	11.74%	23.54%	10.28%	19.99%	18.21%	21.59%	0.00%
% Urban Non-Center	45.62%	81.02%	70.66%	83.27%	60.88%	72.89%	67.55%	90.40%
% Suburban	47.57%	6.70%	2.32%	2.53%	14.43%	8.39%	7.63%	9.50%
% Rural	0.14%	0.53%	0.46%	1.66%	0.43%	0.00%	0.00%	0.09%

*** Population by Zip Code

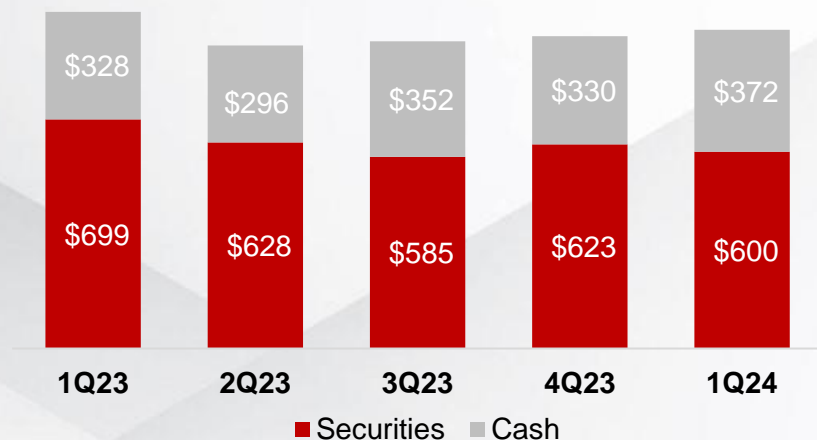
% Urban CBD	>50,000
% Urban Non-CBD	10,000-50,000
% Suburban	2,500-10,000
% Rural	>2,500

Data source - American Community Survey - US Census Bureau

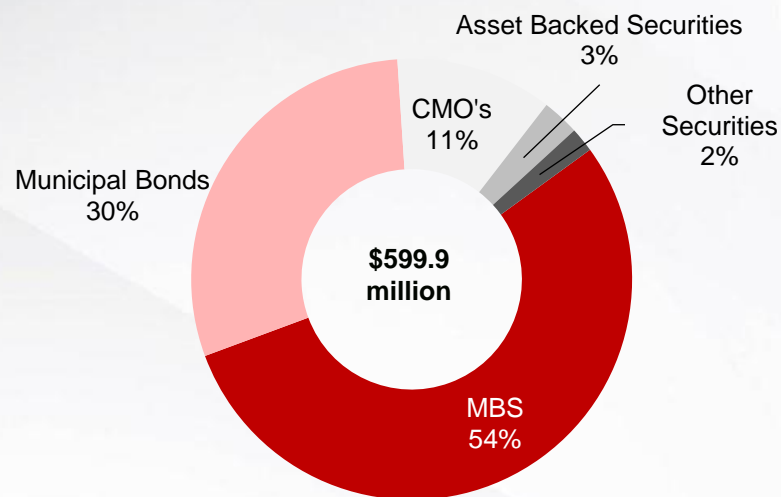
Investment Securities

Securities & Cash

\$ in Millions



1Q'24 Securities Composition



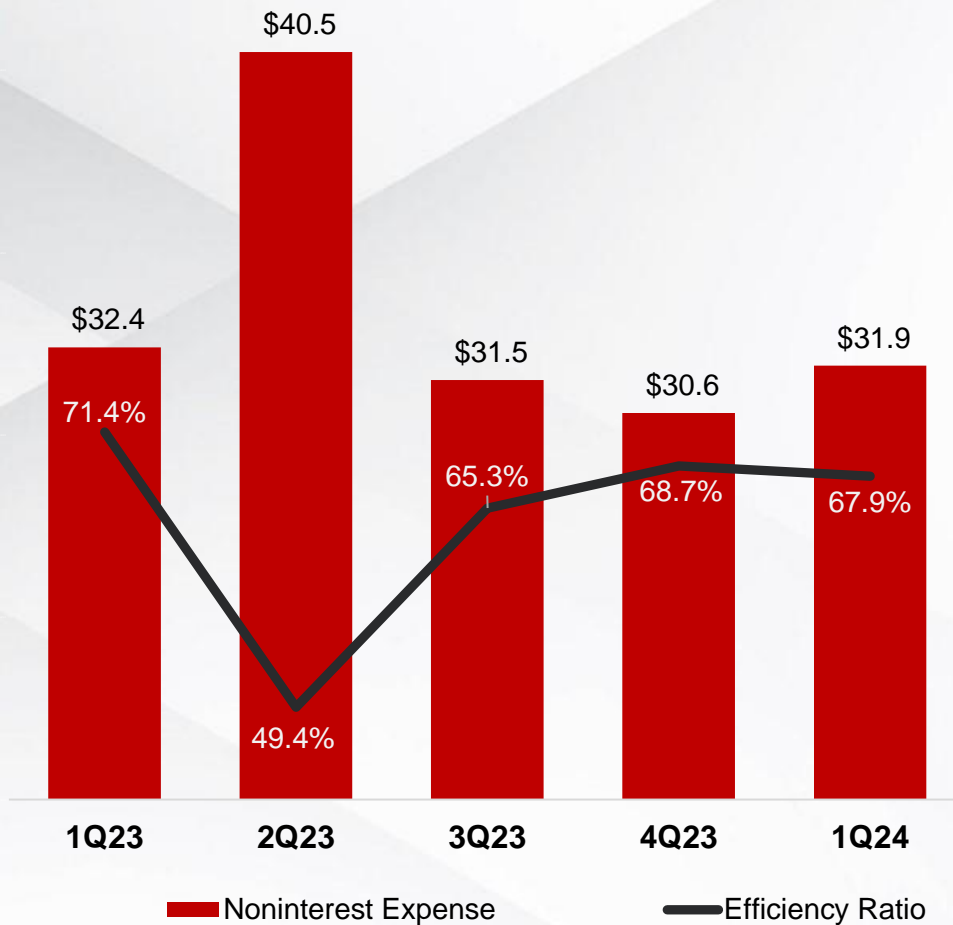
1Q'24 Highlights

- ✓ Investment securities totaled \$599.9 million, flat from 4Q'23.
- ✓ All municipal bonds are in Texas; fair value hedges of \$124 million
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE
- ✓ Duration of the securities portfolio was 6.57 years at March 31, 2024

Noninterest Expense and Efficiency

Noninterest Expense

\$ in Millions



1Q'24 Highlights

- ✓ Noninterest expense for 1Q'24 increased \$1.3 million to \$31.9 million from 4Q'23 primarily due to:
 - A rise of \$1.0 million in personnel costs, which predominately came from higher health care insurance costs and an increase in incentive-based compensation
- ✓ Will continue to manage expenses to drive profitability

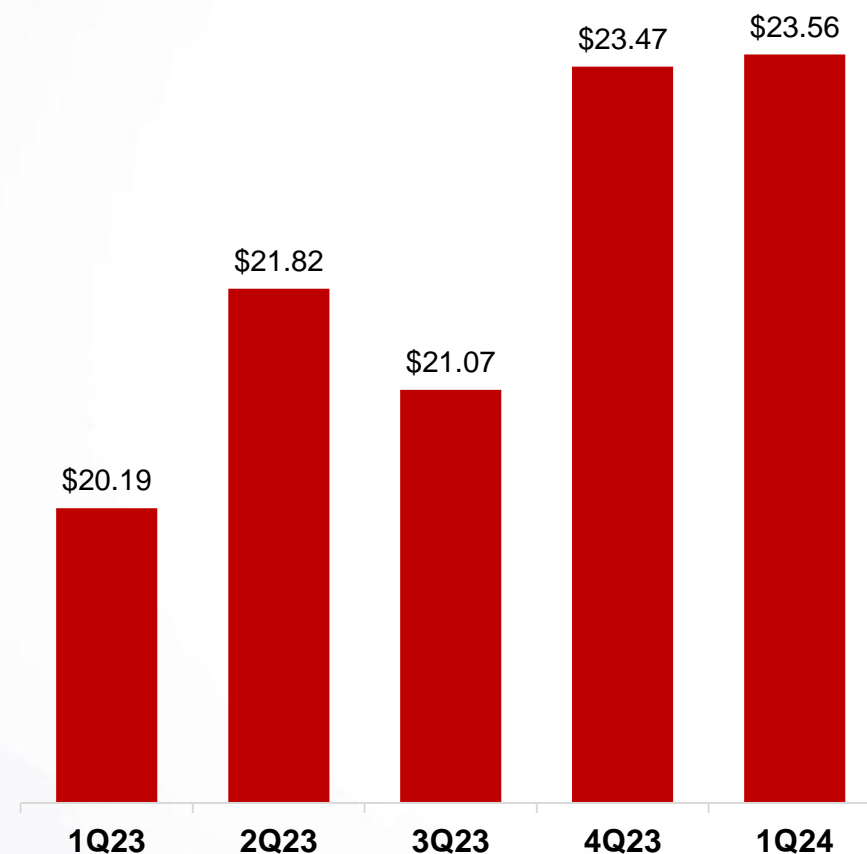
Balance Sheet Growth and Development

Balance Sheet Highlights

\$ in Millions



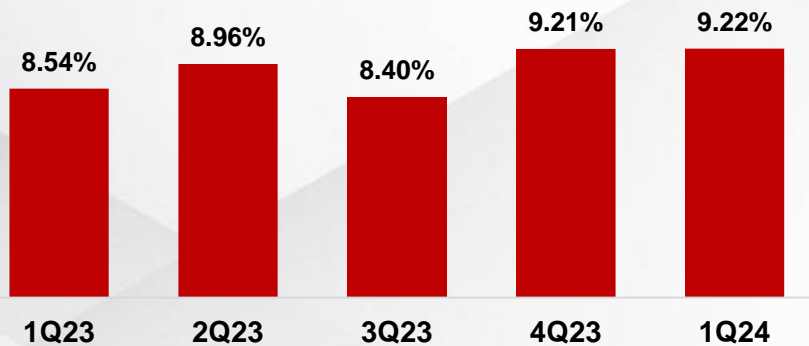
Tangible Book Value Per Share



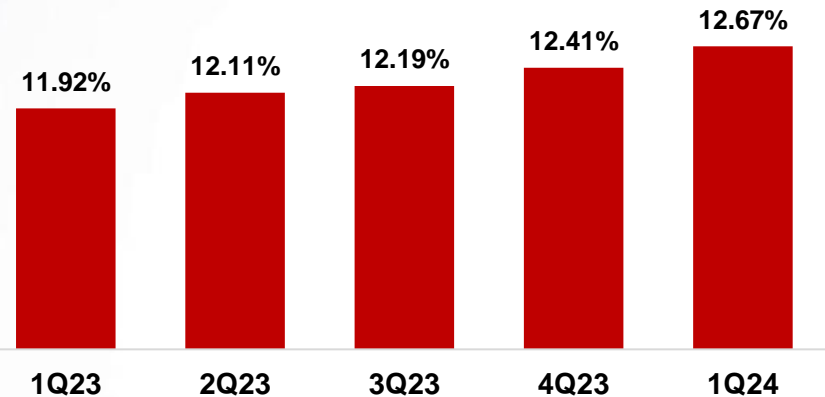
Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP

Strong Capital Base

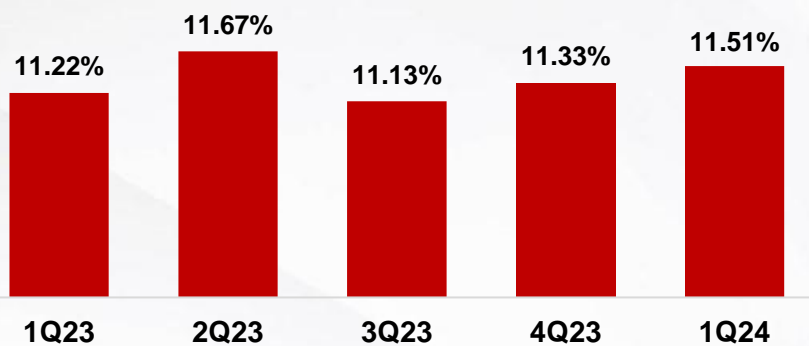
Tangible Common Equity to Tangible Assets Ratio



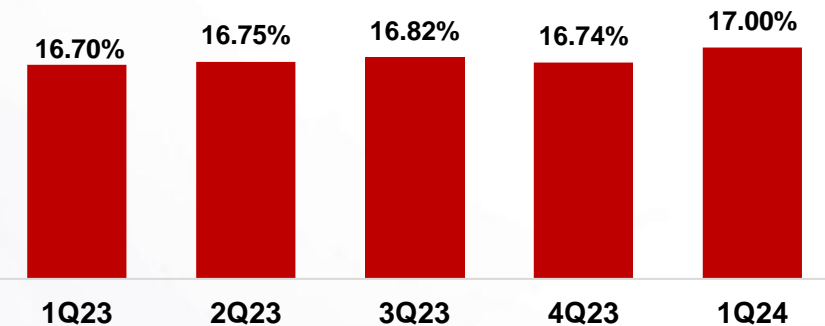
Common Equity Tier 1 Ratio



Tier 1 Capital to Average Assets Ratio



Total Capital to Risk-Weighted Assets Ratio



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.



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

	March 31, 2024	December 31, 2023	For the quarter ended September 30, 2023	June 30, 2023	March 31, 2023
Pre-tax, pre-provision income					
Net income	\$ 10,874	\$ 10,324	\$ 13,494	\$ 29,683	\$ 9,244
Income tax expense	3,143	2,787	3,683	7,811	2,391
Provision for credit losses	830	600	(700)	3,700	1,010
Pre-tax, pre-provision income	<u>\$ 14,847</u>	<u>\$ 13,711</u>	<u>\$ 16,477</u>	<u>\$ 41,194</u>	<u>\$ 12,645</u>
			As of		
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Tangible common equity					
Total common stockholders' equity	\$ 408,712	\$ 407,114	\$ 371,716	\$ 392,029	\$ 367,964
Less: goodwill and other intangibles	<u>(21,562)</u>	<u>(21,744)</u>	<u>(21,936)</u>	<u>(22,149)</u>	<u>(23,496)</u>
Tangible common equity	<u>\$ 387,150</u>	<u>\$ 385,370</u>	<u>\$ 349,780</u>	<u>\$ 369,880</u>	<u>\$ 344,468</u>
Tangible assets					
Total assets	\$ 4,218,993	\$ 4,204,793	\$ 4,186,440	\$ 4,150,129	\$ 4,058,049
Less: goodwill and other intangibles	<u>(21,562)</u>	<u>(21,744)</u>	<u>(21,936)</u>	<u>(22,149)</u>	<u>(23,496)</u>
Tangible assets	<u>\$ 4,197,431</u>	<u>\$ 4,183,049</u>	<u>\$ 4,164,504</u>	<u>\$ 4,127,980</u>	<u>\$ 4,034,553</u>
Shares outstanding	<u>16,431,755</u>	<u>16,417,099</u>	<u>16,600,442</u>	<u>16,952,072</u>	<u>17,062,572</u>
Total stockholders' equity to total assets	9.69%	9.68%	8.88%	9.45%	9.07%
Tangible common equity to tangible assets	9.22%	9.21%	8.40%	8.96%	8.54%
Book value per share	\$ 24.87	\$ 24.80	\$ 22.39	\$ 23.13	\$ 21.57
Tangible book value per share	\$ 23.56	\$ 23.47	\$ 21.07	\$ 21.82	\$ 20.19

Non-GAAP Financial Measures

	March 31, 2024	December 31, 2023	For the quarter ended September 30, 2023	June 30, 2023	March 31, 2023
Efficiency Ratio					
Noninterest expense	\$ 31,930	\$ 30,597	\$ 31,489	\$ 40,499	\$ 32,361
Net interest income	35,368	35,162	35,689	34,581	34,315
Tax equivalent yield adjustment	223	225	229	303	302
Noninterest income	11,409	9,146	12,277	47,112	10,691
Total income	47,000	44,533	48,195	81,996	45,308
Efficiency ratio	67.94%	68.71%	65.34%	49.39%	71.42%
Noninterest expense	\$ 31,930	\$ 30,597	\$ 31,489	\$ 40,499	\$ 32,361
Less: Subsidiary transaction and related expenses	—	—	—	(4,532)	—
Less: net loss on sale of securities	—	—	—	(3,409)	—
Adjusted noninterest expense	31,930	30,597	31,489	32,558	32,361
Total income	47,000	44,533	48,195	81,996	45,308
Less: gain on sale of subsidiary	—	—	(290)	(33,488)	—
Adjusted total income	47,000	44,533	47,905	48,508	45,308
Adjusted efficiency ratio	67.94%	68.71%	65.73%	67.12%	71.42%