

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): July 22, 2022

**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 July 22, 2022, South Plains Financial, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter ended June 30, 2022. A copy of the Company’s press release covering such announcement and certain other matters is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 7.01 Regulation FD Disclosure.**

On July 22, 2022, officers of the Company will have a conference call with respect to the Company’s financial results for the second quarter ended June 30, 2022. An earnings release slide presentation highlighting the Company’s financial results for the second quarter ended June 30, 2022 is furnished as Exhibit 99.2 to this Current Report on Form 8-K. This earnings release slide presentation will also be available on the Company’s website, www.spfi.bank, 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 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 Items 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 July 22, 2022, announcing second quarter 2022 financial results of South Plains Financial, Inc.
  - [99.2](#) Earnings release slide presentation, dated July 22, 2022.
  - 104 Cover Page Interactive Data File (formatted as Inline XBRL).
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**SIGNATURES**

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

**SOUTH PLAINS FINANCIAL, INC.**

Dated: July 22, 2022

By: /s/ Steven B. Crockett

Steven B. Crockett  
Chief Financial Officer and Treasurer

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## South Plains Financial, Inc. Reports Second Quarter 2022 Financial Results

LUBBOCK, Texas, July 22, 2022 (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 June 30, 2022.

### Second Quarter 2022 Highlights

- Net income for the second quarter of 2022 was \$15.9 million, compared to \$14.3 million for the first quarter of 2022 and \$13.7 million for the second quarter of 2021.
- Diluted earnings per share for the second quarter of 2022 was \$0.88, compared to \$0.78 for the first quarter of 2022 and \$0.74 for the second quarter of 2021.
- Average cost of deposits for the second quarter of 2022 was 27 basis points, compared to 23 basis points for the first quarter of 2022 and 27 basis points for the second quarter of 2021.
- The Company did not record a provision for loan losses in the second quarter of 2022, compared to negative provisions for loan losses of \$2.1 million for the first quarter of 2022 and \$2.0 million for the second quarter of 2021.
- Loans held for investment grew \$126.9 million, or 20.8% annualized, during the second quarter of 2022 as compared to March 31, 2022.
- Nonperforming assets to total assets were 0.20% at June 30, 2022, compared to 0.33% at March 31, 2022 and 0.37% at June 30, 2021.
- Return on average assets for the second quarter of 2022 was 1.61% annualized, compared to 1.47% annualized for the first quarter of 2022 and 1.46% annualized for the second quarter of 2021.
- Tangible book value (non-GAAP) per share was \$19.49 as of June 30, 2022, compared to \$20.49 per share as of March 31, 2022 and \$20.35 per share as of June 30, 2021.

Curtis Griffith, South Plains’ Chairman and Chief Executive Officer, commented, “Our second quarter results are a clear validation of our strategy designed to grow our commercial lending team in our major markets of Dallas, Houston and El Paso as we strive to put our excess liquidity to work in higher yielding loans while deliberately managing the decline in our mortgage business as we focus on growing the earnings power of the Company. During the quarter, we grew our loan portfolio 20.8% annualized with strength coming from commercial real estate loans in our major markets. We continue to benefit from our newly-hired commercial lenders who are building their loan portfolios more quickly than anticipated combined with our existing team’s continued focus on organic growth. Importantly, we believe our mortgage banking revenues have largely bottomed. This represents a true inflection point in our business as the financial benefits of our strong second quarter loan growth will drive improved earnings power as we look to the second half of the year and which, we believe, is not currently reflected in our share price. Given our view that our shares are trading below intrinsic value, we increased the pace of our share repurchases in the second quarter having repurchased approximately 257,000 shares as compared to 106,000 shares in the first quarter of 2022.”

### Results of Operations, Quarter Ended June 30, 2022

#### Net Interest Income

Net interest income was \$37.1 million for the second quarter of 2022, compared to \$29.9 million for the first quarter of 2022 and \$29.6 million for the second quarter of 2021. Net interest margin, calculated on a tax-equivalent basis, was 4.02% for the second quarter of 2022, compared to 3.33% for the first quarter of 2022 and 3.42% for the second quarter of 2021. The average yield on loans was 5.57% for the second quarter of 2022, compared to 4.80% for the first quarter of 2022 and 4.97% for the second quarter of 2021. The average cost of deposits was 27 basis points for the second quarter of 2022, which is 4 basis points higher than the first quarter of 2022 and consistent with the second quarter of 2021.

Interest income was \$40.8 million for the second quarter of 2022, compared to \$33.1 million for the first quarter of 2022 and \$33.0 million for the second quarter of 2021. Interest income increased \$7.7 million in the second quarter of 2022 from the first quarter of 2022, which was comprised of increases of \$6.1 million in loan interest income and \$1.6 million in interest income from securities and other interest-earning assets. The increase in loan interest income was primarily due to an increase of \$66.7 million in average loans outstanding, the rising interest rate environment, and \$4.4 million of interest income received related to four credits for the recovery of interest on previously charged-off credits, purchase discount principal recovery, and prepayment penalties during the second quarter of 2022. Interest and fees on Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loans was \$898 thousand during the second quarter of 2022. Excluding the \$4.4 million of large loan recoveries and prepayment penalties, the yield on loans was 4.88% during the second quarter of 2022, an increase of 8 basis points from the first quarter of 2022, while net interest margin, on a tax-equivalent basis, was 3.54% during the second quarter of 2022, compared to 3.33% for the first quarter of 2022. The increase in interest income on securities and other interest-earning assets was primarily due to securities purchases and rising rates. Interest income increased \$7.7 million in the second quarter of 2022 compared to the second quarter of 2021. This increase was primarily due to the large loan recoveries and prepayment penalties noted above and an increase of average non-PPP loans of \$319.3 million, partially offset by a decrease of \$1.4 million of PPP loan interest and fees. During the second quarter of 2022, the Company recognized \$854 thousand in deferred PPP-related SBA fees. At June 30, 2022, the Company had \$401 thousand 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 \$3.6 million for the second quarter of 2022, compared to \$3.1 million for the first quarter of 2022 and \$3.4 million for the second quarter of 2021. Interest expense increased \$514 thousand compared to the first quarter of 2022 primarily as a result of rising interest rates on interest-bearing liabilities, with the increase being primarily comprised of interest expense on deposits. Interest expense increased \$224 thousand compared to the second quarter of 2021, with interest rates paid on interest-bearing deposits remaining consistent.

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

Noninterest income was \$18.8 million for the second quarter of 2022, compared to \$23.7 million for the first quarter of 2022 and \$22.3 million for the second quarter of 2021. The decrease from the first quarter of 2022 was primarily due to a decrease of \$5.0 million in mortgage banking activities revenue. This decrease in mortgage banking revenues was mainly the result of the planned moderation of mortgage loan originations to more historical levels as mortgage loan originations declined \$28.0 million, or 12%, partially offset by a \$1.2 million positive fair value adjustment to the Company’s mortgage servicing rights portfolio. Additionally, there was increased income again during the second quarter of 2022 from an investment in a Small Business Investment Company (“SBIC”) of \$940 thousand, consistent with \$869 thousand in the first quarter of 2022. The decrease in noninterest income for the second quarter of 2022 as compared to the second quarter of 2021 was primarily due to a decline of \$5.0 million in mortgage banking activities revenue. This decrease was partially offset by the growth in bank card services and interchange fees, income from insurance activities, and the increased SBIC income noted above.

Noninterest expense was \$36.0 million for the second quarter of 2022, compared to \$37.9 million for the first quarter of 2022 and \$36.8 million for the second quarter of 2021. The decrease from the first quarter of 2022 was primarily the result of a decrease of \$1.3 million in mortgage commissions expense and related supporting personnel expense from the decline in mortgage loan originations, partially offset by higher costs for new hires in commercial lending and incentive-based compensation related to strong results during the quarter. Additionally, there was a decrease of \$1.2 million in all other noninterest expenses, primarily from the decrease in non-personnel variable mortgage-based expenses and \$362 thousand in loss on fixed asset disposals during the first quarter of 2022, partially offset by a \$242 thousand increase in legal expenses. The decrease in noninterest expense for the second quarter of 2022 as compared to the second quarter of 2021 was primarily driven by lower mortgage commissions and other variable mortgage-based expenses due to the reduction in mortgage loan originations, partially offset by additional commercial lenders hired as part of a planned initiative, and an increase of \$1.1 million in legal expenses.

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

Loans held for investment were \$2.58 billion as of June 30, 2022, compared to \$2.45 billion as of March 31, 2022 and \$2.30 billion as of June 30, 2021. The \$126.9 million, or 20.8% annualized, increase during the second quarter of 2022 as compared to the first quarter of 2022 was primarily the result of organic net loan growth of \$148.2 million, partially offset by a decrease due to SBA forgiveness and repayments of \$21.3 million in PPP loans during the second quarter of 2022. The organic loan growth remained relationship-focused and occurred primarily in commercial real estate loans, residential mortgage loans, and consumer auto loans. As of June 30, 2022, loans held for investment increased \$277.0 million, or 12.0% year over year, from June 30, 2021, attributable to strong organic loan growth, partially offset by SBA forgiveness or repayments of \$107.1 million on PPP loans.

Agricultural production loans were \$88.8 million as of June 30, 2022, compared to \$67.4 million as of March 31, 2022 and \$96.2 million as of June 30, 2021. The increase of \$21.4 million from the first quarter of 2022 is due to typical seasonal funding of these agricultural production loans.

#### **Deposits and Borrowings**

Deposits totaled \$3.43 billion as of June 30, 2022, compared to \$3.45 billion as of March 31, 2022 and \$3.16 billion as of June 30, 2021. Deposits decreased by \$24.3 million, or 2.8%, in the second quarter of 2022 from March 31, 2022, primarily as a result of large tax payments made during the quarter. As of June 30, 2022, deposits increased \$267.3 million, or 8.5% year over year, from June 30, 2021. Noninterest-bearing deposits were \$1.20 billion as of June 30, 2022, compared to \$1.13 billion as of March 31, 2022 and \$998.9 million as of June 30, 2021. Noninterest-bearing deposits represented 34.9% of total deposits as of June 30, 2022. The increase in deposits noted above is primarily a result of organic growth.

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## Asset Quality

The Company did not record a provision for loan losses in the second quarter of 2022, compared to negative provisions for loan losses of \$2.1 million in the first quarter of 2022 and \$2.0 million for the second quarter of 2021. Overall, the Company continued to experience improving credit metrics in the loan portfolio during the second quarter of 2022, specifically in the hotel segment. The improving credit metrics, offset by the growth in the loan portfolio, resulted in no provision expense for the quarter. Additionally, subsequent to June 30, 2022, the Company experienced a full payoff of an approximately \$10 million classified hotel credit. Nevertheless, there is continued uncertainty about future economic conditions due to the rising interest rate environment and persistent high inflation levels, and additional or reversal provisions for loan losses may be necessary in future periods.

The ratio of allowance for loan losses to loans held for investment was 1.54% as of June 30, 2022, compared to 1.62% as of March 31, 2022 and 1.87% as of June 30, 2021.

The ratio of nonperforming assets to total assets as of June 30, 2022 was 0.20%, compared to 0.33% as of March 31, 2022 and 0.37% at June 30, 2021. Annualized net charge-offs were (0.02)% for the second quarter of 2022, compared to 0.06% for the first quarter of 2022 and 0.01% for the second quarter of 2021.

## Capital

Book value per share decreased to \$20.90 at June 30, 2022, compared to \$21.90 at March 31, 2022. The decline was mainly driven by a \$30.5 million dollar decrease in accumulated other comprehensive income ("AOCI"), partially offset by an increase of \$14.0 million of net income after dividends paid. The decrease in AOCI was attributed to the decline in fair value of our available for sale securities and fair value hedges, net of tax, as a result of the rising interest rate environment.

## Conference Call

South Plains will host a conference call to discuss its second quarter 2022 financial results today, July 22, 2022, at 11:00 a.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 13730416. The replay will be available until August 5, 2022.

## 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.

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## Available Information

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

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

## Forward Looking Statements

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

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

Source: South Plains Financial, Inc.

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

	As of and for the quarter ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Selected Income Statement Data:</b>					
Interest income	\$ 40,752	\$ 33,080	\$ 34,600	\$ 34,438	\$ 33,016
Interest expense	3,647	3,133	3,151	3,260	3,423
Net interest income	37,105	29,947	31,449	31,178	29,593
Provision for loan losses	-	(2,085)	-	-	(2,007)
Noninterest income	18,835	23,697	22,928	25,791	22,250
Noninterest expense	36,003	37,924	36,132	38,063	36,778
Income tax expense	4,001	3,527	3,631	3,716	3,422
Net income	15,936	14,278	14,614	15,190	13,650
<b>Per Share Data (Common Stock):</b>					
Net earnings, basic	0.91	0.81	0.82	0.85	0.76
Net earnings, diluted	0.88	0.78	0.79	0.82	0.74
Cash dividends declared and paid	0.11	0.11	0.09	0.09	0.07
Book value	20.90	21.90	22.94	22.34	21.81
Tangible book value (non-GAAP)	19.49	20.49	21.51	20.90	20.35
Weighted average shares outstanding, basic	17,490,706	17,716,136	17,777,542	17,931,174	18,039,553
Weighted average shares outstanding, dilutive	18,020,548	18,392,397	18,433,038	18,463,697	18,553,050
Shares outstanding at end of period	17,417,094	17,673,407	17,760,243	17,824,094	18,014,398
<b>Selected Period End Balance Sheet Data:</b>					
Cash and cash equivalents	375,690	528,612	486,821	327,600	383,949
Investment securities	763,943	793,404	724,504	752,562	777,613
Total loans held for investment	2,580,493	2,453,631	2,437,577	2,429,041	2,303,462
Allowance for loan losses	39,785	39,649	42,098	42,768	42,963
Total assets	3,974,772	3,999,744	3,901,855	3,774,175	3,712,915
Interest-bearing deposits	2,230,105	2,318,942	2,269,855	2,157,981	2,159,554
Noninterest-bearing deposits	1,195,732	1,131,215	1,071,367	1,054,264	998,941
Total deposits	3,425,837	3,450,157	3,341,222	3,212,245	3,158,495
Borrowings	122,261	122,214	122,168	122,121	125,965
Total stockholders' equity	364,026	387,068	407,427	398,276	392,815
<b>Summary Performance Ratios:</b>					
Return on average assets	1.61%	1.47%	1.50%	1.61%	1.46%
Return on average equity	17.02%	14.58%	14.39%	15.24%	14.27%
Net interest margin <sup>(1)</sup>	4.02%	3.33%	3.50%	3.58%	3.42%
Yield on loans	5.57%	4.80%	4.90%	4.99%	4.97%
Cost of interest-bearing deposits	0.42%	0.34%	0.35%	0.37%	0.40%
Efficiency ratio	64.01%	70.30%	66.07%	66.45%	70.52%
<b>Summary Credit Quality Data:</b>					
Nonperforming loans	7,889	12,141	10,598	10,895	12,538
Nonperforming loans to total loans held for investment	0.31%	0.49%	0.43%	0.45%	0.54%
Other real estate owned	59	1,141	1,032	1,081	1,146
Nonperforming assets to total assets	0.20%	0.33%	0.30%	0.32%	0.37%
Allowance for loan losses to total loans held for investment	1.54%	1.62%	1.73%	1.76%	1.87%
Net charge-offs to average loans outstanding (annualized)	(0.02)%	0.06%	0.11%	0.03%	0.01%



	As of and for the quarter ended				
	June 30 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Capital Ratios:</b>					
Total stockholders' equity to total assets	9.16%	9.68%	10.44%	10.55%	10.58%
Tangible common equity to tangible assets (non-GAAP)	8.59%	9.11%	9.85%	9.94%	9.94%
Common equity tier 1 to risk-weighted assets	12.24%	12.86%	12.91%	12.68%	13.14%
Tier 1 capital to average assets	10.93%	10.78%	10.77%	10.83%	10.54%
Total capital to risk-weighted assets	17.32%	18.22%	18.40%	18.21%	18.95%

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

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

	For the Three Months Ended					
	June 30, 2022			June 30, 2021		
	Average Balance	Interest Income Expense	Yield	Average Balance	Interest Income Expense	Yield
<b>Assets</b>						
Loans, excluding PPP (1)	\$ 2,531,085	\$ 34,522	5.47%	\$ 2,211,825	\$ 27,084	4.91%
Loans - PPP	18,179	898	19.81%	156,977	2,277	5.82%
Debt securities - taxable	637,814	3,538	2.22%	543,527	2,377	1.75%
Debt securities - nontaxable	217,023	1,439	2.66%	220,006	1,465	2.67%
Other interest-bearing assets	329,869	658	0.80%	370,634	122	0.13%
<b>Total interest-earning assets</b>	<b>3,733,970</b>	<b>41,055</b>	<b>4.41%</b>	<b>3,502,969</b>	<b>33,325</b>	<b>3.82%</b>
Noninterest-earning assets	238,575			255,093		
<b>Total assets</b>	<b>\$ 3,972,545</b>			<b>\$ 3,758,062</b>		
<b>Liabilities &amp; stockholders' equity</b>						
NOW, Savings, MMA's	\$ 1,903,452	1,357	0.29%	\$ 1,873,699	1,150	0.25%
Time deposits	334,819	960	1.15%	326,043	1,036	1.27%
Short-term borrowings	4	-	0.00%	6,429	1	0.06%
Notes payable & other long-term borrowings	-	-	0.00%	4,121	3	0.29%
Subordinated debt securities	75,845	1,013	5.36%	75,682	1,012	5.36%
Junior subordinated deferrable interest debentures	46,393	317	2.74%	46,393	221	1.91%
<b>Total interest-bearing liabilities</b>	<b>2,360,513</b>	<b>3,647</b>	<b>0.62%</b>	<b>2,332,367</b>	<b>3,423</b>	<b>0.59%</b>
Demand deposits	1,171,454			1,002,737		
Other liabilities	65,031			39,215		
Stockholders' equity	375,547			383,743		
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 3,972,545</b>			<b>\$ 3,758,062</b>		
Net interest income		\$ 37,408			\$ 29,902	
Net interest margin (2)			4.02%			3.42%

(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 Six Months Ended					
	June 30, 2022			June 30, 2021		
	Average Balance	Interest Income Expense	Yield	Average Balance	Interest Income Expense	Yield
<b>Assets</b>						
Loans, excluding PPP (1)	\$ 2,489,048	\$ 63,146	5.12%	\$ 2,187,470	\$ 53,367	4.92%
Loans - PPP	26,886	1,653	12.40%	168,238	5,275	6.32%
Debt securities - taxable	579,243	5,892	2.05%	544,761	4,809	1.78%
Debt securities - nontaxable	217,672	2,887	2.67%	218,351	2,946	2.72%
Other interest-bearing assets	398,670	862	0.44%	350,434	222	0.13%
<b>Total interest-earning assets</b>	<b>3,711,519</b>	<b>74,440</b>	<b>4.04%</b>	<b>3,469,253</b>	<b>66,619</b>	<b>3.87%</b>
Noninterest-earning assets	250,376			262,351		
<b>Total assets</b>	<b>\$ 3,961,895</b>			<b>\$ 3,731,604</b>		
<b>Liabilities &amp; stockholders' equity</b>						
NOW, Savings, MMA's	\$ 1,920,608	2,268	0.24%	\$ 1,840,831	2,254	0.25%
Time deposits	336,962	1,939	1.16%	325,213	2,089	1.30%
Short-term borrowings	4	-	0.00%	15,726	5	0.06%
Notes payable & other long-term borrowings	-	-	0.00%	39,283	38	0.20%
Subordinated debt securities	75,822	2,025	5.39%	75,659	2,031	5.41%
Junior subordinated deferrable interest debentures	46,393	548	2.38%	46,393	444	1.93%
<b>Total interest-bearing liabilities</b>	<b>2,379,789</b>	<b>6,780</b>	<b>0.57%</b>	<b>2,343,105</b>	<b>6,861</b>	<b>0.59%</b>
Demand deposits	1,137,772			969,040		
Other liabilities	57,936			41,408		
Stockholders' equity	386,398			378,051		
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 3,961,895</b>			<b>\$ 3,731,604</b>		
Net interest income		\$ 67,660			\$ 59,758	
Net interest margin (2)			3.68%			3.47%

(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	
	June 30, 2022	December 31, 2021
<b>Assets</b>		
Cash and due from banks	\$ 67,127	\$ 68,425
Interest-bearing deposits in banks	308,563	418,396
Federal funds sold	—	—
Investment securities	763,943	724,504
Loans held for sale	37,949	76,507
Loans held for investment	2,580,493	2,437,577
Less: Allowance for loan losses	(39,785)	(42,098)
Net loans held for investment	2,540,708	2,395,479
Premises and equipment, net	56,531	57,699
Goodwill	19,508	19,508
Intangible assets	5,112	5,895
Mortgage servicing assets	27,505	19,700
Other assets	147,826	115,742
Total assets	<u>\$ 3,974,772</u>	<u>\$ 3,901,855</u>
<b>Liabilities and Stockholders' Equity Liabilities</b>		
Noninterest bearing deposits	\$ 1,195,732	\$ 1,071,367
Interest-bearing deposits	2,230,105	2,269,855
Total deposits	3,425,837	3,341,222
Other borrowings	-	-
Subordinated debt securities	75,868	75,775
Trust preferred subordinated debentures	46,393	46,393
Other liabilities	62,648	31,038
Total liabilities	3,610,746	3,494,428
<b>Stockholders' Equity</b>		
Common stock	17,417	17,760
Additional paid-in capital	125,332	133,215
Retained earnings	268,109	242,750
Accumulated other comprehensive income (loss)	(46,832)	13,702
Total stockholders' equity	364,026	407,427
Total liabilities and stockholders' equity	<u>\$ 3,974,772</u>	<u>\$ 3,901,855</u>

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

	Three Months Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Interest income:</b>				
Loans, including fees	\$ 35,419	\$ 29,360	\$ 64,797	\$ 58,640
Other	5,333	3,656	9,035	7,358
Total Interest income	40,752	33,016	73,832	65,998
<b>Interest expense:</b>				
Deposits	2,317	2,186	4,207	4,343
Subordinated debt securities	1,013	1,012	2,025	2,031
Trust preferred subordinated debentures	317	221	548	444
Other	-	4	-	43
Total Interest expense	3,647	3,423	6,780	6,861
Net interest income	37,105	29,593	67,052	59,137
<b>Provision for loan losses</b>	-	(2,007)	(2,085)	(1,918)
Net interest income after provision for loan losses	37,105	31,600	69,137	61,055
<b>Noninterest income:</b>				
Service charges on deposits	1,612	1,599	3,385	3,172
Income from insurance activities	1,577	1,240	3,147	2,352
Mortgage banking activities	8,669	13,711	22,306	32,527
Bank card services and interchange fees	3,478	3,073	6,700	5,715
Other	3,499	2,627	6,994	4,984
Total Noninterest income	18,835	22,250	42,532	48,750
<b>Noninterest expense:</b>				
Salaries and employee benefits	21,990	23,377	44,693	47,695
Net occupancy expense	4,033	3,499	7,770	7,064
Professional services	2,647	1,522	5,272	3,095
Marketing and development	705	812	1,425	1,380
Other	6,628	7,568	14,767	14,601
Total noninterest expense	36,003	36,778	73,927	73,835
<b>Income before income taxes</b>	19,937	17,072	37,742	35,970
Income tax expense (benefit)	4,001	3,422	7,528	7,160
<b>Net income</b>	<u>\$ 15,936</u>	<u>\$ 13,650</u>	<u>\$ 30,214</u>	<u>\$ 28,810</u>

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

	As of	
	June 30, 2022	December 31, 2021
<b>Loans:</b>		
Commercial Real Estate	\$ 806,538	\$ 755,444
Commercial - Specialized	351,609	378,725
Commercial - General	483,964	460,024
Consumer:		
1-4 Family Residential	407,881	387,690
Auto Loans	299,703	240,719
Other Consumer	78,124	68,113
Construction	152,674	146,862
<b>Total loans held for investment</b>	<b>\$ 2,580,493</b>	<b>\$ 2,437,577</b>

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

	As of	
	June 30, 2022	December 31, 2021
<b>Deposits:</b>		
Noninterest-bearing demand deposits	\$ 1,195,732	\$ 1,071,367
NOW & other transaction accounts	357,767	395,322
MMDA & other savings	1,532,139	1,534,795
Time deposits	340,199	339,738
<b>Total deposits</b>	<b>\$ 3,425,837</b>	<b>\$ 3,341,222</b>

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

	As of and for the quarter ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Pre-tax, pre-provision income</b>					
Net income	\$ 15,936	\$ 14,278	\$ 14,614	\$ 15,190	\$ 13,650
Income tax expense	4,001	3,527	3,631	3,716	3,422
Provision for loan losses	-	(2,085)	-	-	(2,007)
Pre-tax, pre-provision income	<u>\$ 19,937</u>	<u>\$ 15,720</u>	<u>\$ 18,245</u>	<u>\$ 18,906</u>	<u>\$ 15,065</u>

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

	As of				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Tangible common equity</b>					
Total common stockholders' equity	\$ 364,026	\$ 387,068	\$ 407,427	\$ 398,276	\$ 392,815
Less: goodwill and other intangibles	(24,620)	(25,011)	(25,403)	(25,804)	(26,226)
<b>Tangible common equity</b>	<u>\$ 339,406</u>	<u>\$ 362,057</u>	<u>\$ 382,024</u>	<u>\$ 372,472</u>	<u>\$ 366,589</u>
<b>Tangible assets</b>					
Total assets	\$ 3,974,772	\$ 3,999,744	\$ 3,901,855	\$ 3,774,175	\$ 3,712,915
Less: goodwill and other intangibles	(24,620)	(25,011)	(25,403)	(25,804)	(26,226)
<b>Tangible assets</b>	<u>\$ 3,950,152</u>	<u>\$ 3,974,733</u>	<u>\$ 3,876,452</u>	<u>\$ 3,748,371</u>	<u>\$ 3,686,689</u>
Shares outstanding	<u>17,417,094</u>	<u>17,673,407</u>	<u>17,760,243</u>	<u>17,824,094</u>	<u>18,014,398</u>
Total stockholders' equity to total assets	9.16%	9.68%	10.44%	10.55%	10.58%
Tangible common equity to tangible assets	8.59%	9.11%	9.85%	9.94%	9.94%
Book value per share	\$ 20.90	\$ 21.90	\$ 22.94	\$ 22.34	\$ 21.81
Tangible book value per share	\$ 19.49	\$ 20.49	\$ 21.51	\$ 20.90	\$ 20.35

# South Plains Financial



## Second Quarter 2022 Earnings Presentation

July 22, 2022



## FORWARD-LOOKING STATEMENTS

This presentation contains, and future oral and written statements of South Plains Financial, Inc. ("South Plains" or the "Company" or "SPFI") and City Bank ("City Bank" or the "Bank") may contain, statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect South Plains' current views with respect to, among other things, the ongoing COVID-19 pandemic, future events and South Plains' financial performance. Any statements about South Plains' expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. Forward-looking statements include, but are not limited to: (i) projections and estimates of revenues, expenses, income or loss, earnings or loss per share, and other financial items, (ii) statements of plans, objectives and expectations of South Plains or its management, (iii) statements of future economic performance, and (iv) statements of assumptions underlying such statements. Forward-looking statements should not be relied on because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of South Plains and City Bank. These risks, uncertainties and other factors may cause the actual results, performance, and achievements of South Plains and City Bank to be materially different from the anticipated future results, performance or achievements expressed in, or implied by, the forward-looking statements. Factors that could cause such differences include, but are not limited to, local, regional, national and international economic conditions, the extent of the impact of the COVID-19 pandemic (and any current or future variant thereof), including the impact of actions taken by governmental and regulatory authorities in response to such pandemic, such as the Coronavirus Aid, Relief, and Economic Security Act and subsequent related legislations, and the programs established thereunder, and City Bank's participation in such programs, volatility of the financial markets, changes in market interest rates, the persistence of the inflationary environment in the United States and our market areas, 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*

- 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

# Second Quarter 2022 Highlights

**Organic Loan Growth**  
**20.8% Annualized**

**Loans Held for Investment**  
**("HFI") \$2.58 B**

**Net Income**  
**\$15.9 M**

**EPS - Diluted**  
**\$0.88**

**ROAA**  
**1.61%**

**Efficiency Ratio**  
**64.0%**

**Net Interest Margin <sup>(1)</sup>**  
**4.02%**

**Average Yield on Loans**  
**5.57%**

- **Diluted earnings per share** was **\$0.88 per share**, an **increase of 13%** as compared to \$0.78 per share in 1Q'22
- Earnings growth primarily driven by a **20.8% annualized increase in loans HFI** as compared to 1Q'22 as recently hired lenders ramp their loan portfolios combined with a continued focus on organic growth
- Seeing broad strength across major markets of **Dallas, Houston and El Paso** which experienced a **28.0% annualized increase in loans HFI** to \$819.4 million
- Inflection point quarter as our **Mortgage Banking business has largely moderated** at 15% of total revenues
- **Visibility on second half 2022 earnings growth** has improved given strong second quarter loan growth combined with moderating Mortgage Banking operations
- **Credit continues to improve** as nonperforming assets to total assets declined to 20 bps in 2Q'22 from 33bps in 1Q'22
- **Repurchased 257,000 shares** in 2Q'22 as compared to 106,000 shares in 1Q'22

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

Source: Company documents

## Total Loans HFI

\$ in Millions



## 2Q'22 Highlights

- ✓ Loans HFI increased \$126.9 million from 1Q'22, primarily due to:
  - \$148.2 million organic net loan growth. Remains relationship-focused with largest growth in commercial real estate, residential mortgage loans, and consumer auto loans.
  - SBA forgiveness and repayments of \$21.3 million in Paycheck Protection Program ("PPP") loans
- ✓ Loans HFI increased \$277.0 million from 2Q'21
- ✓ 2Q'22 yield on non-PPP loans of 5.47%; an increase of 73 bps compared to 1Q'22. Includes \$4.4 million of income on large loan recoveries and prepayment penalties during 2Q'22, which equated to 70bps of yield.

Source: Company documents



# Attractive Markets Poised for Organic Growth

## Dallas / Ft. Worth<sup>1</sup>

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

## El Paso

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

## Houston

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

## Lubbock

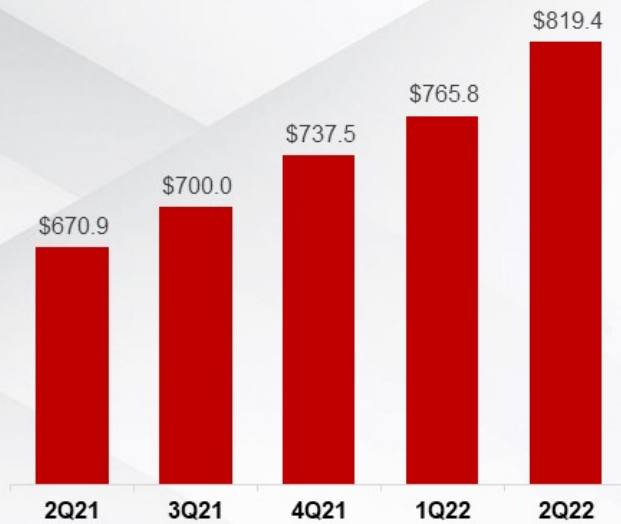
- ✓ Population in excess of 320,000 with major industries in agribusiness, education, and trade among others
- ✓ Home of Texas Tech University – enrollment of 40,000 students
- ✓ Focus on community bank approach and expanding local relationships

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

# Metropolitan Loan Growth

## Total Metropolitan Loans

*\$ in Millions*

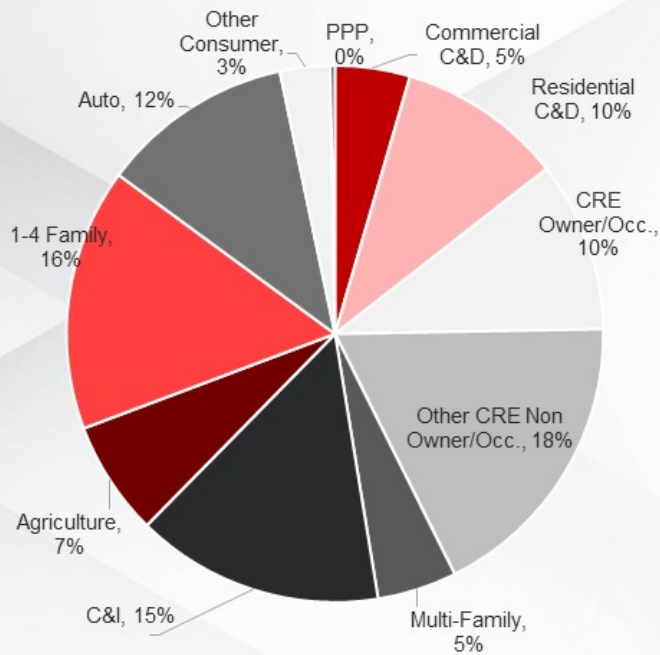


## 2Q'22 Highlights

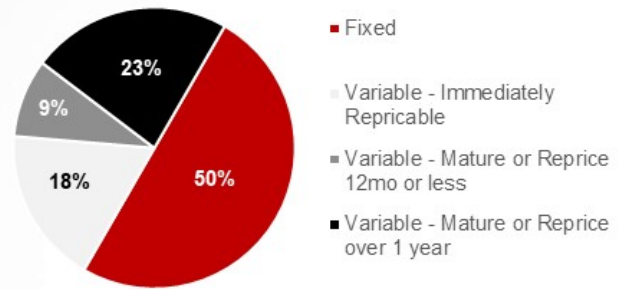
- ✓ Loans HFI in Dallas, Houston and El Paso totaled \$819.4 million in 2Q'22 an increase of 28.0% from 1Q'22
- ✓ Expansion of lending team across the Company's MSA's is driving accelerated loan growth
- ✓ Existing infrastructure in Dallas, Houston and El Paso can support further growth
- ✓ Have ample liquidity to fund further growth as we continue to redeploy our low cost deposits into higher yielding loans
- ✓ New lenders continue to ramp more quickly than anticipated reaching breakeven ahead of plan, on average

Source: Company documents

## Loan Mix



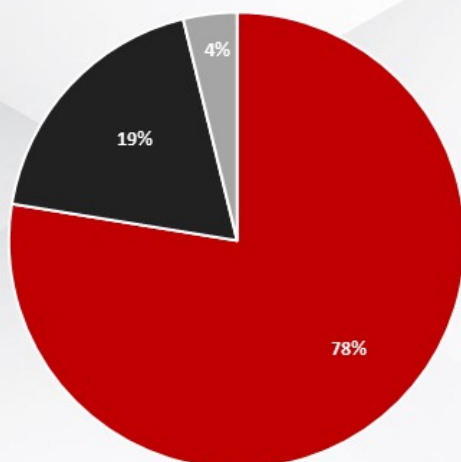
## Fixed vs. Variable Rate at 6/30/22



Loan Portfolio (\$ in millions)	6/30/22
Commercial C&D	\$ 116.5
Residential C&D	256.7
CRE Owner/Occ.	264.7
Other CRE Non Owner/Occ.	462.5
Multi-Family	123.7
C&I	385.5
Agriculture	178.3
1-4 Family	407.9
Auto	299.7
Other Consumer	78.1
PPP	7.1
<b>Total</b>	<b>\$ 2,580.5</b>

Source: Company documents

## Indirect Auto Credit Breakdown



■ Level 1 - Credit Score 690 +  
■ Level 2 - Credit Score 635 - 689  
■ Level 3 - Credit Score Below 635

## Indirect Auto Highlights

- ✓ Total indirect auto loans increased \$40.8 million in 2Q'22 to \$280.4 million, compared to 1Q'22
- ✓ Expanded footprint through the addition of several high quality auto dealerships
- ✓ Disciplined underwriting approach to selectively grow indirect auto lending portfolio
- ✓ Strong credit quality in sector positioned for resiliency across economic cycles:
  - ✓ Credit Score 690+: \$217.4 million
  - ✓ Credit Score 635-689: \$52.2 million
  - ✓ Credit Score Below 635: \$10.6 million

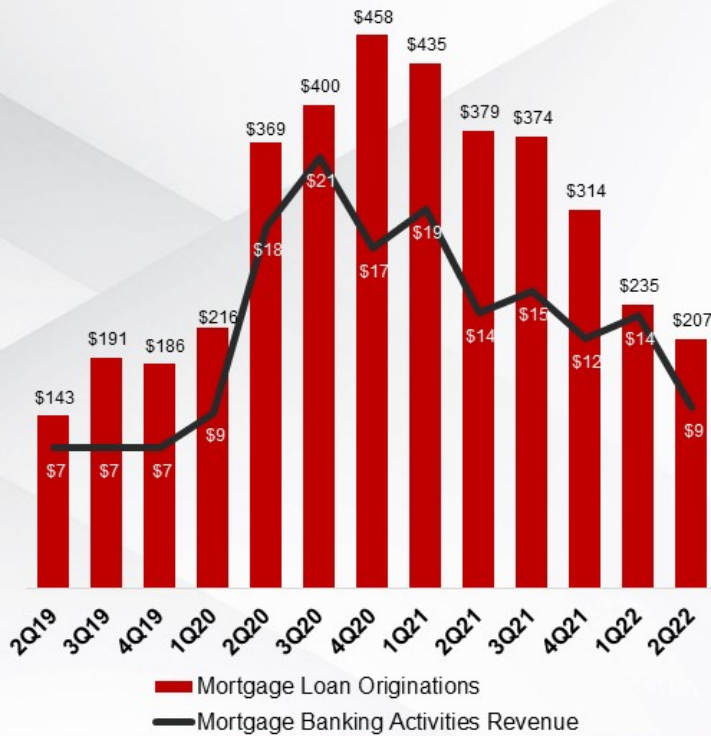
Source: Company documents



# Mortgage Banking Overview

## Mortgage Banking Activity

\$ in Millions



Source: Company documents

## 2Q'22 Highlights

- ✓ Inflection point quarter as mortgage banking activity is moderating
- ✓ Mortgage loan originations decreased 12% in 2Q'22 compared to 1Q'22
- ✓ Have aggressively managed the decline in volumes since the peak through expense and headcount reduction
- ✓ Mortgage servicing rights – a positive fair value adjustment of \$1.2 million in 2Q'22, compared to \$4.5 million in 1Q'22.

# Noninterest Income Overview

## Noninterest Income

\$ in Millions



## 2Q'22 Highlights

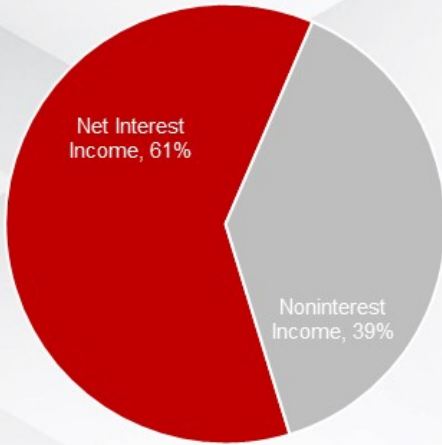
- ✓ Mortgage banking revenues have largely moderated at 15% of total Bank revenues
- ✓ Noninterest income of \$18.8 million, compared to \$23.7 million in 1Q'22; this decline is primarily due to \$5.0 million decrease in mortgage banking activities revenue aligns with our forecast based upon the mortgage market's return to more historical levels
- ✓ Growth in bank card services and interchange fees, partially offset by a decrease in service charges on deposits

Source: Company documents

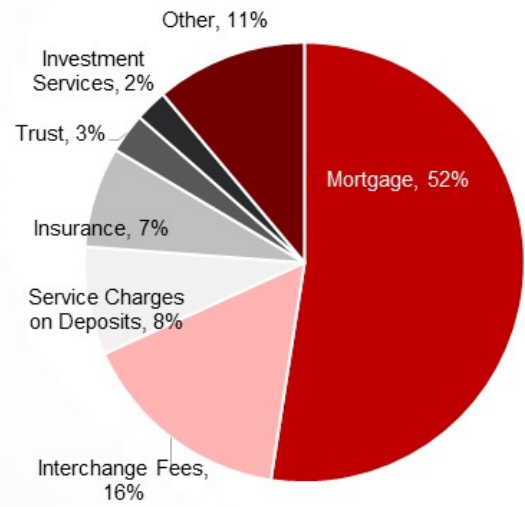
# Diversified Revenue Stream

Six Months Ended June 30, 2022

**Total Revenues**  
*\$109.6 million*



**Noninterest Income**  
*\$42.5 million*



Source: Company documents

# Net Interest Income and Margin

## Net Interest Income & Margin

\$ in Millions



## 2Q'22 Highlights

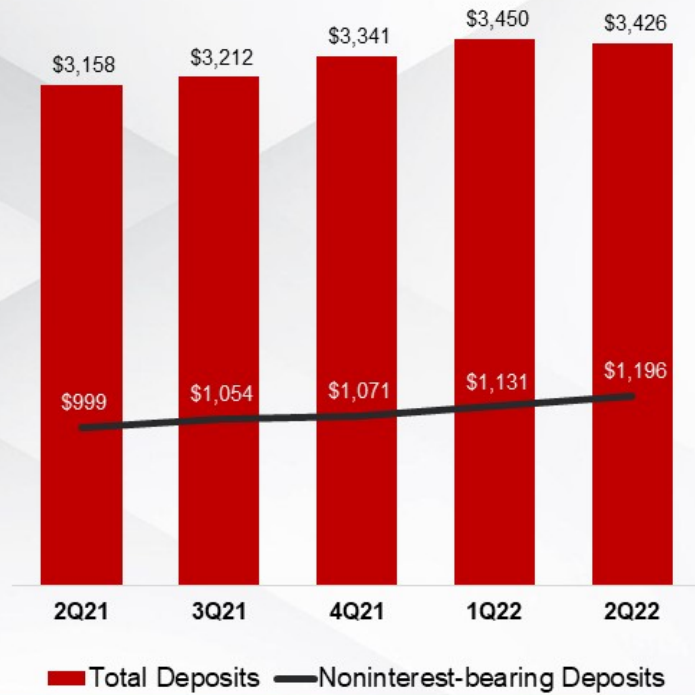
- ✓ Net interest income of \$37.1 million, compared to \$29.9 million in 1Q'22
- ✓ 2Q'22 net interest margin, calculated on a tax-equivalent basis ("NIM"), of 4.02% and an increase of 69 bps compared to 1Q'22:
  - ✓ \$66.7 million increase in average loans outstanding
  - ✓ Includes \$4.4 million of income on large loan recoveries and prepayment penalties during 2Q'22, which equated to 48bps of NIM
  - ✓ 21 bps NIM increase from loan growth, liquidity redeployment, and rising interest rates

Source: Company documents

## Total Deposits

\$ in Millions

## 2Q'22 Highlights

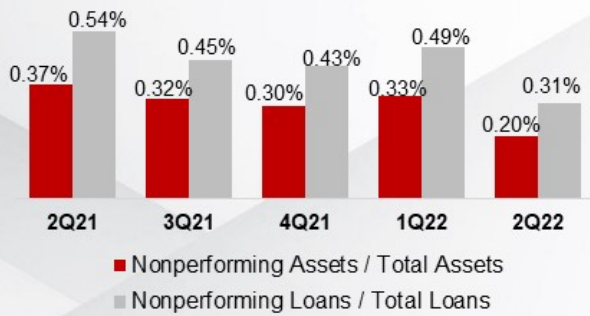


- ✓ Total deposits of \$3.43 billion at 2Q'22, a decrease of approximately \$24 million from 1Q'22
  - ✓ Decrease was primarily due to large tax payments made during the quarter
- ✓ Cost of interest-bearing deposits increased in 2Q'22 to 42 bps from 34 bps in 4Q'21
- ✓ Noninterest-bearing deposits represented 34.9% of deposits in 2Q'22, compared to 32.8% in 1Q'22

Source: Company documents



## Credit Quality Ratios



## 2Q'22 Highlights

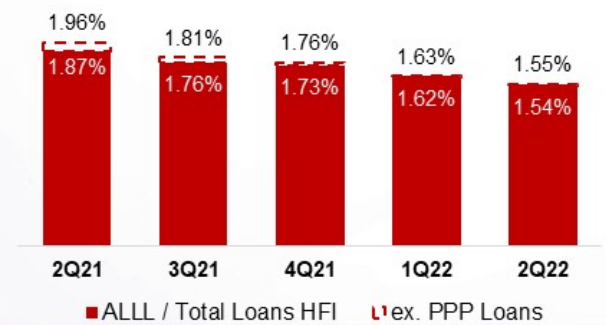
- ✓ The Company did not record a provision for loan losses in the second quarter of 2022, compared to a negative provision for loan losses of \$2.1 million in 2Q'21
- ✓ The Company continued to experience improving credit metrics in the loan portfolio during the second quarter of 2022, specifically in the hotel segment
- ✓ Ratio of Allowance for Loan Losses ("ALLL") to loans HFI was 1.54% at 6/30/22

## Net Charge-Offs to Average Loans



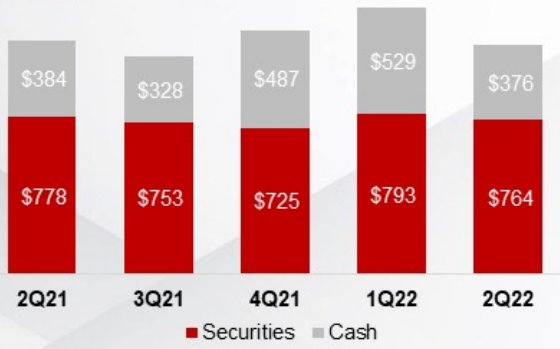
Source: Company documents

## ALLL to Total Loans HFI

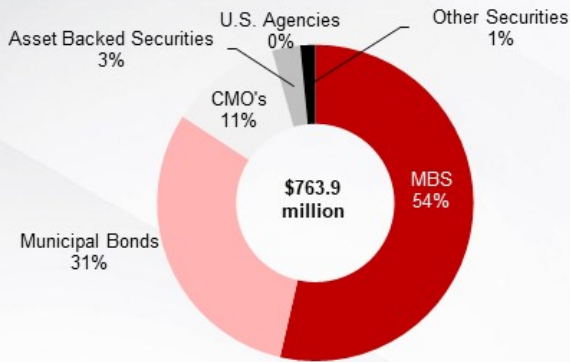


## Securities & Cash

\$ in Millions



## 1Q'22 Securities Composition



## 2Q'22 Highlights

- ✓ Investment Securities totaled \$763.9 million at 6/30/2022, a decrease of \$29.4 million from 1Q'22
- ✓ All municipal bonds are in Texas
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE
- ✓ Duration – 6.87 years
- ✓ 2Q'22 yield – 2.19%

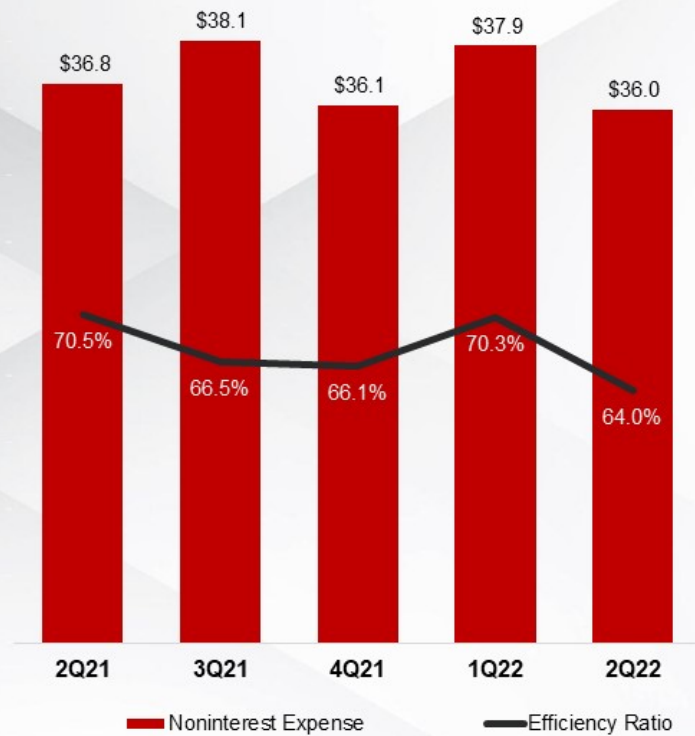
Source: Company documents

# Noninterest Expense and Efficiency

## Noninterest Expense

\$ in Millions

## 2Q'22 Highlights



- ✓ Noninterest expense for 2Q'22 decreased \$1.9 million from 1Q'22 primarily due to:
  - ✓ Lower mortgage commissions and other variable mortgage-based expenses due to the reduction in mortgage loan originations
  - ✓ Partially offset by additional commercial lenders hired as part of a planned initiative and increased incentive-based compensation based on strong results in the quarter

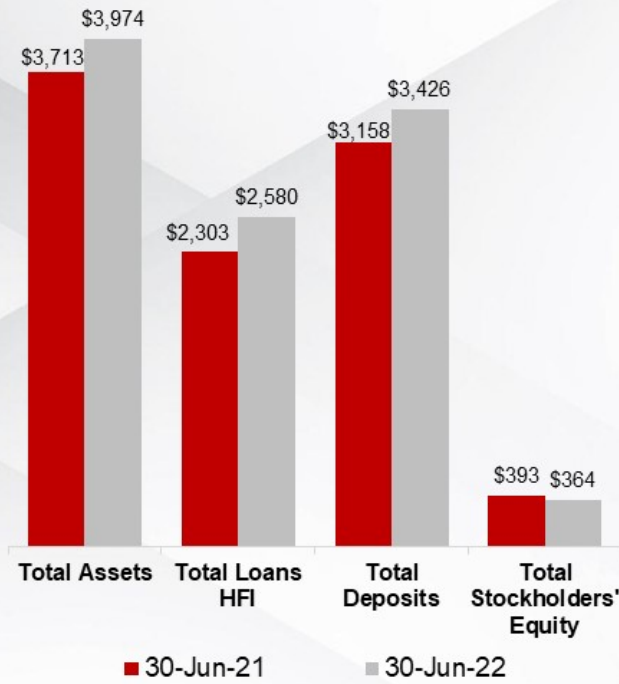
Source: Company documents



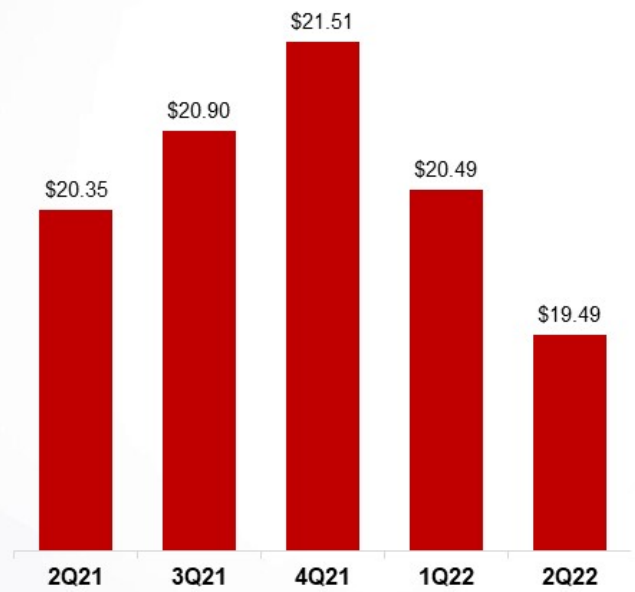
# Balance Sheet Growth and Development

## Balance Sheet Highlights

*\$ in Millions*



## Tangible Book Value Per Share

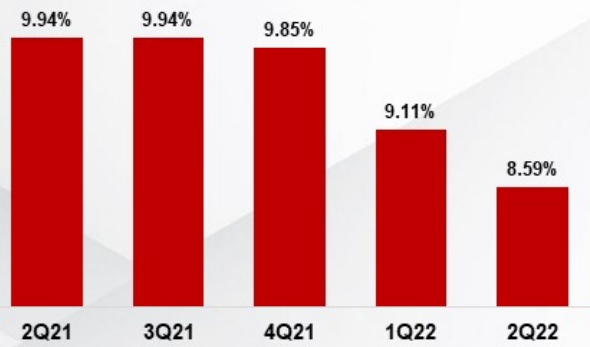


Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation to GAAP

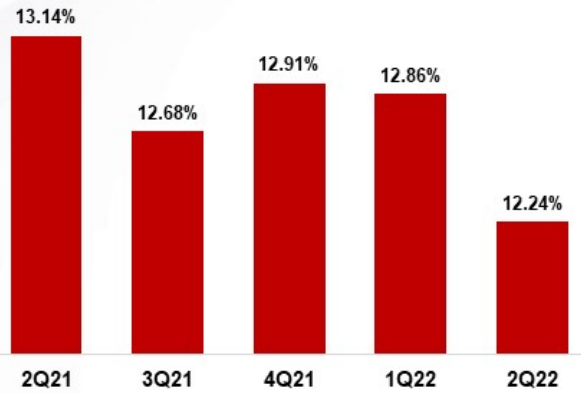
Source: Company documents

# Strong Capital Base

Tangible Common Equity to Tangible Assets Ratio



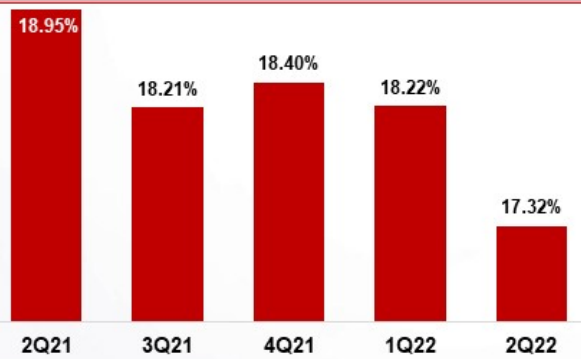
Common Equity Tier 1 Ratio



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

# 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 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



	As of and for the quarter ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Pre-Tax, Pre-Provision Income</b>					
Net income	\$ 15,936	\$ 14,278	\$ 14,614	\$ 15,190	\$ 13,650
Income tax expense	4,001	3,527	3,631	3,716	3,422
Provision for loan losses	-	(2,085)	-	-	(2,007)
<b>Pre-tax, pre-provision income</b>	<b>\$ 19,937</b>	<b>\$ 15,720</b>	<b>\$ 18,245</b>	<b>\$ 18,906</b>	<b>\$ 15,065</b>
	As of the quarter ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Tangible common equity</b>					
Total common stockholders' equity	\$ 364,026	\$ 387,068	\$ 407,427	\$ 398,276	\$ 392,815
Less: goodwill and other intangibles	(24,620)	(25,011)	(25,403)	(25,804)	(26,226)
<b>Tangible common equity</b>	<b>\$ 339,406</b>	<b>\$ 362,057</b>	<b>\$ 382,024</b>	<b>\$ 372,472</b>	<b>\$ 366,589</b>
<b>Tangible assets</b>					
Total assets	\$ 3,974,772	\$ 3,999,744	\$ 3,901,855	\$ 3,774,175	\$ 3,712,915
Less: goodwill and other intangibles	(24,620)	(25,011)	(25,403)	(25,804)	(26,226)
<b>Tangible assets</b>	<b>\$ 3,950,152</b>	<b>\$ 3,974,733</b>	<b>\$ 3,876,452</b>	<b>\$ 3,748,371</b>	<b>\$ 3,686,689</b>
Shares outstanding	17,417,094	17,673,407	17,760,243	17,824,094	18,014,398
Total stockholders' equity to total assets	9.16%	9.68%	10.44%	10.55%	10.58%
Tangible common equity to tangible assets	8.59%	9.11%	9.85%	9.94%	9.94%
Book value per share	\$ 20.90	\$ 21.90	\$ 22.94	\$ 22.34	\$ 21.81
Tangible book value per share	\$ 19.49	\$ 20.49	\$ 21.51	\$ 20.90	\$ 20.35

Source: Company documents