

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): October 26, 2021

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 October 26, 2021, South Plains Financial, Inc. (the “Company”) issued a press release announcing its financial results for the third quarter ended September 30, 2021. 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 October 26, 2021, officers of the Company will have a conference call with respect to the Company’s financial results for the third quarter ended September 30, 2021. An earnings release slide presentation highlighting the Company’s financial results for the third quarter ended September 30, 2021 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, under the “News & Events” section.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 hereto, 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 Item 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 hereto, 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 October 26, 2021, announcing third quarter 2021 financial results of South Plains Financial, Inc.

[99.2](#) Earnings release slide presentation, dated October 26, 2021.

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

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: October 26, 2021

By: /s/ Steven B. Crockett

Steven B. Crockett

Chief Financial Officer and Treasurer



South Plains Financial, Inc. Reports Third Quarter 2021 Financial Results

LUBBOCK, Texas, October 26, 2021 (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 ended September 30, 2021.

Third Quarter 2021 Highlights

- Net income for the third quarter of 2021 was \$15.2 million, compared to \$13.7 million for the second quarter of 2021 and \$16.7 million for the third quarter of 2020.
- Diluted earnings per share for the third quarter of 2021 was \$0.82, compared to \$0.74 for the second quarter of 2021 and \$0.92 for the third quarter of 2020.
- Average cost of deposits for the third quarter of 2021 decreased to 25 basis points, compared to 27 basis points for the second quarter of 2021 and 34 basis points for the third quarter of 2020.
- The Company did not record a provision for loan losses in the third quarter of 2021, compared to a negative provision for loan losses of \$2.0 million for the second quarter of 2021 and provision for loan losses of \$6.1 million for the third quarter of 2020.
- Loans held for investment grew \$125.6 million, or 5.5%, during the third quarter of 2021 as compared to June 30, 2021.
- Nonperforming assets to total assets were 0.32% at September 30, 2021, compared to 0.37% at June 30, 2021 and 0.46% at September 30, 2020.
- Return on average assets for the third quarter of 2021 was 1.61% annualized, compared to 1.46% annualized for the second quarter of 2021 and 1.88% annualized for the third quarter of 2020.
- Tangible book value (non-GAAP) per share was \$20.90 as of September 30, 2021, compared to \$20.35 per share as of June 30, 2021 and \$18.00 per share as of September 30, 2020.

Curtis Griffith, South Plains’ Chairman and Chief Executive Officer, commented, “I am very pleased with our team’s performance again in the third quarter and would like to thank our employees for their hard work as they continue to deliver outstanding service to our customers which continues to translate into strong results for the Bank. This can be seen in our financial performance as we grew loans by 5.5% in the third quarter of 2021 and have benefited from a strong Texas economy. We are also benefiting from our plan to grow our lending team by more than 30% over a two-year timeframe, as the lenders who we have recruited have begun growing their loan portfolios. In fact, we are seeing an acceleration in activity in several of our key markets, like Houston, where we have recently hired a new market leader. We expect to continue redeploying our excess liquidity into higher yielding loans, which we believe will drive an acceleration to net interest income and offset the eventual decline in mortgage revenue as activity normalizes in future periods. We remain very optimistic with what the future holds for South Plains and continue to see our shares trading below intrinsic value. As a result, we were aggressive in the third quarter having repurchased approximately 190,000 shares under our previously-announced \$10 million share repurchase plan.”

Results of Operations, Quarter Ended September 30, 2021

Net Interest Income

Net interest income was \$31.2 million for the third quarter of 2021, compared to \$29.6 million for the second quarter of 2021 and \$31.3 million for the third quarter of 2020. Net interest margin was 3.58% for the third quarter of 2021, compared to 3.42% for the second quarter of 2021 and 3.82% for the third quarter of 2020. The average yield on loans was 4.99% for the third quarter of 2021, compared to 4.97% for the second quarter of 2021 and 5.08% for the third quarter of 2020. The average cost of deposits was 25 basis points for the third quarter of 2021, representing a two basis point decrease from the second quarter of 2021 and a 9 basis point decrease from the third quarter of 2020.

Interest income was \$34.4 million for the third quarter of 2021, compared to \$33.0 million for the second quarter of 2021 and \$34.5 million for the third quarter of 2020. Interest income increased \$1.4 million in the third quarter of 2021 from the second quarter of 2021 due primarily to an increase of \$1.5 million in loan interest income as a result of the growth of \$82.9 million in average loans outstanding during the third quarter of 2021. In the third quarter of 2021, interest and fees on Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loans declined \$405 thousand compared to the second quarter of 2021, as the average balance of PPP loans decreased \$70.3 million during the third quarter of 2021 due to PPP loan forgiveness payments received from the SBA during the quarter. Interest income was flat in the third quarter of 2021 compared to the third quarter of 2020 as average interest-earning assets were \$199.2 million higher and the related yield was 26 basis points lower in the third quarter of 2021. During the third quarter of 2021, the Company recognized \$1.7 million in deferred PPP-related SBA fees. At September 30, 2021, the Company had \$2.9 million of deferred PPP fees that have not been accreted to income, the majority of which are expected to be recognized as PPP loans continue to be forgiven by the SBA over the next several quarters.

Interest expense was \$3.3 million for the third quarter of 2021, compared to \$3.4 million for the second quarter of 2021 and \$3.2 million for the third quarter of 2020. Interest expense declined 4.8% as compared to the second quarter of 2021 as a result of lower average interest-bearing deposits and a reduction in interest rates on these deposits. Interest expense was consistent as compared to the third quarter of 2020, with a reduction in interest rates on interest-bearing deposits offset by an increase in the overall cost of long-term borrowings. The increase in the cost of long-term borrowings was due to the issuance of \$50 million in subordinated notes at the end of the third quarter of 2020.

Noninterest Income and Noninterest Expense

Noninterest income was \$25.8 million for the third quarter of 2021, compared to \$22.3 million for the second quarter of 2021 and \$31.7 million for the third quarter of 2020. The growth from the second quarter of 2021 was primarily due to the seasonal increase of \$2.6 million in income from insurance activities and an increase of \$1.1 million in mortgage banking activities revenue. The growth in mortgage banking revenues was mainly the result of an increase of \$470 thousand in the fair value adjustment to the Company's mortgage servicing rights as mortgage interest rates began to rise in September 2021. The decrease in noninterest income for the third quarter of 2021 as compared to the third quarter of 2020 was primarily due to a decline of \$6.6 million in mortgage banking activities revenue as a result a reduction of \$75 million in interest rate lock commitments and a decline in gain on sale margins. This decrease was partially offset by increases in income from insurance activities and bank card services and interchange fees as compared to the third quarter of 2020.

Noninterest expense was \$38.1 million for the third quarter of 2021, compared to \$36.8 million for the second quarter of 2021 and \$36.0 million for the third quarter of 2020. The growth from the second quarter of 2021 was primarily the result of an increase of \$739 thousand in personnel expense due to the payment of an additional \$1.2 million in commissions on insurance activities and a reduction in mortgage commissions related to a decline in mortgage production. There was also a \$397 thousand increase net occupancy expense from the second quarter of 2021, primarily the result of higher repairs and maintenance expense related to several projects, additional rent expense as the Company has increased leased space at several locations, and higher seasonal utility costs. The increase in noninterest expense for the third quarter of 2021 as compared to the third quarter of 2020 was primarily driven by a \$444 thousand increase in personnel expense, which is reflective of the Company's stated initiative of growing its loan officer capacity. There were also smaller increases in mortgage related expenses, bank card expenses, technology costs, and travel related expenses as compared to the third quarter of 2020.

As part of the Bank's information technology roadmap, management is implementing a process to begin transitioning the Company's computing and data storage to the cloud, which is expected to deliver increased security, more seamless maintenance, and lower costs. The Bank is also refocusing its advertising to digital media to improve new customer lead generation. The Bank's technology initiatives are expected to modestly add to noninterest expense and started in the third quarter of 2021.

Loan Portfolio and Composition

Loans held for investment were \$2.43 billion as of September 30, 2021, compared to \$2.30 billion as of June 30, 2021 and \$2.29 billion as of September 30, 2020. The \$125.6 million, or 5.5%, increase during the third quarter of 2021 as compared to the second quarter of 2021 was primarily the result of organic net loan growth of \$177.6 million, partially offset by a decrease from SBA forgiveness and repayments of \$52.0 million in PPP loans during the third quarter of 2021. The organic loan growth remained relationship-focused and occurred in a majority of loan segments, with the largest volume growth in multifamily properties, agricultural production loans, and direct energy loans. As of September 30, 2021, loans held for investment increased \$140.8 million, or 6.2%, from September 30, 2020, attributable to organic loan growth experienced in each quarter of 2021, partially offset by SBA forgiveness or repayments, net of originations, of \$149.6 million on PPP loans.

Agricultural production loans were \$119.3 million as of September 30, 2021, compared to \$96.2 million as of June 30, 2021 and \$133.9 million as of September 30, 2020. The increase from the second quarter of 2021 is due to typical seasonal funding on these agricultural production loans. The decrease from the third quarter of 2020 is primarily due to the loss of several large agricultural loan customers.

Deposits and Borrowings

Deposits totaled \$3.21 billion as of September 30, 2021, compared to \$3.16 billion as of June 30, 2021 and \$2.94 billion as of September 30, 2020. Deposits increased by \$53.8 million, or 1.7%, in the third quarter of 2021 from June 30, 2021. The largest increase in deposits in the third quarter of 2021 was experienced in non-personal demand accounts. As of September 30, 2021, deposits increased \$268.4 million, or 9.1%, from September 30, 2020. The increase in deposits since September 30, 2020 is primarily a result of organic growth as well as existing customers depositing funds received from PPP loan advances, stimulus checks, and generally maintaining higher liquidity in response to the ongoing COVID-19 pandemic.

Noninterest-bearing deposits were \$1.05 billion as of September 30, 2021, compared to \$998.9 million as of June 30, 2021 and \$906.1 million as of September 30, 2020. Noninterest-bearing deposits represented 32.8% of total deposits as of September 30, 2021. The change in noninterest-bearing deposit balances at September 30, 2021 compared to June 30, 2021 was an increase of \$55.3 million, or 5.5%. The change in noninterest-bearing deposit balances at September 30, 2021 compared to September 30, 2020 was an increase of \$148.2 million, or 16.4%. The changes from both compared periods is primarily a result of organic growth as well as existing customers increasing their deposit balances.

Asset Quality

As part of the Bank's efforts to support its customers and protect the Bank as a result of the COVID-19 pandemic, the Bank has provided borrowers impacted by the COVID-19 pandemic with relief by offering varying forms of loan modifications including 90-day payment deferrals, 6-month interest only terms, or in certain select cases periods of longer than 6 months of interest only. As of September 30, 2021, total active loan modifications attributed to COVID-19 were \$16.4 million, or 0.7% of the Company's loan portfolio, down from \$36.6 million, or 1.6% of the Company's loan portfolio, at June 30, 2021. Approximately 97% of these active modified loans at September 30, 2021 are in the hotel portfolio and have original modified terms that extended up to 18 months. We expect that these remaining modified loans will return to full payment status at the end of their respective modification periods.

The Company did not record a provision for loan losses in the third quarter of 2021, compared to a negative provision for loan losses of \$2.0 million for the second quarter of 2021 and a provision for loan losses of \$6.1 million for the third quarter of 2020. While the Company experienced growth in the loan portfolio and classified loans increased by 7% in the third quarter of 2021, the Company determined that no provision for loan losses was necessary in the third quarter of 2021 in light of the continued general improvement in the economy and a decline in the amount of loans that are actively under a modification. This increase in classified loans resulted from one credit, which was resolved in the fourth quarter of 2021 with no loss to the Company. There is continued uncertainty from the ongoing COVID-19 pandemic and the full extent of the impact on the economy and the Bank's customers remains unknown at this time. Accordingly, additional provisions for loan losses may be necessary in future periods.

The ratio of allowance for loan losses to loans held for investment was 1.76% as of September 30, 2021, compared to 1.87% as of June 30, 2021 and 2.01% as of September 30, 2020. The ratio of allowance for loan losses to non-PPP loans held for investment was 1.81% as of September 30, 2021.

The ratio of nonperforming assets to total assets as of September 30, 2021 was 0.32%, compared to 0.37% as of June 30, 2021 and 0.46% at September 30, 2020. Annualized net charge-offs were 0.03% for the third quarter of 2021, compared to 0.01% for the second quarter of 2021 and 0.10% for the third quarter of 2020.

Conference Call

South Plains will host a conference call to discuss its third quarter 2021 financial results today, October 26, 2021, 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 13723541. The replay will be available until November 9, 2021.

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 Common 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.

Available Information

The Company routinely posts important information for investors on its web site (under www.spfi.bank and, more specifically, under the News & Events tab at 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, among other things, the ongoing COVID-19 pandemic and other 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 on our customers, changes in interest rates, 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 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. 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

Source: South Plains Financial, Inc.

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

	As of and for the quarter ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Selected Income Statement Data:					
Interest income	\$ 34,438	\$ 33,016	\$ 32,982	\$ 33,984	\$ 34,503
Interest expense	3,260	3,423	3,438	3,619	3,230
Net interest income	31,178	29,593	29,544	30,365	31,273
Provision for loan losses	-	(2,007)	89	141	6,062
Noninterest income	25,791	22,250	26,500	26,172	31,660
Noninterest expense	38,063	36,778	37,057	36,504	35,993
Income tax expense	3,716	3,422	3,738	3,968	4,147
Net income	15,190	13,650	15,160	15,924	16,731
Per Share Data (Common Stock):					
Net earnings, basic	0.85	0.76	0.84	0.88	0.93
Net earnings, diluted	0.82	0.74	0.82	0.87	0.92
Cash dividends declared and paid	0.09	0.07	0.05	0.05	0.03
Book value	22.34	21.81	20.75	20.47	19.52
Tangible book value	20.90	20.35	19.28	18.97	18.00
Weighted average shares outstanding, basic	17,931,660	18,039,553	18,069,186	18,053,467	18,059,174
Weighted average shares outstanding, dilutive	18,464,183	18,553,050	18,511,120	18,366,129	18,256,161
Shares outstanding at end of period	17,824,094	18,014,398	18,053,229	18,076,364	18,059,174
Selected Period End Balance Sheet Data:					
Cash and cash equivalents	327,600	383,949	413,406	300,307	290,885
Investment securities	752,562	777,613	777,208	803,087	726,329
Total loans held for investment	2,429,041	2,303,462	2,242,676	2,221,583	2,288,234
Allowance for loan losses	42,768	42,963	45,019	45,553	46,076
Total assets	3,774,175	3,712,915	3,732,894	3,599,160	3,542,666
Interest-bearing deposits	2,157,981	2,159,554	2,193,427	2,057,029	2,037,743
Noninterest-bearing deposits	1,054,264	998,941	962,205	917,322	906,059
Total deposits	3,212,245	3,158,495	3,155,632	2,974,351	2,943,802
Borrowings	122,121	125,965	164,553	223,532	204,704
Total stockholders' equity	398,276	392,815	374,671	370,048	352,568
Summary Performance Ratios:					
Return on average assets	1.61%	1.46%	1.66%	1.76%	1.88%
Return on average equity	15.24%	14.27%	16.51%	17.53%	19.32%
Net interest margin ⁽¹⁾	3.58%	3.42%	3.52%	3.64%	3.82%
Yield on loans	4.99%	4.97%	5.07%	5.10%	5.08%
Cost of interest-bearing deposits	0.37%	0.40%	0.41%	0.45%	0.50%
Efficiency ratio	66.45%	70.52%	65.76%	64.19%	56.90%
Summary Credit Quality Data:					
Nonperforming loans	10,895	12,538	14,316	14,964	15,006
Nonperforming loans to total loans held for investment	0.45%	0.54%	0.64%	0.67%	0.66%
Other real estate owned	1,081	1,146	1,377	1,353	1,336
Nonperforming assets to total assets	0.32%	0.37%	0.42%	0.45%	0.46%
Allowance for loan losses to total loans held for investment	1.76%	1.87%	2.01%	2.05%	2.01%
Net charge-offs to average loans outstanding (annualized)	0.03%	0.01%	0.11%	0.11%	0.10%

	As of and for the quarter ended				
	September 30 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Capital Ratios:					
Total stockholders' equity to total assets	10.55%	10.58%	10.04%	10.28%	9.95%
Tangible common equity to tangible assets	9.94%	9.94%	9.39%	9.60%	9.25%
Common equity tier 1 to risk-weighted assets	12.68%	13.14%	13.23%	12.96%	12.49%
Tier 1 capital to average assets	10.83%	10.54%	10.35%	10.24%	10.01%
Total capital to risk-weighted assets	18.21%	18.95%	19.24%	19.08%	18.67%

(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					
	September 30, 2021			September 30, 2020		
	Average Balance	Interest Income Expense	Yield	Average Balance	Interest Income Expense	Yield
Assets						
Loans, excluding PPP ⁽¹⁾	\$ 2,365,010	\$ 28,947	4.86%	\$ 2,195,507	\$ 29,162	5.28%
Loans - PPP	86,645	1,872	8.57%	212,337	1,602	3.00%
Debt securities - taxable	531,620	2,309	1.72%	525,301	2,613	1.98%
Debt securities - nontaxable	221,026	1,468	2.64%	187,400	1,343	2.85%
Other interest-bearing assets	284,369	151	0.21%	168,922	105	0.25%
Total interest-earning assets	3,488,670	34,747	3.95%	3,289,467	34,825	4.21%
Noninterest-earning assets	259,641			247,338		
Total assets	\$ 3,748,311			\$ 3,536,805		
Liabilities & stockholders' equity						
NOW, Savings, MMA's	\$ 1,820,677	1,005	0.22%	\$ 1,695,476	1,213	0.28%
Time deposits	330,161	1,025	1.23%	322,535	1,304	1.61%
Short-term borrowings	725	-	0.00%	12,080	3	0.10%
Notes payable & other long-term borrowings	-	-	0.00%	95,870	65	0.27%
Subordinated debt securities	75,728	1,013	5.31%	26,472	403	6.06%
Junior subordinated deferrable interest debentures	46,393	217	1.86%	46,393	242	2.08%
Total interest-bearing liabilities	2,273,684	3,260	0.57%	2,198,826	3,230	0.58%
Demand deposits	1,035,910			944,420		
Other liabilities	43,171			49,008		
Stockholders' equity	395,546			344,551		
Total liabilities & stockholders' equity	\$ 3,748,311			\$ 3,536,805		
Net interest income		\$ 31,487			\$ 31,595	
Net interest margin ⁽²⁾			3.58%			3.82%

(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.

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

	For the Nine Months Ended					
	September 30, 2021			September 30, 2020		
	Average Balance	Interest Income Expense	Yield	Average Balance	Interest Income Expense	Yield
Assets						
Loans, excluding PPP ⁽¹⁾	\$ 2,246,650	\$ 82,314	4.90%	\$ 2,188,988	\$ 89,041	5.43%
Loans - PPP	141,040	7,147	6.78%	127,880	2,678	2.80%
Debt securities - taxable	540,380	7,118	1.76%	544,650	9,285	2.28%
Debt securities - nontaxable	219,242	4,414	2.69%	142,158	3,037	2.85%
Other interest-bearing assets	328,412	373	0.15%	164,936	963	0.78%
Total interest-earning assets	3,475,724	101,366	3.90%	3,168,612	105,004	4.43%
Noninterest-earning assets	261,449			248,523		
Total assets	\$ 3,737,173			\$ 3,417,135		
Liabilities & stockholders' equity						
NOW, Savings, MMA's	\$ 1,834,113	3,259	0.24%	\$ 1,630,524	5,199	0.43%
Time deposits	326,862	3,114	1.27%	334,189	4,361	1.74%
Short-term borrowings	10,725	5	0.06%	19,758	102	0.69%
Notes payable & other long-term borrowings	26,188	38	0.19%	117,726	518	0.59%
Subordinated debt securities	75,682	3,044	5.38%	26,472	1,210	6.11%
Junior subordinated deferrable interest debentures	46,393	661	1.90%	46,393	937	2.70%
Total interest-bearing liabilities	2,319,963	10,121	0.58%	2,175,062	12,327	0.76%
Demand deposits	991,331			870,606		
Other liabilities	41,996			40,579		
Stockholders' equity	383,883			330,888		
Total liabilities & stockholders' equity	\$ 3,737,173			\$ 3,417,135		
Net interest income		\$ 91,245		\$ 92,677		
Net interest margin ⁽²⁾			3.51%			3.91%

(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.

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

	As of	
	September 30, 2021	December 31, 2020
Assets		
Cash and due from banks	\$ 62,638	\$ 76,146
Interest-bearing deposits in banks	264,962	224,161
Federal funds sold	—	—
Investment securities	752,562	803,087
Loans held for sale	90,880	111,477
Loans held for investment	2,429,041	2,221,583
Less: Allowance for loan losses	(42,768)	(45,553)
Net loans held for investment	2,386,273	2,176,030
Premises and equipment, net	59,056	60,331
Goodwill	19,508	19,508
Intangible assets	6,296	7,562
Other assets	132,000	120,858
Total assets	\$ 3,774,175	\$ 3,599,160
Liabilities and Stockholders' Equity Liabilities		
Noninterest bearing deposits	\$ 1,054,264	\$ 917,322
Interest-bearing deposits	2,157,981	2,057,029
Total deposits	3,212,245	2,974,351
Other borrowings	-	101,550
Subordinated debt securities	75,728	75,589
Trust preferred subordinated debentures	46,393	46,393
Other liabilities	41,533	31,229
Total liabilities	3,375,899	3,229,112
Stockholders' Equity		
Common stock	17,824	18,076
Additional paid-in capital	136,402	141,112
Retained earnings	229,737	189,521
Accumulated other comprehensive income (loss)	14,313	21,339
Total stockholders' equity	398,276	370,048
Total liabilities and stockholders' equity	\$ 3,774,175	\$ 3,599,160

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

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Interest income:				
Loans, including fees	\$ 30,818	\$ 30,724	\$ 89,458	\$ 91,600
Other	3,620	3,779	10,978	12,647
Total Interest income	34,438	34,503	100,436	104,247
Interest expense:				
Deposits	2,030	2,517	6,373	9,560
Subordinated debt securities	1,013	403	3,044	1,210
Trust preferred subordinated debentures	217	242	661	937
Other	-	68	43	620
Total Interest expense	3,260	3,230	10,121	12,327
Net interest income	31,178	31,273	90,315	91,920
Provision for loan losses	-	6,062	(1,918)	25,429
Net interest income after provision for loan losses	31,178	25,211	92,233	66,491
Noninterest income:				
Service charges on deposits	1,851	1,749	5,023	5,171
Income from insurance activities	3,794	3,303	6,146	5,484
Mortgage banking activities	14,802	21,409	47,329	48,117
Bank card services and interchange fees	3,045	2,608	8,760	7,190
Other	2,299	2,591	7,283	7,151
Total Noninterest income	25,791	31,660	74,541	75,431
Noninterest expense:				
Salaries and employee benefits	24,116	23,672	71,811	66,103
Net occupancy expense	3,896	3,710	10,960	10,896
Professional services	1,388	1,177	4,483	4,710
Marketing and development	777	615	2,157	2,189
Other	7,886	6,819	22,487	21,313
Total noninterest expense	38,063	35,993	111,898	105,211
Income before income taxes	18,906	20,878	54,876	36,711
Income tax expense (benefit)	3,716	4,147	10,876	7,282
Net income	\$ 15,190	\$ 16,731	\$ 44,000	\$ 29,429

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

	As of	
	September 30,	December 31,
	2021	2020
Loans:		
Commercial Real Estate	\$ 746,775	\$ 663,344
Commercial - Specialized	390,394	311,686
Commercial - General	452,776	518,309
Consumer:		
1-4 Family Residential	387,167	360,315
Auto Loans	239,397	205,840
Other Consumer	69,079	67,595
Construction	143,453	94,494
Total loans held for investment	\$ 2,429,041	\$ 2,221,583

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

	As of	
	September 30,	December 31,
	2021	2020
Deposits:		
Noninterest-bearing demand deposits	\$ 1,054,264	\$ 917,322
NOW & other transaction accounts	359,177	332,829
MMDA & other savings	1,464,376	1,398,699
Time deposits	334,428	325,501
Total deposits	\$ 3,212,245	\$ 2,974,351

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

	As of and for the quarter ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Pre-tax, pre-provision income					
Net income	\$ 15,190	\$ 13,650	\$ 15,160	\$ 15,924	\$ 16,731
Income tax expense	3,716	3,422	3,738	3,968	4,147
Provision for loan losses	-	(2,007)	89	141	6,062
Pre-tax, pre-provision income	<u>\$ 18,906</u>	<u>\$ 15,065</u>	<u>\$ 18,987</u>	<u>\$ 20,033</u>	<u>\$ 26,940</u>

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

	As of				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Tangible common equity					
Total common stockholders' equity	\$ 398,276	\$ 392,815	\$ 374,671	\$ 370,048	\$ 352,568
Less: goodwill and other intangibles	(25,804)	(26,226)	(26,648)	(27,070)	(27,502)
Tangible common equity	<u>\$ 372,472</u>	<u>\$ 366,589</u>	<u>\$ 348,023</u>	<u>\$ 342,978</u>	<u>\$ 325,066</u>
Tangible assets					
Total assets	\$ 3,774,175	\$ 3,712,915	\$ 3,732,894	\$ 3,599,160	\$ 3,542,666
Less: goodwill and other intangibles	(25,804)	(26,226)	(26,648)	(27,070)	(27,502)
Tangible assets	<u>\$ 3,748,371</u>	<u>\$ 3,686,689</u>	<u>\$ 3,706,246</u>	<u>\$ 3,572,090</u>	<u>\$ 3,515,164</u>
Shares outstanding	<u>17,824,094</u>	<u>18,014,398</u>	<u>18,053,229</u>	<u>18,076,364</u>	<u>18,059,174</u>
Total stockholders' equity to total assets	10.55%	10.58%	10.04%	10.28%	9.95%
Tangible common equity to tangible assets	9.94%	9.94%	9.39%	9.60%	9.25%
Book value per share	\$ 22.34	\$ 21.81	\$ 20.75	\$ 20.47	\$ 19.52
Tangible book value per share	\$ 20.90	\$ 20.35	\$ 19.28	\$ 18.97	\$ 18.00



South Plains Financial Earnings Presentation

Third Quarter, 2021



South Plains
Financial, Inc.

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" 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, 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, 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 interest rates, 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. 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

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





Third Quarter 2021 Highlights

Parent company of City Bank, a leading Texas-based community bank headquartered in Lubbock, TX

One of the largest independent banks headquartered in West Texas

\$3.8 Billion in Total Assets as of September 30, 2021



Source: Company documents

NASDAQ: SPFI 3Q'21 Highlights

- ✓ Net income of \$15.2 million, compared to \$13.7 million in 2Q'21 and \$16.7 million in 3Q'20
- ✓ Diluted earnings per share of \$0.82, compared to \$0.74 in 2Q'21 and \$0.92 in 3Q'20
- ✓ Average cost of deposits declined to 25 bps, compared to 27 bps in 2Q'21 and 34 bps in 3Q'20
- ✓ No provision for loan losses ("PLL"), compared to a negative PLL of \$2.0 million in 2Q'21 and a PLL of \$6.1 million in 3Q'20
- ✓ Loans held for investment grew \$125.6 million, or 5.5%, during the third quarter of 2021 as compared to June 30, 2021.
- ✓ Nonperforming assets to total assets were 0.32%, compared to 0.37% at 6/30/21 and 0.46% at 9/30/20
- ✓ Net interest margin of 3.58%, compared to 3.42% in 2Q'21 and 3.82% in 3Q'20
- ✓ Efficiency ratio was 66.45%, compared to 70.52% in 2Q'21 and 56.90% in 3Q'20
- ✓ Tangible book value per share of \$20.90, compared to \$20.35 at 6/30/21 and \$18.00 at 9/30/20
- ✓ Return on average assets (annualized) of 1.61%, compared to 1.46% in 2Q'21 and 1.88% in 3Q'20

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

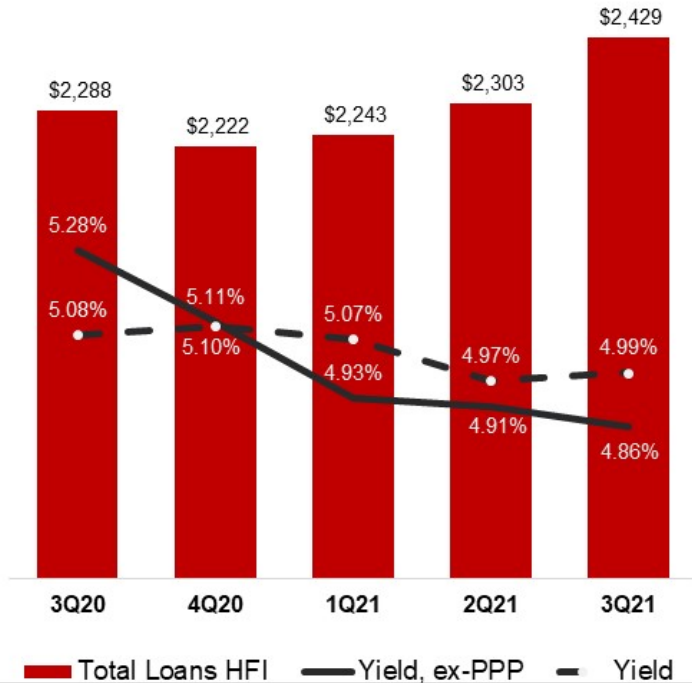


Loan Portfolio

Total Loans Held for Investment

\$ in Millions

3Q'21 Highlights



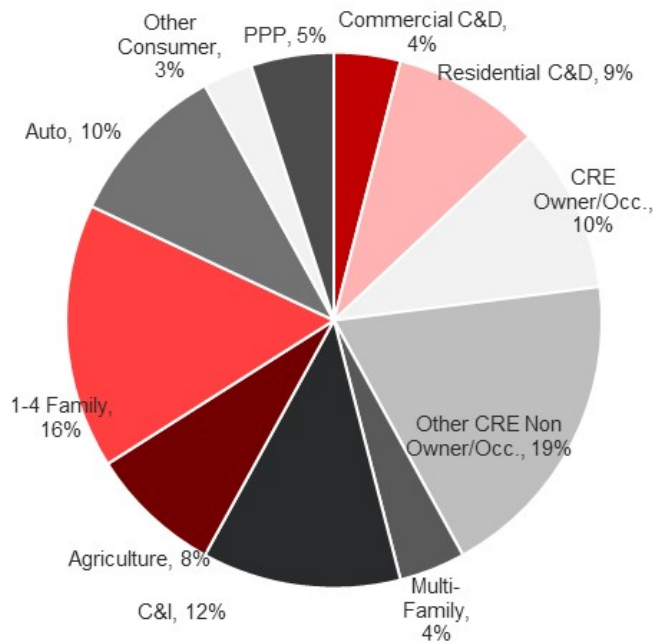
- ✓ Total loans increased by \$125.6 million compared to 2Q'21, primarily due to:
 - ✓ \$177.6 million in organic net growth;
 - ✓ Partially offset by a net decrease of \$52.0 million in Paycheck Protection Program (“PPP”) loans, primarily due to PPP loan forgiveness received from the Small Business Administration
- ✓ Strategic initiative underway to grow SPFI's banking team by more than 30% over two years with a primary focus on Dallas and Houston
- ✓ 3Q'21 yield on loans, ex-PPP, of 4.86%; a decrease of 5 bps compared to 2Q'21, excluding PPP loans

Source: Company documents



Loan Portfolio

Portfolio Composition



3Q'21 Highlights

- ✓ PPP loans totaled \$62 million at 9/30/21
- ✓ Active pandemic loan modifications were 0.7%, or \$16.4 million, of total loans at 9/30/21:
 - ✓ Decrease from 1.6%, or \$36.6 million, at 6/30/21
 - ✓ Approximately 97% of these modifications are in the hotel industry, which are expected to return to full payment status at the end of their respective modification periods.

Loan Portfolio (\$ in millions)	9/30/21
Commercial C&D	\$ 85.3
Residential C&D	215.8
CRE Owner/Occ.	219.9
Other CRE Non Owner/Occ.	458.4
Multi-Family	130.7
C&I	353.0
Agriculture	208.1
1-4 Family	387.1
Auto	239.4
Other Consumer	69.1
PPP	62.2
Total	\$ 2,429.0

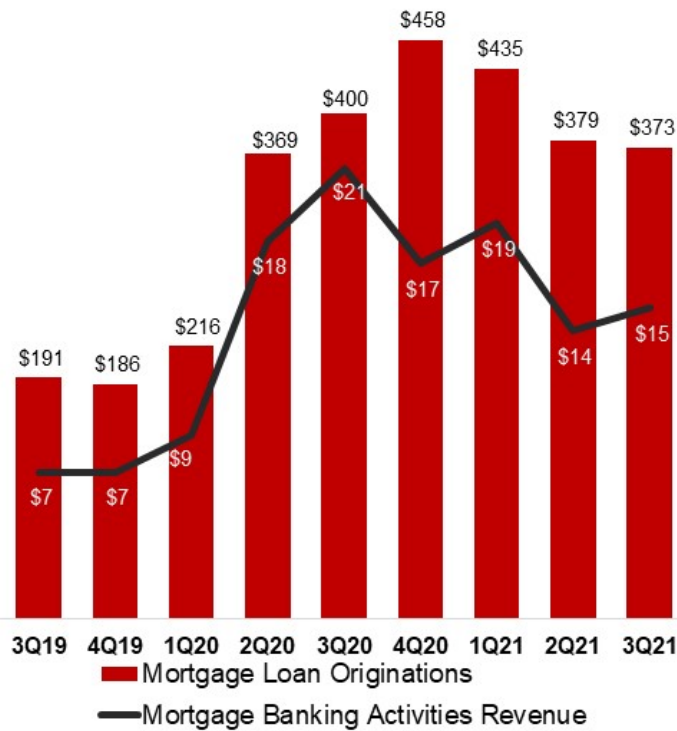
Source: Company documents



Mortgage Banking Overview

Mortgage Banking Activity

\$ in Millions



3Q'21 Highlights

- ✓ \$75 million decrease in interest rate lock commitments at 9/30/21 compared to 9/30/20
- ✓ Mortgage loan originations decreased 1.6% in 3Q'21 compared to 2Q'21
- ✓ Mortgage servicing rights asset valuation – a positive adjustment of \$119 thousand in 3Q'21, compared to a negative adjustment of \$351 thousand in 2Q'21

Source: Company documents

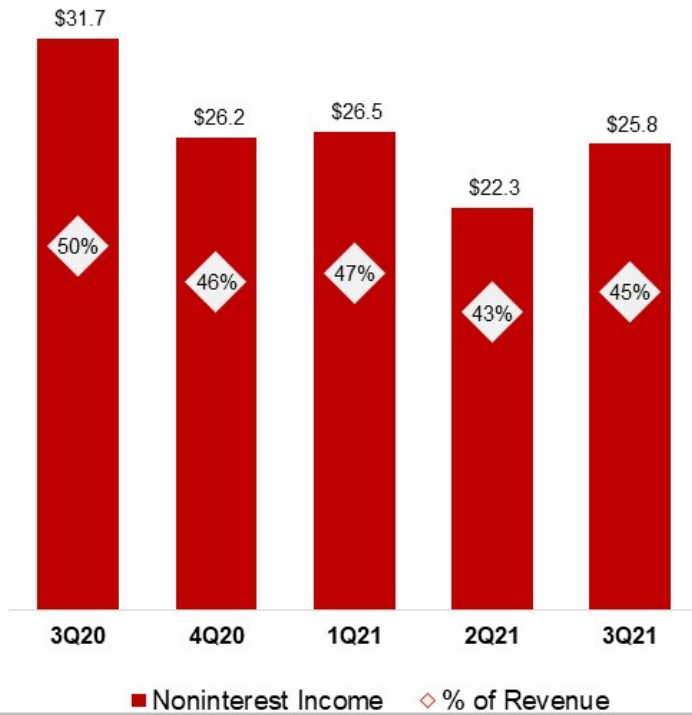


Noninterest Income

Noninterest Income

\$ in Millions

3Q'21 Highlights



- ✓ Noninterest income of \$25.8 million, compared to \$22.3 million in 2Q'21; the increase is primarily due to:
 - ✓ Seasonal increase of \$2.6 million in noninterest income from insurance activities
 - ✓ \$1.1 million increase in mortgage banking activities revenue
- ✓ Revenue from mortgage banking activities of was 26% of total revenue, compared to 26% in 2Q'21 and 34% in 3Q'20

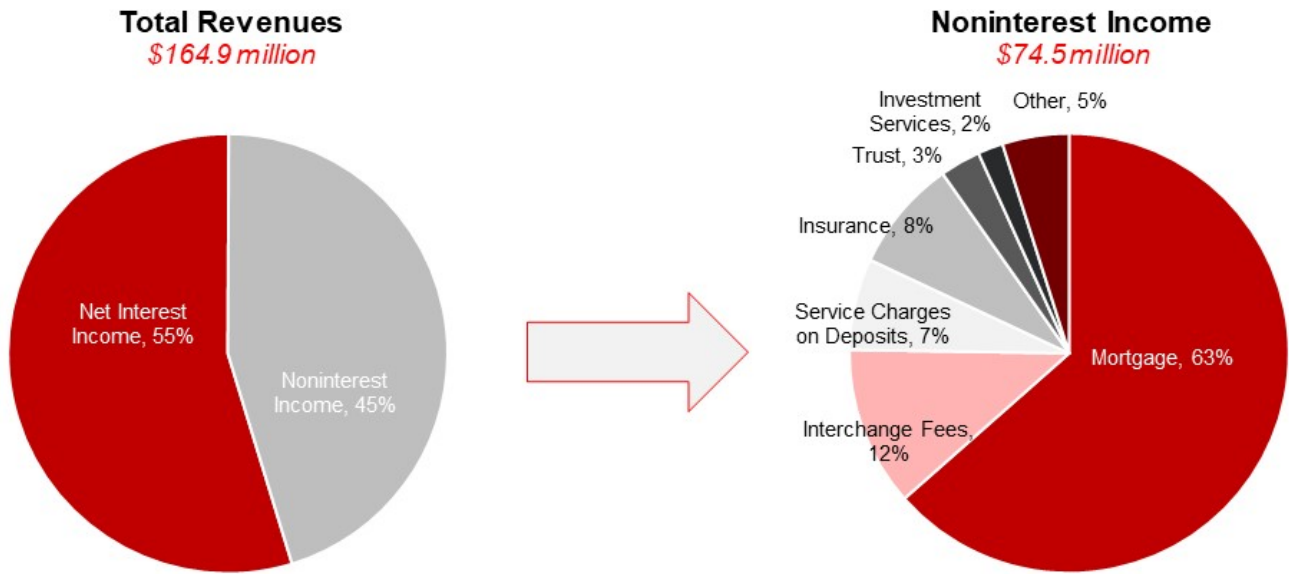
Source: Company documents





Diversified Revenue Stream

Nine Months Ended September 30, 2021



Source: Company documents

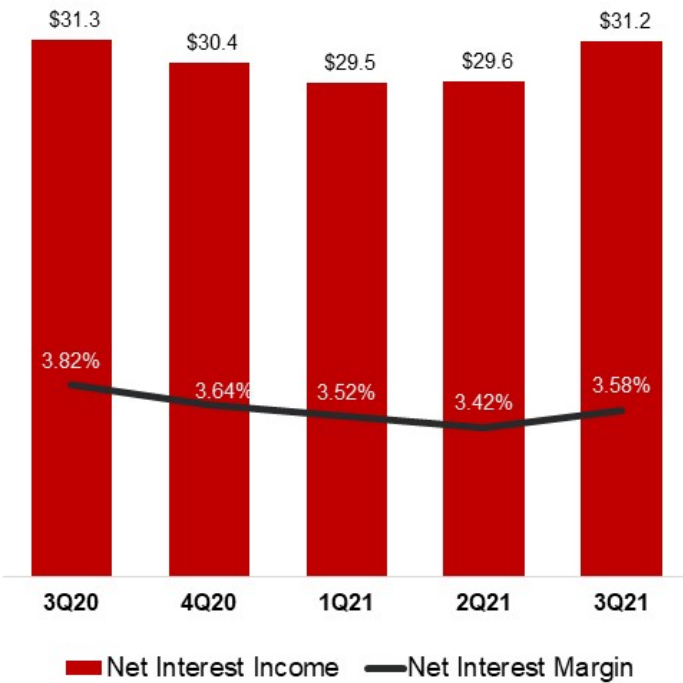


Net Interest Income and Margin

Net Interest Income & Margin

\$ in Millions

3Q'21 Highlights



- ✓ Net interest income of \$31.2 million, compared to \$29.6 million in 2Q'21
- ✓ Increase was mainly the result of the growth of \$82.9 million in average loans outstanding
- ✓ 3Q'21 net interest margin ("NIM") of 3.58%, an increase of 16 bps compared to 2Q'21 as excess liquidity was deployed into higher yielding loans during the quarter

Source: Company documents



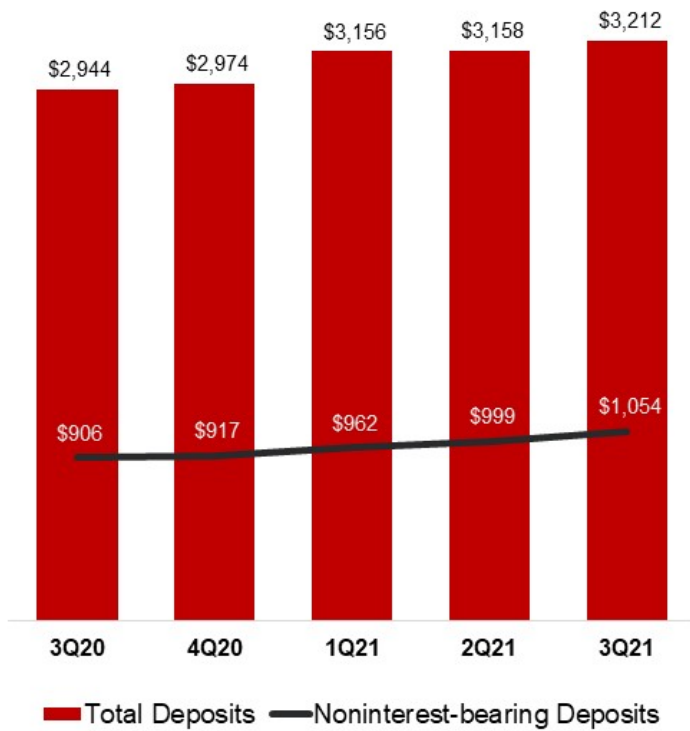


Deposit Portfolio

Total Deposits

\$ in Millions

3Q'21 Highlights



- ✓ Total Deposits of \$3.21 billion at 3Q'21, an increase of \$53.8 million from 2Q'21
 - ✓ largest increase was experienced in non-personal demand accounts
- ✓ Cost of interest-bearing deposits declined in 3Q'21 to 37 bps from 40 bps in 2Q'21
- ✓ Noninterest-bearing deposits represented 32.8% of deposits in 3Q'21, compared to 31.6% in 2Q'21

Source: Company documents

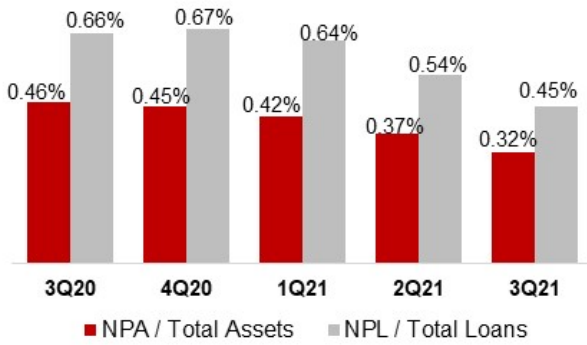


South Plains
Financial, Inc.

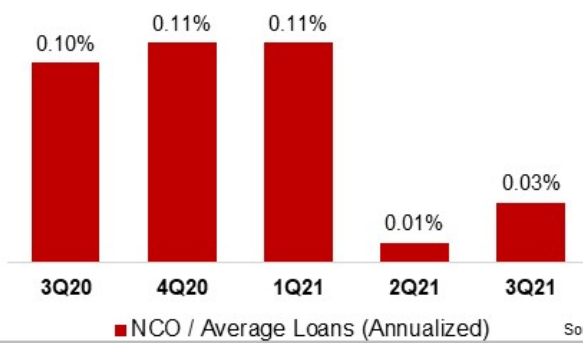


Credit Quality

Credit Quality Ratios



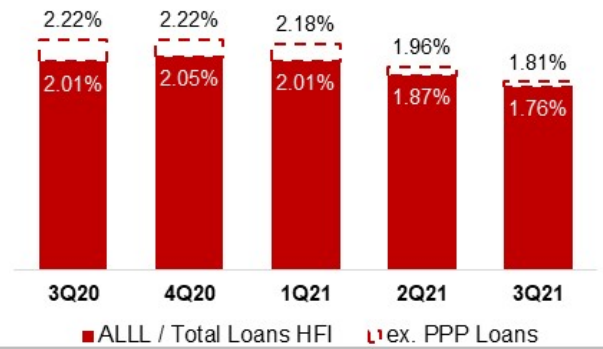
Net Charge-Offs to Average Loans



3Q'21 Highlights

- ✓ While growth was experienced in the loan portfolio and classified loans increased, the Company made no provision for loan loss in 3Q'21 in light of the general improvements in the economy and a decline in loans actively under a modification.
- ✓ Total classified loans increased \$6 million in 3Q'21 as compared to 2Q'21
- ✓ Ratio of Allowance for Loan Losses ("ALLL") to Loans Held for Investment ("HFI") was 1.76% at 9/30/21

ALLL to Total Loans HFI





Select Loan Industry Concentration Detail

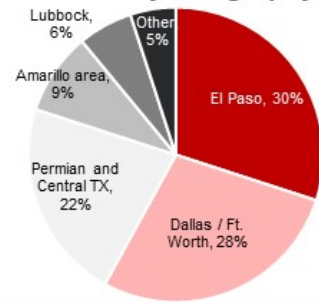
As of September 30, 2021



Hospitality

- Total operating hospitality loans of \$129 million*
- \$6 million in hotels under construction, with unfunded commitments of <\$2 million
- 85% of balances are to limited service hotels
- 37% of operating hospitality classified; 0.9% is nonaccrual; none are 30 days or more past due
- ALLL on operating hospitality is 7.6x%*
- * Does not include loans reported in construction and development

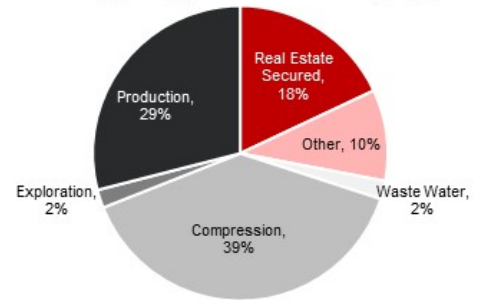
Hotels by Geography



Direct Energy

- Total direct energy loans of \$107 million
- 96% support services, 4% upstream
- Nearly 100% are located in Permian and Palo Duro Basins
- 6% of energy sector classified
- ALLL on energy sector is 1.7%

Energy Support Services by Type



Source: Company documents





Investment Securities

Securities & Cash

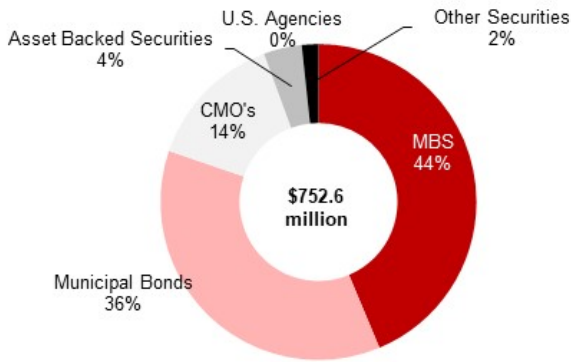
\$ in Millions



3Q'21 Highlights

- ✓ Investment Securities totaled \$752.6 million at 9/30/21, the fair value of securities decreased \$6 million due to market conditions from 6/30/21
- ✓ All municipal bonds are in Texas
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE

3Q'21 Securities Composition



Source: Company documents

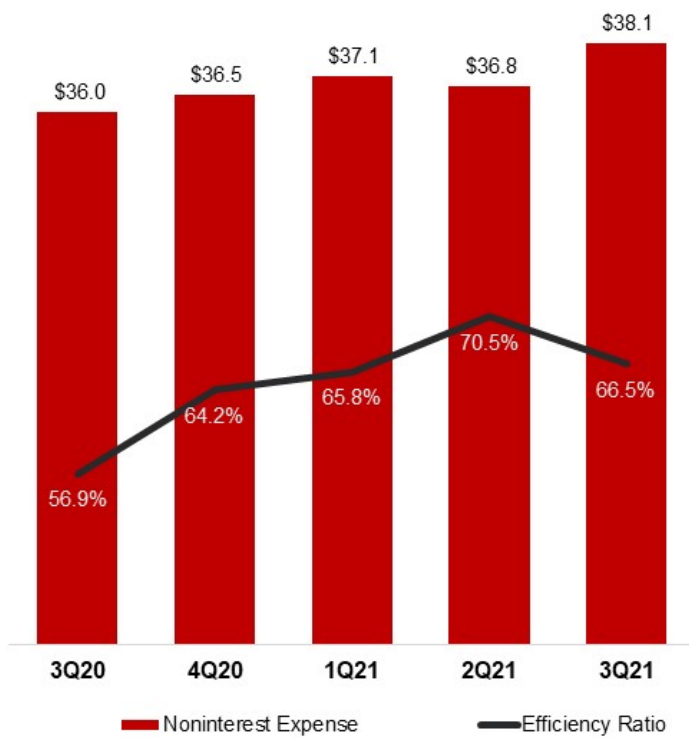


Noninterest Expense and Efficiency

Noninterest Expense

\$ in Millions

3Q'21 Highlights



- ✓ Noninterest expense for 3Q'21 increased \$1.3 million from 2Q'21 primarily due to:
 - ✓ \$739 thousand increase in personnel expense from an additional \$1.2 million in commissions for insurance activities partially offset by a decline in mortgage commissions paid related to a decline in mortgage production
 - ✓ \$397 thousand increase in net occupancy expense due to higher maintenance and repair costs, additional rent overhead due to an expansion in leased space, and higher seasonal utility costs.
- ✓ Management continues to focus on reducing fixed expenses to drive improved profitability

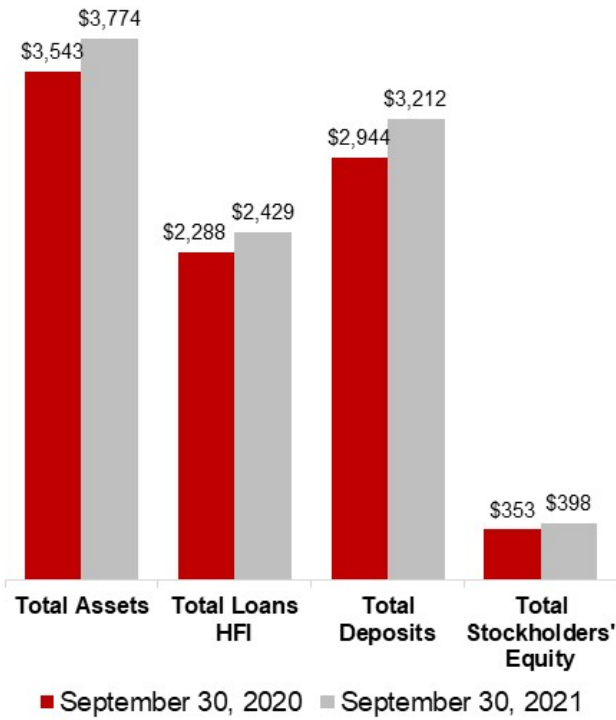
Source: Company documents



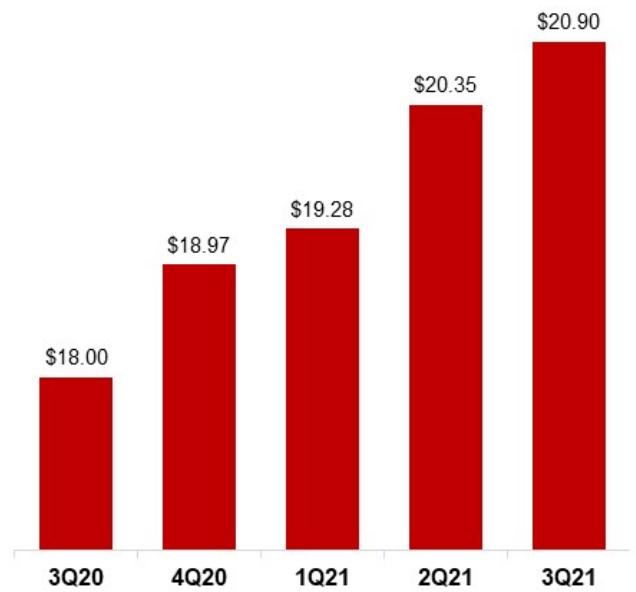
Balance Sheet Growth and Development

Balance Sheet Highlights

\$ in Millions



Tangible Book Value Per Share



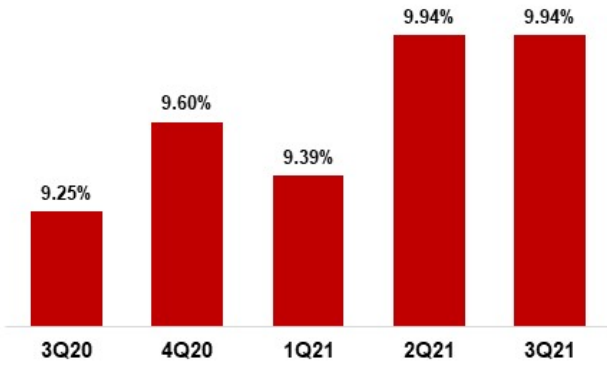
Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation to GAAP
 Source: Company documents



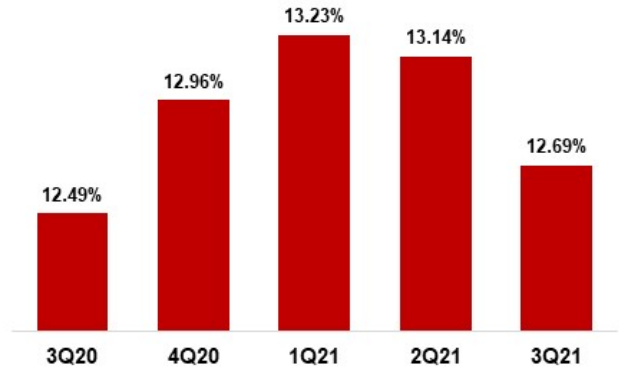


Strong Capital Base

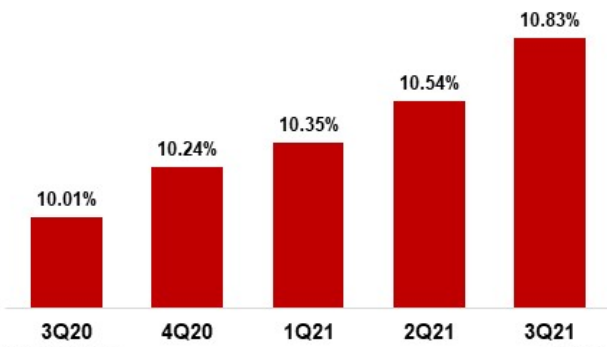
Tangible Common Equity to Tangible Assets Ratio



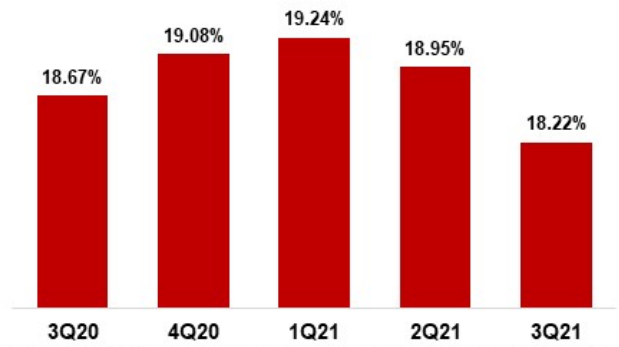
Common Equity Tier 1 Ratio



Tier 1 Capital to Average Assets Ratio



Total Capital to Risk-Weighted Assets Ratio



Source: Company documents

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



Appendix



Non-GAAP Financial Measures

Unaudited

\$ in Thousands

	As of and for the quarter ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Pre-Tax, Pre-Provision Income					
Net income	\$ 15,190	\$ 13,650	\$ 15,160	\$ 15,924	\$ 16,731
Income tax expense	3,716	3,422	3,738	3,968	4,147
Provision for loan losses	-	(2,007)	89	141	6,062
Pre-tax, pre-provision income	\$ 18,906	\$ 15,065	\$ 18,987	\$ 20,033	\$ 26,940
	As of the quarter ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Tangible common equity					
Total common stockholders' equity	\$ 398,276	\$ 392,815	\$ 374,671	\$ 370,048	\$ 352,568
Less: goodwill and other intangibles	(25,804)	(26,226)	(26,648)	(27,070)	(27,502)
Tangible common equity	\$ 372,472	\$ 366,589	\$ 348,023	\$ 342,978	\$ 325,066
Tangible assets					
Total assets	\$ 3,774,175	\$ 3,712,915	\$ 3,732,894	\$ 3,599,160	\$ 3,542,666
Less: goodwill and other intangibles	(25,804)	(26,226)	(26,648)	(27,070)	(27,502)
Tangible assets	\$ 3,748,371	\$ 3,686,689	\$ 3,706,246	\$ 3,572,090	\$ 3,515,164
Shares outstanding	17,824,094	18,014,398	18,053,229	18,076,364	18,059,174
Total stockholders' equity to total assets	10.55%	10.58%	10.04%	10.28%	9.95%
Tangible common equity to tangible assets	9.94%	9.94%	9.39%	9.60%	9.25%
Book value per share	\$ 22.34	\$ 21.81	\$ 20.75	\$ 20.47	\$ 19.52
Tangible book value per share	\$ 20.90	\$ 20.35	\$ 19.28	\$ 18.97	\$ 18.00

Source: Company documents



South Plains
Financial, Inc.