

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 24, 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 October 24, 2023, South Plains Financial, Inc. (the “Company”) issued a press release announcing its financial results for the third quarter ended September 30, 2023. 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 24, 2023, officers of the Company will have a conference call with respect to the Company’s financial results for the third quarter ended September 30, 2023. An earnings release slide presentation highlighting the Company’s financial results for the third quarter ended September 30, 2023 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 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 October 24, 2023, announcing third quarter 2023 financial results of South Plains Financial, Inc.

[99.2](#) Earnings release slide presentation, dated October 24, 2023.

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

SIGNATURES

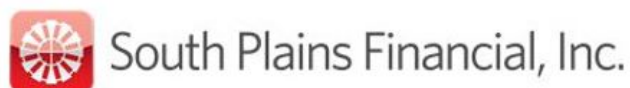
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTH PLAINS FINANCIAL, INC.

Date: October 24, 2023

By: /s/ Steven B. Crockett

Steven B. Crockett
Chief Financial Officer and Treasurer



South Plains Financial, Inc. Reports Third Quarter 2023 Financial Results

LUBBOCK, Texas, October 24, 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 ended September 30, 2023.

Third Quarter 2023 Highlights

- Net income for the third quarter of 2023 was \$13.5 million, compared to \$29.7 million for the second quarter of 2023 and \$15.5 million for the third quarter of 2022.
- Diluted earnings per share for the third quarter of 2023 was \$0.78, compared to \$1.71 for the second quarter of 2023 and \$0.86 for the third quarter of 2022. Excluding one-time gains net of charges related to the sale of a subsidiary (\$22.9 million net of tax) and the loss from repositioning of the securities portfolio (\$2.7 million net of tax), second quarter 2023 diluted earnings per share was \$0.55.
- Deposits grew \$46.1 million, or 1.3%, to \$3.62 billion during the third quarter of 2023, as compared to June 30, 2023; an estimated 16% of deposits at September 30, 2023 were uninsured or uncollateralized.
- Average cost of deposits for the third quarter of 2023 was 207 basis points, compared to 169 basis points for the second quarter of 2023 and 52 basis points for the third quarter of 2022.
- Net interest margin, calculated on a tax-equivalent basis, was 3.52% for the third quarter of 2023, compared to 3.65% for the second quarter of 2023.
- Loans held for investment grew \$14.5 million, or 1.9% annualized, during the third quarter of 2023, compared to June 30, 2023.
- The provision for credit losses was negative \$0.7 million in the third quarter of 2023, compared to \$3.7 million in the second quarter of 2023 and negative \$0.8 million in the third quarter of 2022.
- Nonperforming assets to total assets were 0.12% at September 30, 2023, compared to 0.51% at June 30, 2023 and 0.20% at September 30, 2022.
- Return on average assets for the third quarter of 2023 was 1.27% annualized, compared to 2.97% annualized for the second quarter of 2023 and 1.53% annualized for the third quarter of 2022.
- Tangible book value (non-GAAP) per share was \$21.07 as of September 30, 2023, compared to \$21.82 as of June 30, 2023 and \$18.61 as of September 30, 2022.
- Liquidity available through borrowing capacity of \$1.89 billion with the Federal Home Loan Bank of Dallas, the Federal Reserve Bank of Dallas Discount Window, and access to the Federal Reserve’s Bank Term Funding Program at September 30, 2023.
- Capital ratios at September 30, 2023 were total risk-based capital ratio – 16.82%, Tier 1 risk-based capital ratio – 13.46%, Common Equity Tier 1 risk-based capital ratio – 12.19%, and Tier 1 leverage ratio - 11.13%, and significantly exceeded the minimum regulatory levels necessary to be deemed “well-capitalized”.

Curtis Griffith, South Plains’ Chairman and Chief Executive Officer, commented, “I am very proud of our performance once again this quarter as we delivered net interest income growth despite continued pressure on our funding costs. We have benefited from the strong loan growth delivered during the first half of 2023 combined with a healthy rise in our loan portfolio’s yield, which increased an additional sixteen basis points to 6.10% in the third quarter. We also believe we have ample opportunities to reprice both our commercial loan and indirect auto portfolios over the next year which will continue to drive interest income growth even if our balance sheet only experiences moderate growth given the slowing economy. Importantly, we have not sacrificed credit quality as the credit metrics of our loan portfolio remain strong, evidenced by our nonperforming assets being at their lowest level since before our IPO in 2019. While we continue to deliver solid growth and strong credit metrics, our share price has remained below what we believe to be intrinsic value. As a result, we repurchased 355,000 shares for total proceeds of \$9.3 million in the third quarter.”

Results of Operations, Quarter Ended September 30, 2023

Net Interest Income

Net interest income was \$35.7 million for the third quarter of 2023, compared to \$34.6 million for the second quarter of 2023 and \$35.1 million for the third quarter of 2022. Net interest margin, calculated on a tax-equivalent basis, was 3.52% for the third quarter of 2023, compared to 3.65% for the second quarter of 2023 and 3.70% for the third quarter of 2022. The average yield on loans was 6.10% for the third quarter of 2023, compared to 5.94% for the second quarter of 2023 and 5.12% for the third quarter of 2022. The average cost of deposits was 207 basis points for the third quarter of 2023, which is 40 basis points higher than the second quarter of 2023 and 157 basis points higher than the third quarter of 2022.

Interest income was \$56.5 million for the third quarter of 2023, compared to \$50.8 million for the second quarter of 2023 and \$41.1 million for the third quarter of 2022. Interest income increased \$5.7 million in the third quarter of 2023 from the second quarter of 2023, which was mainly comprised of an increase of \$3.4 million in loan interest income and \$2.3 million in interest income on other interest-earning assets. The growth in loan interest income was primarily due to an increase of \$111.6 million in average loans outstanding and the rising short-term interest rate environment, as the yield on loans rose 16 basis points. The additional interest income on other interest-earning assets was predominately a result of increased liquidity maintained at the Federal Reserve Bank of Dallas and increased rates. Interest income increased \$15.7 million in the third quarter of 2023 compared to the third quarter of 2022. This increase was primarily due to an increase of average loans of \$334.5 million and higher market interest rates during the period, resulting in growth of \$11.8 million in loan interest income.

Interest expense was \$20.8 million for the third quarter of 2023, compared to \$16.2 million for the second quarter of 2023 and \$6.0 million for the third quarter of 2022. Interest expense increased \$4.6 million compared to the second quarter of 2023 and \$14.8 million compared to the third quarter of 2022, primarily as a result of significantly rising short-term interest rates on interest-bearing liabilities, with the increase being mainly comprised of interest expense on deposits. Additionally, interest-bearing deposits have grown during both of the period comparisons. Average brokered deposits increased approximately \$175 million during the third quarter 2023 from the second quarter 2023.

Noninterest Income and Noninterest Expense

Noninterest income was \$12.3 million for the third quarter of 2023, compared to \$47.1 million for the second quarter of 2023 and \$20.9 million for the third quarter of 2022. The decrease from the second quarter of 2023 was primarily due to the \$33.5 million gain on sale of Windmark Insurance Agency, Inc. (“Windmark”) in the second quarter of 2023. Additionally, bank card services and interchange revenue decreased \$0.9 million for the third quarter of 2023 compared to the second quarter of 2023, after increasing \$1.1 million during the second quarter. The increase in the second quarter was mainly as a result of incentives and rebates received during the period. The decrease in noninterest income for the third quarter of 2023 as compared to the third quarter of 2022 was primarily due to a reduction of \$4.8 million in income from insurance activities due to the sale of Windmark and a decrease of \$1.7 million in mortgage banking revenues as originations of mortgage loans held for sale declined \$50.1 million as mortgage interest rates have risen which has slowed mortgage activity. Additionally, there was \$2.1 million of income in legal settlements during the third quarter of 2022.

Noninterest expense was \$31.5 million for the third quarter of 2023, compared to \$40.5 million for the second quarter of 2023 and \$37.4 million for the third quarter of 2022. The \$9.0 million decrease from the second quarter of 2023 was largely the result the second quarter having \$4.5 million in personnel and transaction expenses as part of the Windmark sale plus related incentive compensation and a \$3.4 million loss on the sale of securities. The decrease in noninterest expense for the third quarter of 2023 as compared to the third quarter of 2022 was primarily driven by a reduction of \$2.9 million in Windmark expenses due to the sale, a reduction of \$1.8 million in mortgage personnel costs due to the decline in mortgage loan originations and a decrease of \$759 thousand in legal expenses incurred largely as a result of a vendor dispute, which was resolved and accounted for by the end of 2022.

Loan Portfolio and Composition

Loans held for investment were \$2.99 billion as of September 30, 2023, compared to \$2.98 billion as of June 30, 2023 and \$2.69 billion as of September 30, 2022. The \$14.5 million, or 1.9% annualized, increase during the third quarter of 2023 as compared to the second quarter of 2023 occurred primarily in commercial real estate loans, residential mortgage loans, seasonal agricultural loans, and energy loans, partially offset by \$16.5 million in loan payoffs of nonperforming credits as detailed below. As of September 30, 2023, loans held for investment increased \$303.2 million, or 11.3% year over year, from September 30, 2022, primarily attributable to strong organic loan growth.

Deposits and Borrowings

Deposits totaled \$3.62 billion as of September 30, 2023, compared to \$3.57 billion as of June 30, 2023 and \$3.46 billion as of September 30, 2022. Deposits increased by \$46.1 million, or 1.3%, in the third quarter of 2023 from June 30, 2023. As of September 30, 2023, deposits increased \$160.1 million, or 4.6% year over year, from September 30, 2022. Noninterest-bearing deposits were \$1.05 billion as of September 30, 2023, compared to \$1.10 billion as of June 30, 2023 and \$1.26 billion as of September 30, 2022. Noninterest-bearing deposits represented 28.9% of total deposits as of September 30, 2023. The quarterly growth in deposits was mainly the result of an increase of \$71 million in brokered deposits, partially offset by a decrease of \$14 million in public-fund deposits. The year-over-year increase in deposits is primarily a result of growth of \$152 million in brokered deposits in the second and third quarters of 2023 given the overall focus on improving liquidity.

Asset Quality

The Company recorded a negative provision for credit losses in the third quarter of 2023 of \$0.7 million, compared to \$3.7 million in the second quarter of 2023 and a negative provision of \$0.8 million in the third quarter of 2022. The negative provision during the third quarter of 2023 was largely attributable to a reduction of \$1.3 million in specific reserves, partially offset by organic loan growth and net charge-off activity during the third quarter. The reduction in specific reserves was a result of the full repayment of a \$13.3 million nonaccrual relationship in the third quarter. Classified loans declined \$16.8 million during the third quarter of 2023 to \$50.7 million from \$67.4 million at June 30, 2023.

The ratio of allowance for credit losses to loans held for investment was 1.41% as of September 30, 2023, compared to 1.45% as of June 30, 2023 and 1.47% as of September 30, 2022.

The ratio of nonperforming assets to total assets as of September 30, 2023 was 0.12%, compared to 0.51% as of June 30, 2023 and 0.20% at September 30, 2022. Annualized net charge-offs (recoveries) were 0.05% for the third quarter of 2023, compared to 0.05% for the second quarter of 2023 and (0.10)% for the third quarter of 2022. The decrease in nonperforming assets was a result of the full repayment of the \$13.3 million relationship noted above and full repayment of a \$3.3 million nonperforming relationship during the third quarter.

Capital

Book value per share decreased to \$22.39 at September 30, 2023, compared to \$23.13 at June 30, 2023. The decrease was primarily driven by a decrease in accumulated other comprehensive income ("AOCI") and by \$9.3 million in share repurchases, partially offset by an increase of \$11.3 million of net income after dividends paid. The decrease in AOCI was attributed to the after-tax decline in fair value of our available for sale securities, net of fair value hedges, as a result of significant increases in long-term market interest rates during the period.

Conference Call

South Plains will host a conference call to discuss its third quarter 2023 financial results today, October 24, 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 13741532. The replay will be available until November 7, 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 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.

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 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. 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, 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 recent bank failures and any continuation of the recent 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; changes in market interest rates; the persistence of the current inflationary environment 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 prices; uncertainty regarding United States fiscal debt and budget matters; cyber incidents or other failures, disruptions or security breaches; severe weather, natural disasters, acts of war or terrorism or other external events; 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, 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, 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 applicable 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, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Selected Income Statement Data:					
Interest income	\$ 56,528	\$ 50,821	\$ 47,448	\$ 46,228	\$ 41,108
Interest expense	20,839	16,240	13,133	9,906	6,006
Net interest income	35,689	34,581	34,315	36,322	35,102
Provision for credit losses	(700)	3,700	1,010	248	(782)
Noninterest income	12,277	47,112	10,691	12,676	20,937
Noninterest expense	31,489	40,499	32,361	32,708	37,401
Income tax expense	3,683	7,811	2,391	3,421	3,962
Net income	13,494	29,683	9,244	12,621	15,458
Per Share Data (Common Stock):					
Net earnings, basic	0.80	1.74	0.54	0.74	0.89
Net earnings, diluted	0.78	1.71	0.53	0.71	0.86
Cash dividends declared and paid	0.13	0.13	0.13	0.12	0.12
Book value	22.39	23.13	21.57	20.97	20.03
Tangible book value (non-GAAP)	21.07	21.82	20.19	19.57	18.61
Weighted average shares outstanding, basic	16,842,594	17,048,432	17,046,713	17,007,914	17,286,531
Weighted average shares outstanding, dilutive	17,354,182	17,386,515	17,560,756	17,751,674	17,901,899
Shares outstanding at end of period	16,600,442	16,952,072	17,062,572	17,027,197	17,064,640
Selected Period End Balance Sheet Data:					
Cash and cash equivalents	352,424	295,581	328,002	234,883	329,962
Investment securities	584,969	628,093	698,579	701,711	711,412
Total loans held for investment	2,993,563	2,979,063	2,788,640	2,748,081	2,690,366
Allowance for credit losses	42,075	43,137	39,560	39,288	39,657
Total assets	4,186,440	4,150,129	4,058,049	3,944,063	3,992,690
Interest-bearing deposits	2,574,361	2,473,755	2,397,115	2,255,942	2,198,464
Noninterest-bearing deposits	1,046,253	1,100,767	1,110,939	1,150,488	1,262,072
Total deposits	3,620,614	3,574,522	3,508,054	3,406,430	3,460,536
Borrowings	122,493	122,447	122,400	122,354	122,307
Total stockholders' equity	371,716	392,029	367,964	357,014	341,799
Summary Performance Ratios:					
Return on average assets (annualized)	1.27%	2.97%	0.95%	1.27%	1.53%
Return on average equity (annualized)	14.01%	31.33%	10.34%	14.33%	17.37%
Net interest margin ⁽¹⁾	3.52%	3.65%	3.75%	3.88%	3.70%
Yield on loans	6.10%	5.94%	5.78%	5.59%	5.12%
Cost of interest-bearing deposits	2.93%	2.45%	2.03%	1.52%	0.82%
Efficiency ratio	65.34%	49.39%	71.42%	66.35%	66.38%
Summary Credit Quality Data:					
Nonperforming loans	4,783	21,039	7,579	7,790	7,834
Nonperforming loans to total loans held for investment	0.16%	0.71%	0.27%	0.28%	0.29%
Other real estate owned	242	249	202	169	37
Nonperforming assets to total assets	0.12%	0.51%	0.19%	0.20%	0.20%
Allowance for credit losses to total loans held for investment	1.41%	1.45%	1.42%	1.43%	1.47%
Net charge-offs (recoveries) to average loans outstanding (annualized)	0.05%	0.05%	0.09%	0.09%	(0.10)%

	As of and for the quarter ended				
	September 30	June 30,	March 31,	December 31,	September 30,
	2023	2023	2023	2022	2022
Capital Ratios:					
Total stockholders' equity to total assets	8.88%	9.45%	9.07%	9.05%	8.56%
Tangible common equity to tangible assets (non-GAAP)	8.40%	8.96%	8.54%	8.50%	8.00%
Common equity tier 1 to risk-weighted assets	12.19%	12.11%	11.92%	11.81%	11.67%
Tier 1 capital to average assets	11.13%	11.67%	11.22%	11.03%	10.95%
Total capital to risk-weighted assets	16.82%	16.75%	16.70%	16.58%	16.46%

(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, 2023			September 30, 2022		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets						
Loans	\$ 3,005,699	\$ 46,250	6.10%	\$ 2,671,183	\$ 34,464	5.12%
Debt securities - taxable	561,068	5,422	3.83%	617,722	4,166	2.68%
Debt securities - nontaxable	159,577	1,054	2.62%	215,508	1,428	2.63%
Other interest-bearing assets	325,201	4,031	4.92%	293,636	1,351	1.83%
Total interest-earning assets	4,051,545	56,757	5.56%	3,798,049	41,409	4.33%
Noninterest-earning assets	177,216			208,135		
Total assets	\$ 4,228,761			\$ 4,006,184		
Liabilities & stockholders' equity						
NOW, Savings, MMDA's	\$ 2,223,014	16,061	2.87%	\$ 1,873,786	3,514	0.74%
Time deposits	344,395	2,904	3.35%	330,133	1,023	1.23%
Short-term borrowings	3	-	0.00%	4	-	0.00%
Notes payable & other long-term borrowings	-	-	0.00%	-	-	0.00%
Subordinated debt	76,077	1,012	5.28%	75,914	1,012	5.29%
Junior subordinated deferrable interest debentures	46,393	862	7.37%	46,393	457	3.91%
Total interest-bearing liabilities	2,689,882	20,839	3.07%	2,326,230	6,006	1.02%
Demand deposits	1,071,175			1,248,804		
Other liabilities	85,713			78,139		
Stockholders' equity	381,991			353,011		
Total liabilities & stockholders' equity	\$ 4,228,761			\$ 4,006,184		
Net interest income		\$ 35,918			\$ 35,403	
Net interest margin ⁽²⁾			3.52%			3.70%

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

(2) Net interest margin is calculated as the annualized 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 Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets						
Loans	\$ 2,892,887	\$ 128,724	5.95%	\$ 2,567,683	\$ 99,262	5.17%
Debt securities - taxable	574,159	16,027	3.73%	592,069	10,058	2.27%
Debt securities - nontaxable	194,492	3,870	2.66%	216,951	4,315	2.66%
Other interest-bearing assets	212,384	7,010	4.41%	363,659	2,213	0.81%
Total interest-earning assets	3,873,922	155,631	5.37%	3,740,362	115,848	4.14%
Noninterest-earning assets	183,149			236,296		
Total assets	\$ 4,057,071			\$ 3,976,658		
Liabilities & stockholders' equity						
NOW, Savings, MMDA's	\$ 2,090,250	38,529	2.46%	\$ 1,905,000	5,782	0.41%
Time deposits	309,250	6,239	2.70%	334,686	2,962	1.18%
Short-term borrowings	111	5	6.02%	4	-	0.00%
Notes payable & other long-term borrowings	-	-	0.00%	-	-	0.00%
Subordinated debt	76,031	3,037	5.34%	75,852	3,037	5.35%
Junior subordinated deferrable interest debentures	46,393	2,402	6.92%	46,393	1,005	2.90%
Total interest-bearing liabilities	2,522,035	50,212	2.66%	2,361,935	12,786	0.72%
Demand deposits	1,085,345			1,174,783		
Other liabilities	74,865			64,639		
Stockholders' equity	374,826			375,301		
Total liabilities & stockholders' equity	\$ 4,057,071			\$ 3,976,658		
Net interest income		\$ 105,419			\$ 103,062	
Net interest margin ⁽²⁾			3.64%			3.68%

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

(2) Net interest margin is calculated as the annualized net interest 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, 2023	December 31, 2022
Assets		
Cash and due from banks	\$ 44,583	\$ 61,613
Interest-bearing deposits in banks	307,841	173,270
Securities available for sale	584,969	701,711
Loans held for sale	20,273	30,403
Loans held for investment	2,993,563	2,748,081
Less: Allowance for credit losses	(42,075)	(39,288)
Net loans held for investment	2,951,488	2,708,793
Premises and equipment, net	56,391	56,337
Goodwill	19,315	19,508
Intangible assets	2,621	4,349
Mortgage servicing assets	27,749	27,474
Other assets	171,210	160,605
Total assets	\$ 4,186,440	\$ 3,944,063
Liabilities and Stockholders' Equity		
Noninterest-bearing deposits	\$ 1,046,253	\$ 1,150,488
Interest-bearing deposits	2,574,361	2,255,942
Total deposits	3,620,614	3,406,430
Subordinated debt	76,100	75,961
Junior subordinated deferrable interest debentures	46,393	46,393
Other liabilities	71,617	58,265
Total liabilities	3,814,724	3,587,049
Stockholders' Equity		
Common stock	16,600	17,027
Additional paid-in capital	102,633	112,834
Retained earnings	337,076	292,261
Accumulated other comprehensive income (loss)	(84,593)	(65,108)
Total stockholders' equity	371,716	357,014
Total liabilities and stockholders' equity	\$ 4,186,440	\$ 3,944,063

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest income:				
Loans, including fees	\$ 46,242	\$ 34,463	\$ 128,703	\$ 99,260
Other	10,286	6,645	26,094	15,680
Total interest income	<u>56,528</u>	<u>41,108</u>	<u>154,797</u>	<u>114,940</u>
Interest expense:				
Deposits	18,965	4,537	44,768	8,744
Subordinated debt	1,012	1,012	3,037	3,037
Junior subordinated deferrable interest debentures	862	457	2,402	1,005
Other	-	-	5	-
Total interest expense	<u>20,839</u>	<u>6,006</u>	<u>50,212</u>	<u>12,786</u>
Net interest income	35,689	35,102	104,585	102,154
Provision for credit losses	<u>(700)</u>	<u>(782)</u>	<u>4,010</u>	<u>(2,867)</u>
Net interest income after provision for credit losses	36,389	35,884	100,575	105,021
Noninterest income:				
Service charges on deposits	1,840	1,764	5,286	5,149
Income from insurance activities	30	4,856	1,478	8,003
Mortgage banking activities	4,602	6,287	12,146	28,593
Bank card services and interchange fees	3,157	3,156	10,156	9,856
Gain on sale of subsidiary	290	—	33,778	—
Other	2,358	4,874	7,236	11,868
Total noninterest income	<u>12,277</u>	<u>20,937</u>	<u>70,080</u>	<u>63,469</u>
Noninterest expense:				
Salaries and employee benefits	18,709	22,927	61,400	67,620
Net occupancy expense	4,111	4,132	12,246	11,902
Professional services	1,560	2,523	4,924	7,795
Marketing and development	853	913	2,573	2,391
Other	6,256	6,906	23,206	21,673
Total noninterest expense	<u>31,489</u>	<u>37,401</u>	<u>104,349</u>	<u>111,381</u>
Income before income taxes	<u>17,177</u>	<u>19,420</u>	<u>66,306</u>	<u>57,109</u>
Income tax expense	3,683	3,962	13,885	11,490
Net income	<u>\$ 13,494</u>	<u>\$ 15,458</u>	<u>\$ 52,421</u>	<u>\$ 45,619</u>

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

	As of	
	September 30, 2023	December 31, 2022
Loans:		
Commercial Real Estate	\$ 1,046,262	\$ 919,358
Commercial - Specialized	366,405	327,513
Commercial - General	514,567	484,783
Consumer:		
1-4 Family Residential	534,511	460,124
Auto Loans	316,024	321,476
Other Consumer	77,325	81,308
Construction	138,469	153,519
Total loans held for investment	\$ 2,993,563	\$ 2,748,081

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

	As of	
	September 30, 2023	December 31, 2022
Deposits:		
Noninterest-bearing deposits	\$ 1,046,253	\$ 1,150,488
NOW & other transaction accounts	499,344	350,910
MMDA & other savings	1,724,457	1,618,833
Time deposits	350,560	286,199
Total deposits	\$ 3,620,614	\$ 3,406,430

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

	September 30, 2023	June 30, 2023	For the quarter ended March 31, 2023	December 31, 2022	September 30, 2022
Pre-tax, pre-provision income					
Net income	\$ 13,494	\$ 29,683	\$ 9,244	\$ 12,621	\$ 15,458
Income tax expense	3,683	7,811	2,391	3,421	3,962
Provision for credit losses	(700)	3,700	1,010	248	(782)
Pre-tax, pre-provision income	\$ 16,477	\$ 41,194	\$ 12,645	\$ 16,290	\$ 18,638
Efficiency Ratio					
Noninterest expense	\$ 31,489	\$ 40,499	\$ 32,361	\$ 32,708	\$ 37,401
Net interest income	35,689	34,581	34,315	36,322	35,102
Tax equivalent yield adjustment	229	303	302	299	301
Noninterest income	12,277	47,112	10,691	12,676	20,937
Total income	48,195	81,996	45,308	49,297	56,340
Efficiency ratio	65.34%	49.39%	71.42%	66.35%	66.38%
Noninterest expense	\$ 31,489	\$ 40,499	\$ 32,361	\$ 32,708	\$ 37,401
Less: Windmark transaction and related expenses	—	(4,532)	—	—	—
Less: net loss on sale of securities	—	(3,409)	—	—	—
Adjusted noninterest expense	31,489	32,558	32,361	32,708	37,401
Total income	48,195	81,996	45,308	49,297	56,340
Less: gain on sale of Windmark	(290)	(33,488)	—	—	—
Adjusted total income	47,905	48,508	45,308	49,297	56,340
Adjusted efficiency ratio	65.73%	67.12%	71.42%	66.35%	66.38%
			As of		
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Tangible common equity					
Total common stockholders' equity	\$ 371,716	\$ 392,029	\$ 367,964	\$ 357,014	\$ 341,799
Less: goodwill and other intangibles	(21,936)	(22,149)	(23,496)	(23,857)	(24,228)
Tangible common equity	\$ 349,780	\$ 369,880	\$ 344,468	\$ 333,157	\$ 317,571
Tangible assets					
Total assets	\$ 4,186,440	\$ 4,150,129	\$ 4,058,049	\$ 3,944,063	\$ 3,992,690
Less: goodwill and other intangibles	(21,936)	(22,149)	(23,496)	(23,857)	(24,228)
Tangible assets	\$ 4,164,504	\$ 4,127,980	\$ 4,034,553	\$ 3,920,206	\$ 3,968,462
Shares outstanding	16,600,442	16,952,072	17,062,572	17,027,197	17,064,640
Total stockholders' equity to total assets	8.88%	9.45%	9.07%	9.05%	8.56%
Tangible common equity to tangible assets	8.40%	8.96%	8.54%	8.50%	8.00%
Book value per share	\$ 22.39	\$ 23.13	\$ 21.57	\$ 20.97	\$ 20.03
Tangible book value per share	\$ 21.07	\$ 21.82	\$ 20.19	\$ 19.57	\$ 18.61

South Plains Financial



Third Quarter 2023 Earnings Presentation

October 24, 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 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 recent bank failures and any continuation of the recent 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; changes in market interest rates; the persistence of the current inflationary environment 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 prices; uncertainty regarding United States fiscal debt and budget matters; cyber incidents or other failures, disruptions or security breaches; severe weather, natural disasters, acts of war or terrorism or other external events; 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. 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. 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

Third Quarter 2023 Highlights

Deposit Growth
1.3%

Uninsured / Uncollateralized
Deposits 16%

Organic Loan Growth
1.9% annualized

Loans Held for Investment
("HFI") \$2.99 B

Net Income
\$13.5 M

EPS - Diluted
\$0.78

Net Interest Margin ⁽¹⁾
("NIM") 3.52%

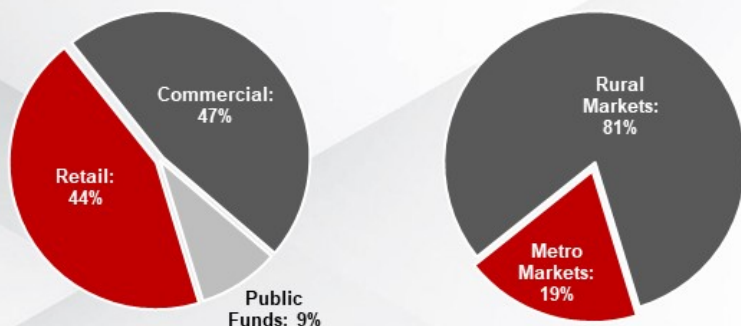
Average Yield on Loans
6.10%

- Diluted earnings per share for the third quarter was **\$0.78**, compared to \$1.71 for the second quarter of 2023
 - Excluding one-time gains and charges related to the sale of Windmark Insurance Agency, Inc. ("Windmark") and the repositioning of the securities portfolio, **second quarter diluted earnings per share was \$0.55**
- Loans grew **\$14.5 million, or 1.9% annualized**, during the third quarter as compared to the second quarter of 2023
- Metropolitan market loans grew **\$40.0 million, or 16.8% annualized**, during the third quarter as compared to the second quarter of 2023 and represent **33.2% of the Bank's total loan portfolio**
- Deposits grew **\$46.1 million, or 1.3%**, during the third quarter as compared to the second quarter of 2023
- Net interest margin on a tax-equivalent basis was **3.52%** compared to 3.65% for the second quarter of 2023.
- The provision for credit losses was a negative **\$0.7 million in the third quarter of 2023**, compared to \$3.7 million in the second quarter of 2023
- Classified loans declined **\$16.7 million during the third quarter of 2023 to \$50.7** from \$67.4 million at June 30, 2023
- Nonperforming assets to total assets were **0.12% at September 30, 2023**, compared to 0.51% at June 30, 2023

Source: Company documents

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

Total Deposit Base Breakdown



- ✓ Average deposit account size is approximately \$36 thousand
- ✓ City Bank's percentage of **estimated uninsured or uncollateralized deposits is 16% of total deposits**
 - Includes \$89 million of parent company deposits
 - Excludes collateralized public fund deposits

Total Borrowing Capacity \$1.89 Billion



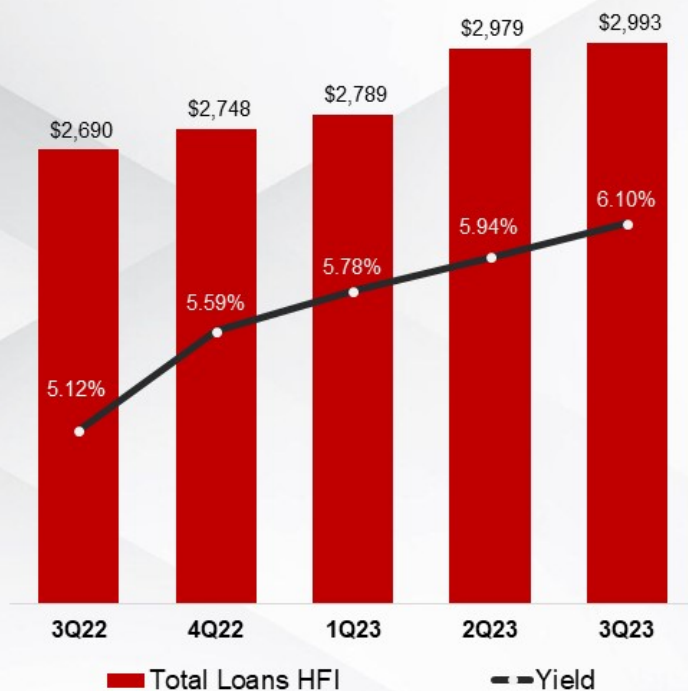
- ✓ SPFI had \$1.89 billion of **available** borrowing capacity, as follows:
 - FHLB of Dallas - \$1.09 billion
 - Federal Reserve Bank of Dallas Discount Window - \$612 million
 - Federal Reserve's Bank Term Funding Program ⁽¹⁾ - \$179 million via the
 - No borrowings utilized from these sources during 3Q'23

Source: Company documents

(1) No securities are currently pledged to this program; amount represents securities available to be pledged
Data as of September 30, 2023

Total Loans HFI

\$ in Millions



3Q'23 Highlights

- ✓ Loans HFI increased \$14.5 million from 2Q'23, primarily in commercial real estate loans, residential mortgage loans, seasonal agricultural loans, and energy loans
 - Partially offset by \$16.5 million in payoffs of nonperforming loans and a \$14.9 million early pay down of one relationship
- ✓ Loans HFI increased \$303.2 million from 3Q'22
- ✓ 3Q'23 yield on loans of 6.10%, an increase of 16 bps compared to 2Q'23

Source: Company documents

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

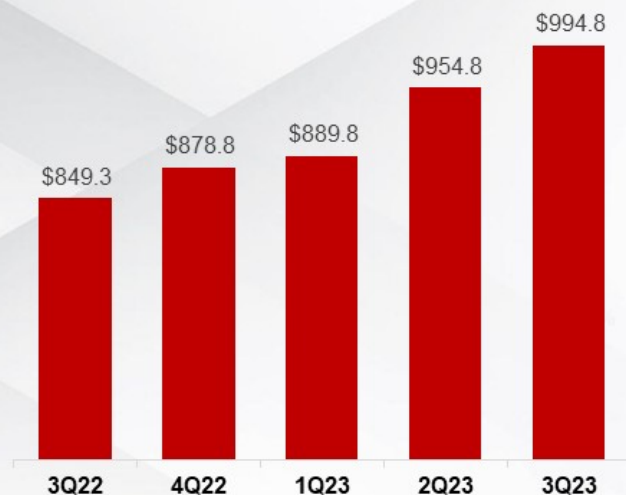
- ✓ Population in excess of 320,000 with major industries in agribusiness, education, and trade among others
- ✓ Home of Texas Tech University – enrollment of 40,000 students
- ✓ Focus on community bank approach and expanding local relationships

Metropolitan Loan Growth

Total Metropolitan Loans

\$ in Millions

3Q'23 Highlights



- ✓ Loans HFI in our Dallas, Houston and El Paso metro markets increased by \$40.0 million, or 16.8% annualized, to \$994.8 million in 3Q'23, as compared to \$954.8 million in Q2'23.
- ✓ Major metropolitan market loan portfolio represents 33.2% of the Bank's total loans at September 30, 2023

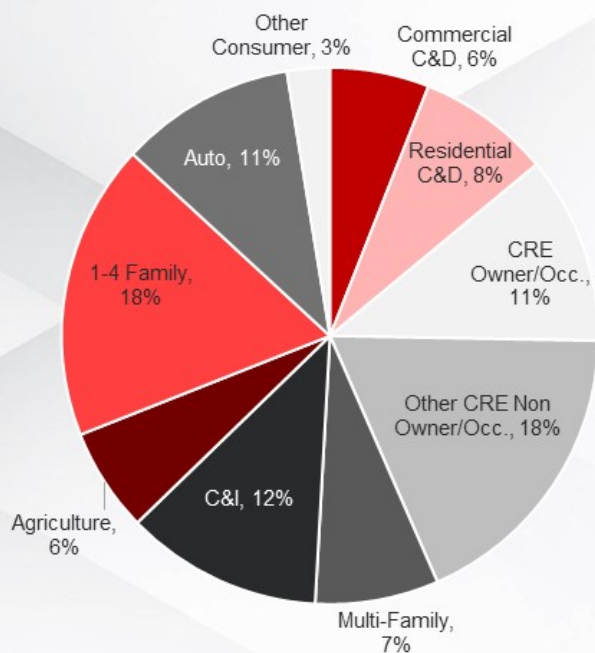
Source: Company documents

Source: Company documents

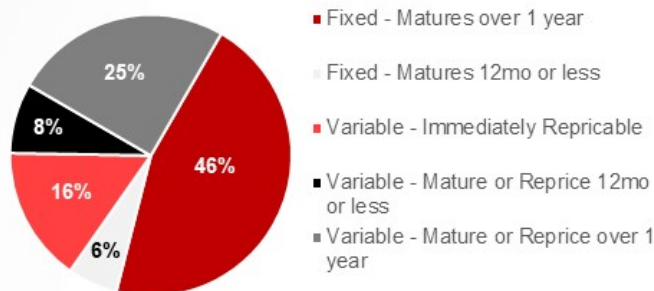
(1) The Bank defines its "major metropolitan markets" to include Dallas, Houston and El Paso, Texas

Loan HFI Portfolio

Loan Mix



Fixed vs. Variable Rate

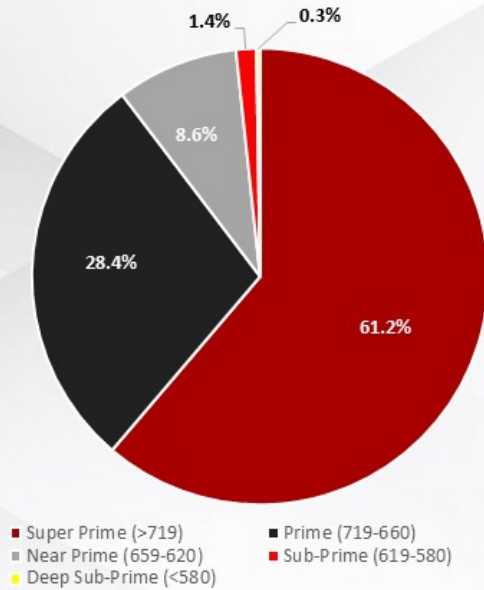


Loan Portfolio (\$ in millions)

Commercial C&D	\$	178.9
Residential C&D		239.5
CRE Owner/Occ.		338.5
Other CRE Non Owner/Occ.		543.8
Multi-Family		222.6
C&I		355.2
Agriculture		187.3
1-4 Family		534.5
Auto		316.0
Other Consumer		77.3
Total	\$	2,993.6

Source: Company documents
Data as of September 30, 2023

Indirect Auto Credit Breakdown

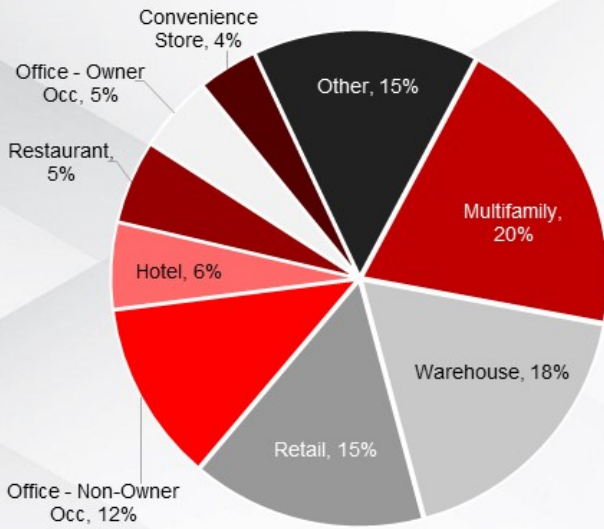


Indirect Auto Highlights

- ✓ Indirect auto loans totaled \$296.1 million
- ✓ Management anticipates a modest reduction of the portfolio over time with improving yields as monthly principal amortization is redeployed into higher rate loans
- ✓ During Q3'23 there were approximately \$35 million in repayments
- ✓ Strong credit quality in sector positioned for resiliency across economic cycles:
 - Super Prime Credit (>719): \$181.4 million
 - Prime Credit (719-660): \$84.2 million
 - Near Prime Credit (659-620): \$25.6 million
 - Sub-Prime Credit (619-580): \$4.3 million
 - Deep Sub-Prime Credit (<580): \$0.7 million
- ✓ Loans past due 30+ days: 27 bps

Source: Company documents
Data as of September 30, 2023

CRE Sector Breakdown



Office Loan Details

- ✓ 6.2% of total loans HFI
- ✓ 30% is owner-occupied
- ✓ Average loan size is \$878 thousand
- ✓ Medical offices comprise 11% of office loans

CRE Portfolio (\$ in millions)	9/30/2023
Property Type	Total
Multifamily	\$222.6
Warehouse	197.9
Retail	169.5
Office – Non-Owner Occ	130.6
Hotel	62.5
Restaurant	60.3
Office – Owner Occ	55.4
Convenience Store	42.9
Other	163.2
Total	\$1,104.9

Source: Company documents

CRE Analysis

(000's) as of 9/30/2023	Hospitality	Office	Retail	Multi-Family	Industrial	C Store	Restaurant	Mini-Storage
Segment Total Balance	\$63,336	\$190,561	\$178,953	\$282,655	\$209,507	\$42,901	\$62,702	\$25,615
Segment to Total Loans	2.12%	6.38%	5.99%	9.47%	7.02%	7.02%	2.10%	0.86%
Average Balance	\$2,879	\$878	\$1,556	\$3,533	\$923	\$923	\$980	\$883
Owner-Occupied		\$55,356	\$16,604		\$74,672	\$40,081	\$41,960	
% Owner-Occupied		29.05%	9.28%		35.64%	93.43%	66.92%	
% Urban Center	1.35%	11.29%	22.15%	12.68%	20.14%	18.24%	24.14%	0.00%
% Urban Non-Center	50.71%	81.29%	72.52%	82.83%	60.10%	72.89%	65.53%	87.34%
% Suburban	47.04%	6.83%	1.88%	2.77%	14.59%	8.36%	6.45%	12.05%
% Rural	0.14%	0.58%	0.46%	1.72%	0.49%	0.00%	0.00%	0.61%

*** 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

Source: Company documents
Note: Balances include loans that are still in the construction and development phase

Noninterest Income Overview

Noninterest Income

\$ in Millions

3Q'23 Highlights

- ✓ Noninterest income of \$12.3 million, compared to \$47.1 million in 2Q'23, primarily due to:
 - The \$33.5 million gain on sale of Windmark being booked in the second quarter of 2023
 - Bank card services and interchange revenue decreased \$0.9 million for the third quarter of 2023

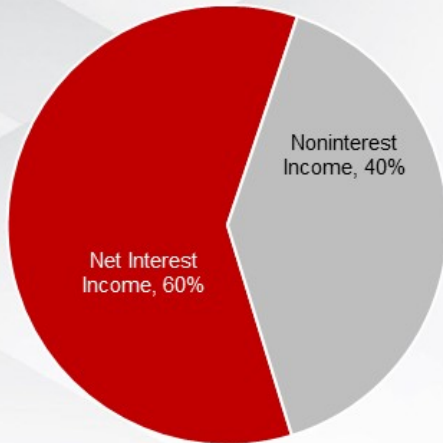


Source: Company documents

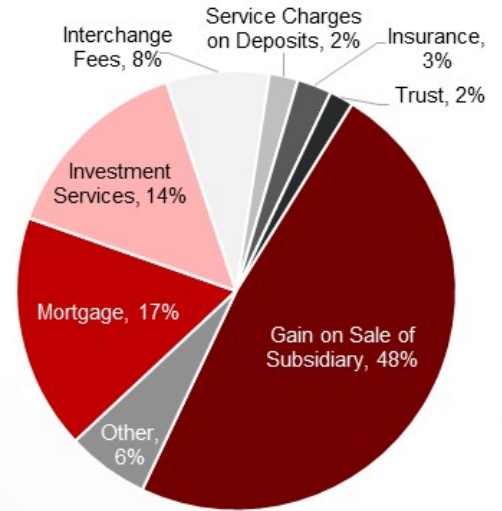
Diversified Revenue Stream

Nine Months Ended September 30, 2023

Total Revenues
\$174.7 million



Noninterest Income
\$70.1 million

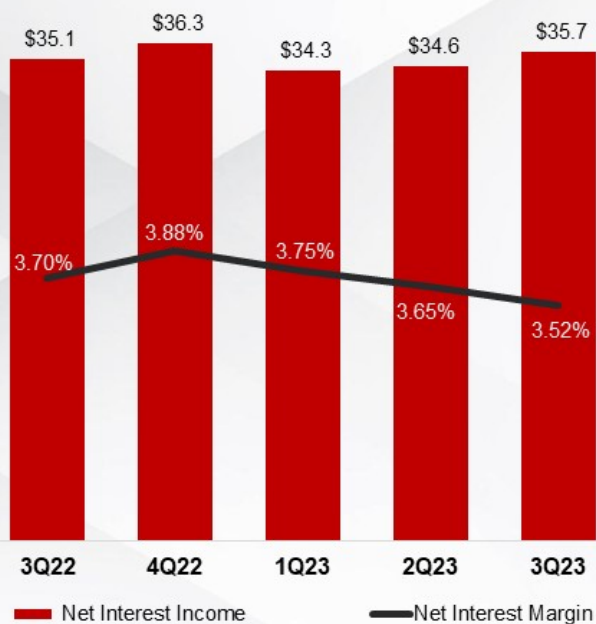


Source: Company documents

Net Interest Income and Margin

Net Interest Income & Margin

\$ in Millions



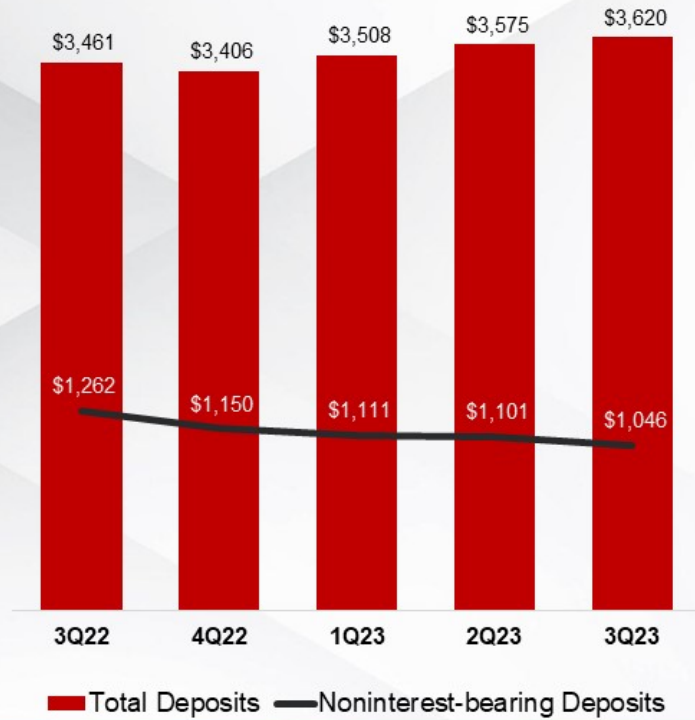
3Q'23 Highlights

- ✓ Net interest income ("NII") of \$35.7 million, compared to \$34.6 million in 2Q'23
- ✓ 3Q'23 NIM of 3.52%, a decrease of 13 bps compared to 2Q'23
- ✓ Interest income increased \$6.0 million in 3Q'23 from 2Q'23, which was mainly comprised of an increase of \$3.4 million in loan interest income and \$2.6 million in interest income on other interest-earning assets
- ✓ The average yield on loans was 6.10% for 3Q'23, compared to 5.94% for 2Q'23

Source: Company documents

Total Deposits

\$ in Millions

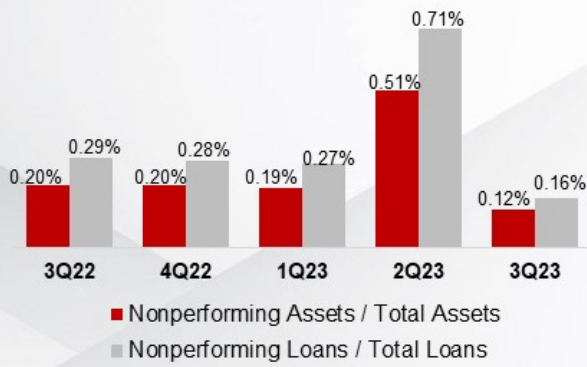


3Q'23 Highlights

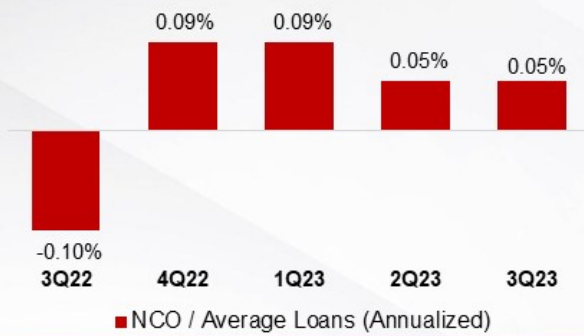
- ✓ Total deposits of \$3.64 billion at 3Q'23, an increase of \$67.8 million from 2Q'23
 - Mainly the result of an increase of \$71 million in brokered deposits
- ✓ Cost of interest-bearing deposits increased to 2.93% in 3Q'23 from 2.45% in 2Q'23
 - Average cost of deposits increased to 2.07% as compared to 1.69% in 2Q'23
- ✓ Noninterest-bearing deposits to total deposits was 28.9% in 3Q'23, compared to 30.8% in 2Q'23

Source: Company documents

Credit Quality Ratios



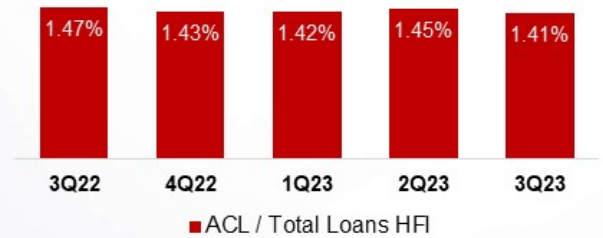
Net Charge-Offs to Average Loans



3Q'23 Highlights

- ✓ The Company recorded a negative provision for credit losses of \$0.7 million, compared to \$3.7 million in 2Q'23
 - The negative provision was largely attributable to a reduction of \$1.3 million in specific reserves, partially offset by loan growth and net charge-off activity during the third quarter
- ✓ Ratio of Allowance for Credit Losses ("ACL") to loans HFI was 1.41% at 9/30/2023

ACL to Total Loans HFI



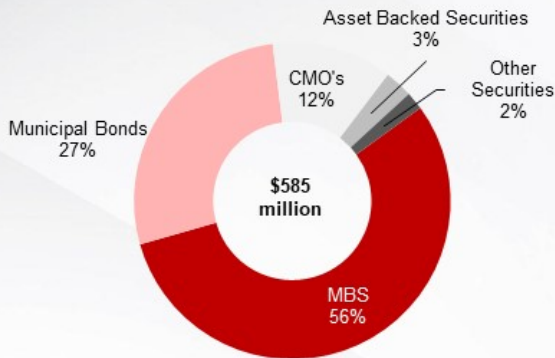
Source: Company documents

Securities & Cash

\$ in Millions



3Q'23 Securities Composition



3Q'23 Highlights

- ✓ Investment securities totaled \$585.0 million, a decrease of \$43.1 million from 2Q'23
 - Includes an increase of \$30.9 million in the unrealized loss on available for sale securities during 3Q'23, primarily due to increases 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
- ✓ Duration of the securities portfolio was 7.02 years at quarter end

Source: Company documents

Noninterest Expense and Efficiency

Noninterest Expense

\$ in Millions

3Q'23 Highlights



- ✓ Noninterest expense for 3Q'23 decreased \$9 million from 2Q'23 primarily due to:
 - \$4.5 million in personnel and transaction expenses as part of the Windmark sale plus related incentive compensation and a \$3.4 million loss on the sale of securities both recorded in 2Q'23
- ✓ Adjusted efficiency ratio was 65.7%
- ✓ Will continue to manage expenses to drive profitability

Source: Company documents
Note: Adjusted efficiency ratio is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP

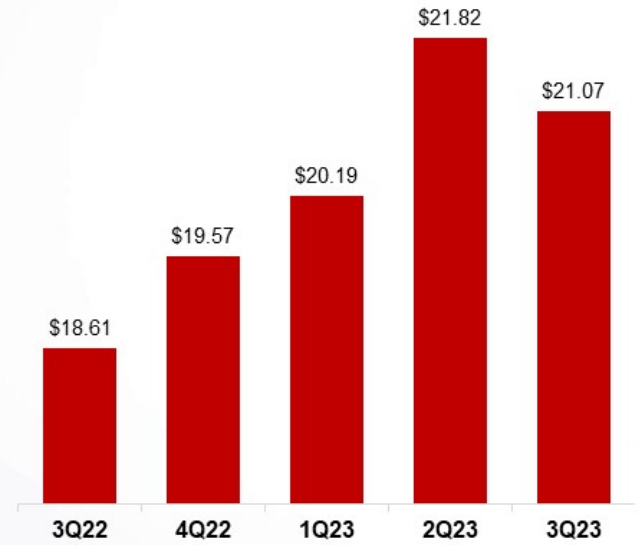
Balance Sheet Growth and Development

Balance Sheet Highlights

\$ in Millions



Tangible Book Value Per Share

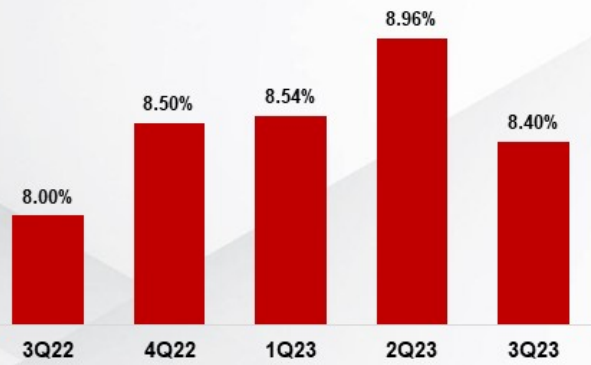


Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP

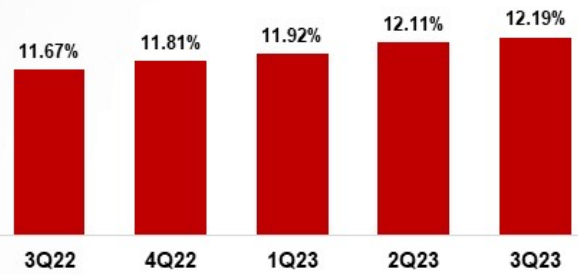
Source: Company documents

Strong Capital Base

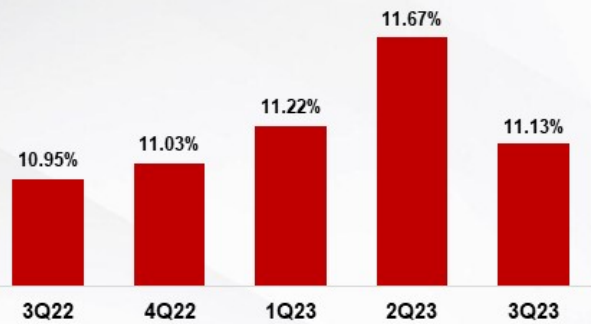
Tangible Common Equity to Tangible Assets Ratio



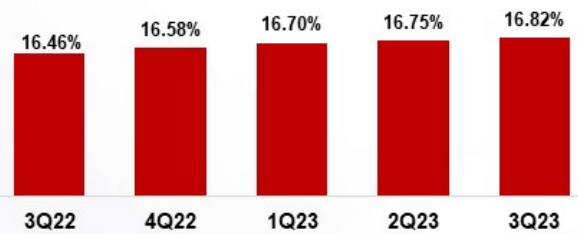
Common Equity Tier 1 Ratio



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

	September 30, 2023	June 30, 2023	For the quarter ended March 31, 2023	December 31, 2022	September 30, 2022
Pre-tax, pre-provision income					
Net income	\$ 13,494	\$ 29,683	\$ 9,244	\$ 12,621	\$ 15,458
Income tax expense	3,683	7,811	2,391	3,421	3,962
Provision for credit losses	(700)	3,700	1,010	248	(782)
Pre-tax, pre-provision income	\$ 16,477	\$ 41,194	\$ 12,645	\$ 16,290	\$ 18,638
			As of		
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Tangible common equity					
Total common stockholders' equity	\$ 371,716	\$ 392,029	\$ 367,964	\$ 357,014	\$ 341,799
Less: goodwill and other intangibles	(21,936)	(22,149)	(23,496)	(23,857)	(24,228)
Tangible common equity	\$ 349,780	\$ 369,880	\$ 344,468	\$ 333,157	\$ 317,571
Tangible assets					
Total assets	\$ 4,186,440	\$ 4,150,129	\$ 4,058,049	\$ 3,944,063	\$ 3,992,690
Less: goodwill and other intangibles	(21,936)	(22,149)	(23,496)	(23,857)	(24,228)
Tangible assets	\$ 4,164,504	\$ 4,127,980	\$ 4,034,553	\$ 3,920,206	\$ 3,968,462
Shares outstanding	16,600,442	16,952,072	17,062,572	17,027,197	17,064,640
Total stockholders' equity to total assets	8.88%	9.45%	9.07%	9.05%	8.56%
Tangible common equity to tangible assets	8.40%	8.96%	8.54%	8.50%	8.00%
Book value per share	\$ 22.39	\$ 23.13	\$ 21.57	\$ 20.97	\$ 20.03
Tangible book value per share	\$ 21.07	\$ 21.82	\$ 20.19	\$ 19.57	\$ 18.61

Source: Company documents
\$ in thousands

Non-GAAP Financial Measures

	As of and for the quarter ended
	September 30, 2023
Efficiency Ratio	
Noninterest expense	\$ 31,489
Net interest income	\$ 35,689
Tax equivalent yield adjustment	229
Noninterest income	<u>12,277</u>
Total income	\$ 48,195
Efficiency ratio	<u>65.34%</u>
Noninterest expense	\$ 31,489
Less: Windmark transaction and related expenses	—
Less: net loss on sale of securities	—
Adjusted noninterest expense	<u>31,489</u>
Total income	\$ 48,195
Less: gain on sale of Windmark	(290)
Adjusted total income	\$ 47,905
Adjusted efficiency ratio	<u>65.73%</u>

Source: Company documents
\$ in thousands