

South Plains Financial

Third Quarter 2024 Earnings Presentation

October 23, 2024

Safe Harbor Statement and Other Disclosures



FORWARD-LOOKING STATEMENTS

This presentation contains, and future oral and written statements of South Plains Financial, Inc. ("South Plains", "SPFI", or the "Company") and City Bank ("City Bank" or the "Bank") may contain, statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect South Plains' current views with respect to future events and South Plains' financial performance. Any statements about South Plains' expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. Forward-looking statements include, but are not limited to: (i) projections and estimates of revenues, expenses, income or loss, earnings or loss per share, and other financial items, (ii) statements of plans, objectives and expectations of South Plains or its management, (iii) statements of future economic performance, and (iv) statements of assumptions underlying such statements. Forward-looking statements should not be relied on because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of South Plains and City Bank. These risks, uncertainties and other factors may cause the actual results, performance, and achievements of South Plains and City Bank to be materially different from the anticipated future results, performance or achievements expressed in, or implied by, the forward-looking statements. Factors that could cause such differences include, but are not limited to, the impact on us and our customers of a decline in general economic conditions and any regulatory responses thereto; potential recession in the United States and our market areas; the impacts related to or resulting from bank failures and any continuation of uncertainty in the banking industry, including the associated impact to the Company and other financial institutions of any regulatory changes or other mitigation efforts taken by government agencies in response thereto; increased competition for deposits in our market areas and related changes in deposit customer behavior; the impact of changes in market interest rates, whether due to the current elevated interest rate environment or future reductions in interest rates and a resulting decline in net interest income; the resurgence of elevated levels of inflation or inflationary pressures 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; increases in unemployment rates in the United States and our market areas; declines in commercial real estate values and prices; uncertainty regarding United States fiscal debt, deficit and budget matters; cyber incidents or other failures, disruptions or breaches of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber attacks; severe weather, natural disasters, acts of war or terrorism, geopolitical instability or other external events; the impact of changes in U.S. presidential administrations or Congress; competition and market expansion opportunities; changes in non-interest expenditures or in the anticipated benefits of such expenditures; the risks related to the development, implementation, use and management of emerging technologies, including artificial intelligence and machine learnings; potential increased regulatory requirements and costs related to the transition and physical impacts of climate change; current or future litigation, regulatory examinations or other legal and/or regulatory actions; and changes in applicable laws and regulations. Due to these and other possible uncertainties and risks, South Plains can give no assurance that the results contemplated in the forward-looking statements will be realized and readers are cautioned not to place undue reliance on the forward-looking statements contained in this presentation. Additional information regarding these factors and uncertainties to which South Plains' business and future financial performance are subject is contained in South Plains' most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file with the U.S. Securities and Exchange Commission (the "SEC"), including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of such documents, and other documents South Plains files or furnishes with the SEC from time to time. 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NON-GAAP FINANCIAL MEASURES

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

Today's Speakers



Curtis C. Griffith
Chairman & Chief Executive Officer

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



Cory T. Newsom
President

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



Steven B. Crockett
Chief Financial Officer & Treasurer

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

Third Quarter 2024 Highlights

Net Income
\$11.2 M

EPS - Diluted
\$0.66

Net Interest Margin ⁽¹⁾
("NIM") 3.65%

Total Deposits
\$3.72 B

Loans Held for Investment
("HFI") \$3.04 B

Average Yield on Loans
6.68%

Return on Average Assets
("ROAA") 1.05%

Efficiency Ratio
68.80%

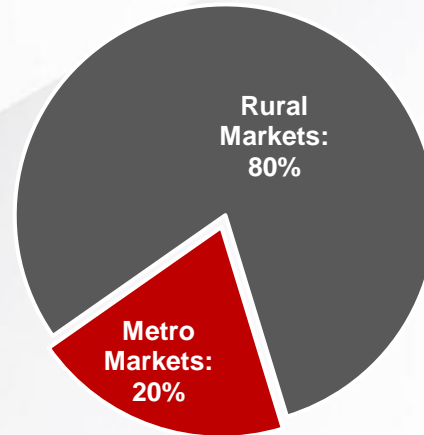
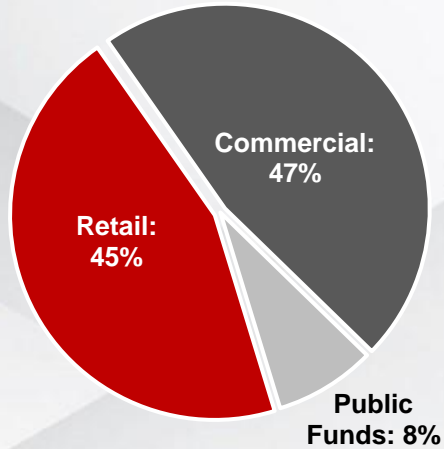
- **Net income** for the third quarter of 2024 was **\$11.2 million**, compared to **\$11.1 million** for the second quarter of 2024
- **Diluted earnings per share** for the third quarter of 2024 was **\$0.66**, unchanged from the second quarter of 2024
- **Net interest margin** was **3.65%** for the third quarter of 2024, compared to **3.63%** for the second quarter of 2024
- **Loans held for investment** were **\$3.04 billion** as of September 30, 2024, compared to **\$3.09 billion** as of June 30, 2024
- **Deposits totaled \$3.72 billion** as of September 30, 2024, compared to **\$3.62 billion** as of June 30, 2024
- Estimated **uninsured and uncollateralized deposits** at City Bank comprise **25% of total deposits**
- The Company remains **well capitalized** with **tangible common equity to tangible assets (non-GAAP) of 9.77%**, an **increase of 33 basis points** as compared to the end of the second quarter of 2024
- **Tangible book value (non-GAAP) per share** was **\$25.75** as of September 30, 2024, compared to **\$24.15** as of June 30, 2024

Granular Deposit Base & Ample Liquidity



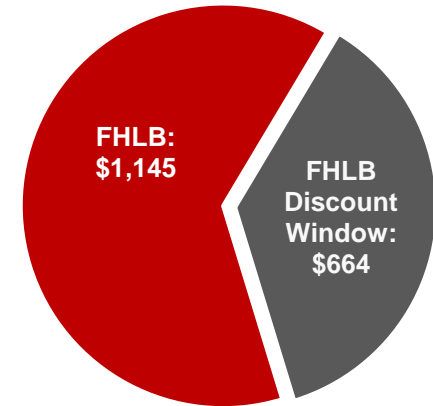
South Plains
Financial, Inc.

Total Deposit Base Breakdown



Total Borrowing Capacity

\$1.81 Billion



Dollars in millions

- ✓ Average deposit account size is approximately \$36 thousand
- ✓ City Bank's percentage of estimated uninsured or uncollateralized deposits is 25% of total deposits

- ✓ City Bank had \$1.81 billion of **available** borrowing capacity, as follows:
 - Federal Home Loan Bank of Dallas - \$1.15 billion
 - Federal Reserve Bank of Dallas Discount Window - \$664 million
 - No borrowings utilized from these sources during 3Q'24

Loan Portfolio

Total Loans HFI

\$ in Millions



3Q'24 Highlights

- ✓ Loans HFI decreased \$56.9 million from Q2'24, primarily as a result of:
 - The expected payoff of a \$16 million short-term bridge note that was originated in the second quarter of 2024
 - The early payoff of a \$17 million residential land development loan
 - An \$19 million decrease in consumer auto loans
- ✓ As of September 30, 2024, loans HFI increased \$43.8 million, or 1.5%, from September 30, 2023
- ✓ The average yield on loans was 6.68% for 3Q'24, compared to 6.60% for 2Q'24.

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

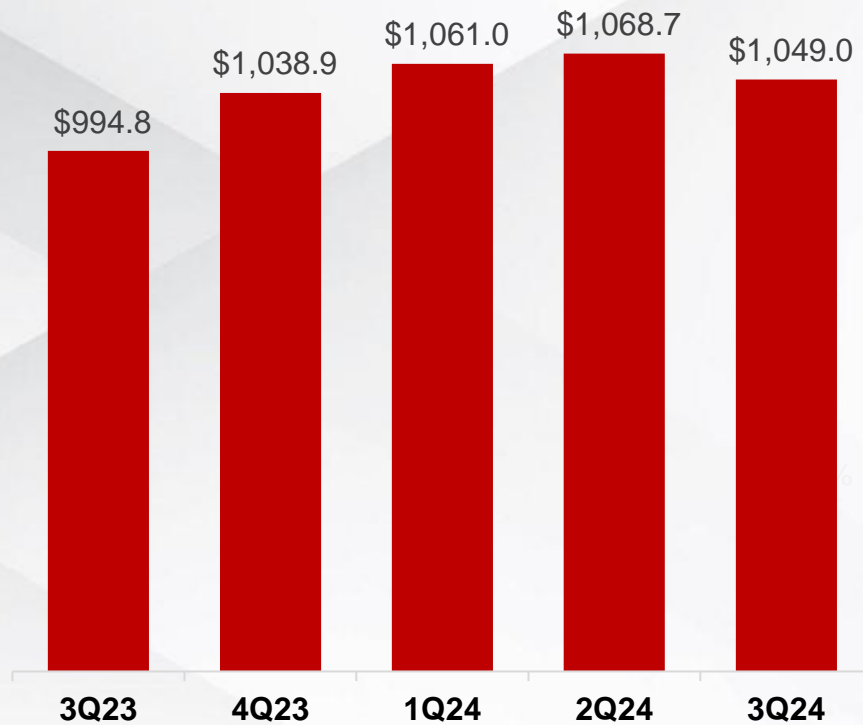
- ✓ Second largest MSA in Texas and fifth largest in the nation
- ✓ Total Non-Farm Employment was up 5.6% in 2022 compared to 2021
- ✓ Called the "Energy Capital of the World," the area also boasts the world's largest medical center and second busiest port in the U.S
- ✓ Focus on commercial real estate 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

Total Metropolitan Market⁽¹⁾ Loans

\$ in Millions

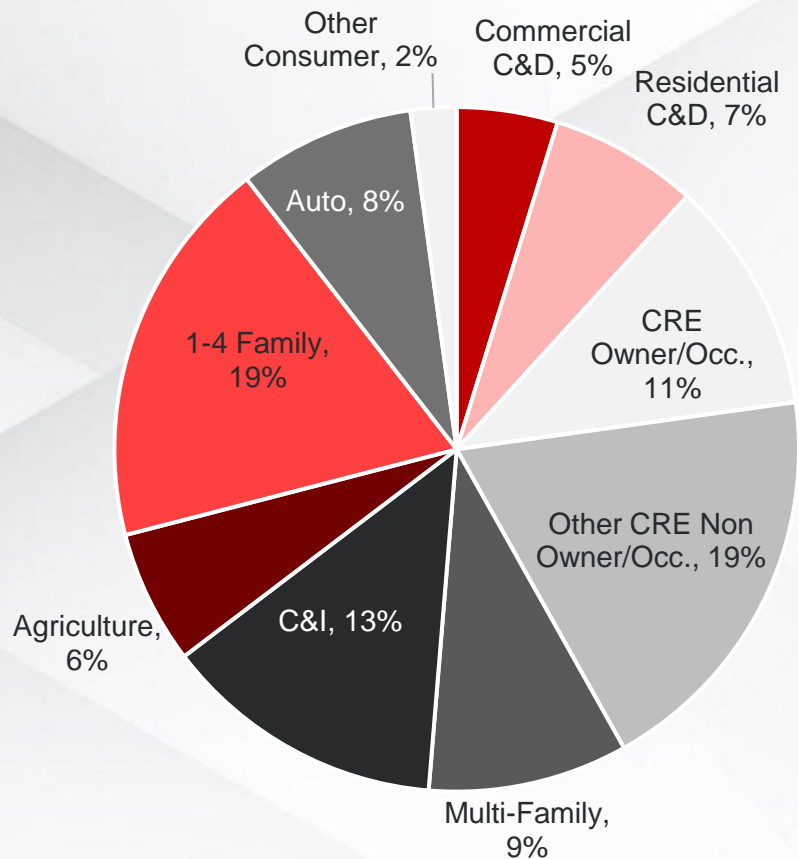


3Q'24 Highlights

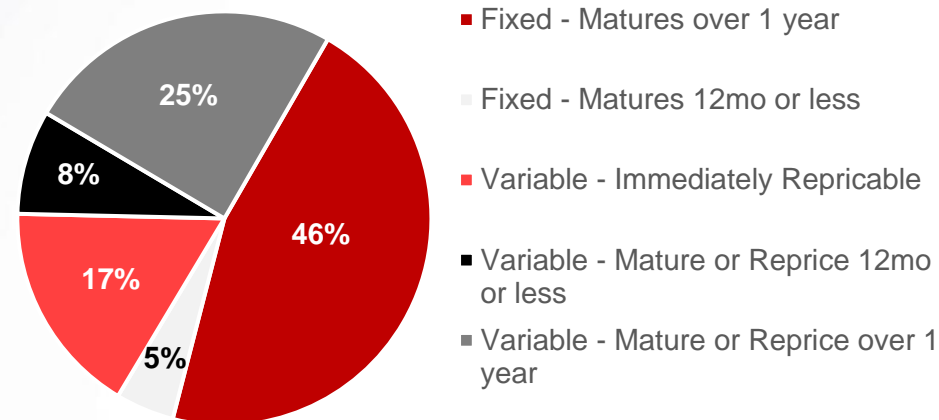
- ✓ Loans HFI in our major metropolitan markets⁽¹⁾ decreased by \$20 million, to \$1.05 billion during 3Q'24, primarily due to:
 - The early payoff of a \$17 million residential land development loan
 - The payoff of a \$6 million mortgage finance company loan
- ✓ Our major metropolitan market loan portfolio represents 34.6% of the Bank's total loans HFI at September 30, 2024

Loan HFI Portfolio

Loan Mix



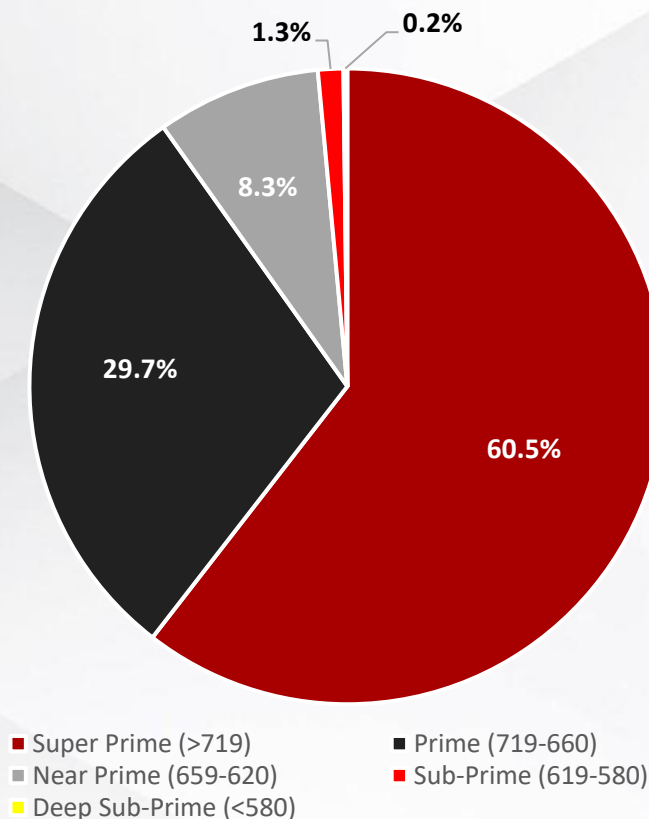
Fixed vs. Variable Rate



Loan Portfolio (\$ in millions)

Commercial C&D	\$	144.8
Residential C&D		212.3
CRE Owner/Occ.		335.4
Other CRE Non Owner/Occ.		579.3
Multi-Family		286.6
C&I		405.6
Agriculture		191.7
1-4 Family		562.4
Auto		253.5
Other Consumer		65.8
Total	\$	3,037.4

Indirect Auto Credit Breakdown



(1) Credit score level at origination

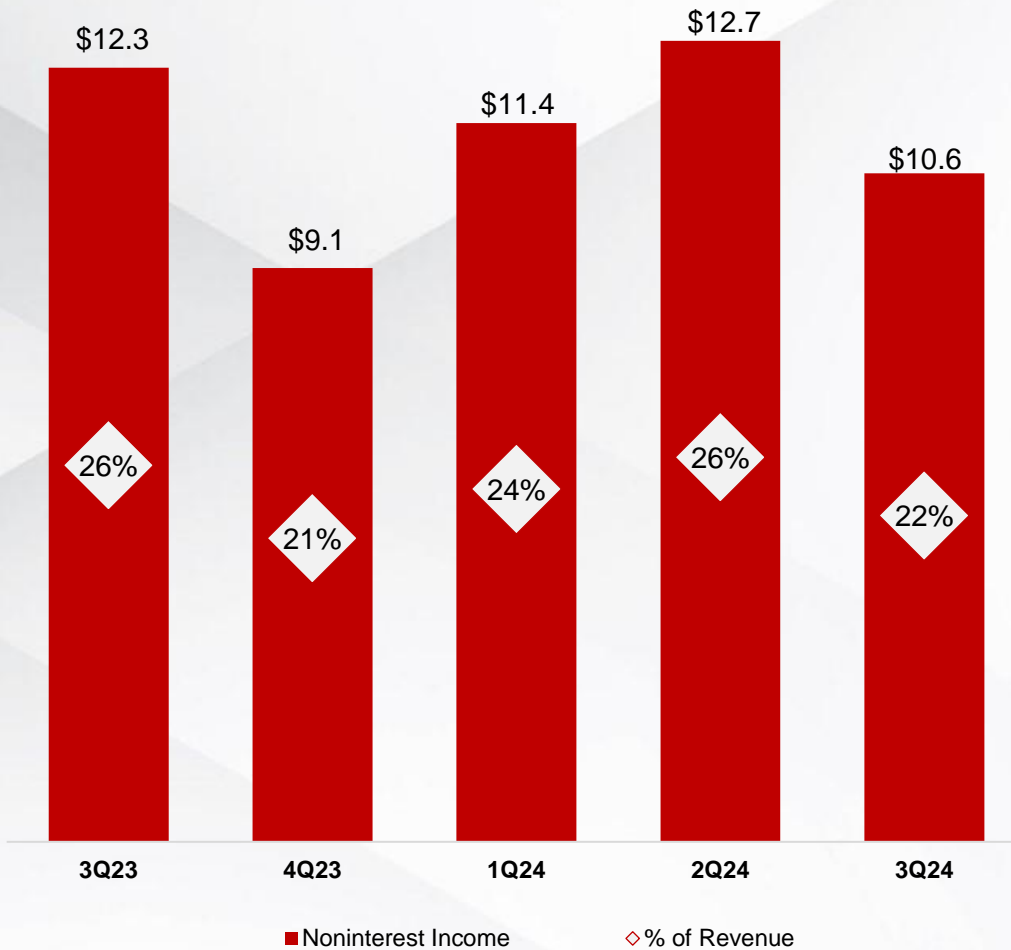
Indirect Auto Highlights

- ✓ Indirect auto loans totaled \$235.1 million at September 30, 2024, down \$19 million from the linked quarter
- ✓ Management is carefully managing the portfolio
- ✓ Strong credit quality in the sector, positioned for resiliency across economic cycles⁽¹⁾:
 - Super Prime Credit (>719): \$142.3 million
 - Prime Credit (719-660): \$69.8 million
 - Near Prime Credit (659-620): \$19.6 million
 - Sub-Prime Credit (619-580): \$3.0 million
 - Deep Sub-Prime Credit (<580): \$463 thousand
- ✓ Loans past due 30+ days: 34 bps of portfolio
- ✓ Non-car/truck (RV, boat, etc.) < 2% of portfolio

Noninterest Income Overview

Noninterest Income

\$ in Millions



3Q'24 Highlights

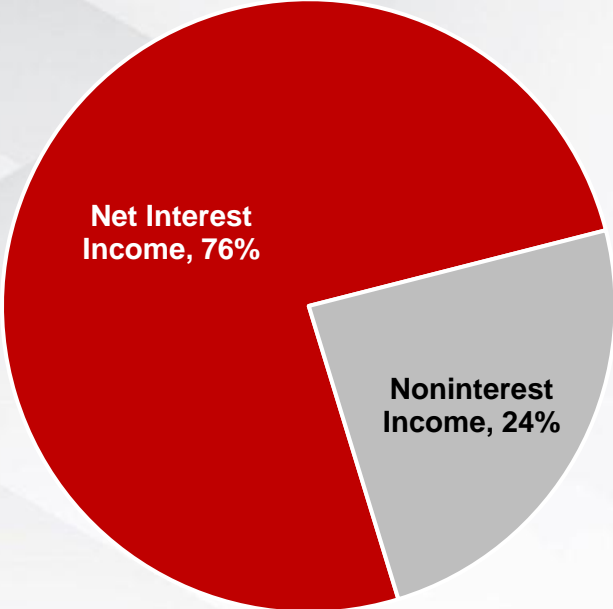
- ✓ Noninterest income was \$10.6 million for 3Q'24, compared to \$12.7 million for 2Q'24; primarily due to:
 - A decrease of \$1.5 million in mortgage banking revenues, mainly from a decrease of \$1.4 million in the fair value adjustment of the mortgage servicing rights assets as interest rates that affect the value declined in 3Q'24
 - A decrease of \$750 thousand in bank card services and interchange revenue mainly as a result of incentives received during 2Q'24
 - A decrease of \$315 thousand in income from investments in Small Business Investment Companies
 - Partially offset by non-recurring insurance proceeds of \$700 thousand received in 3Q'24

Diversified Revenue Stream

Nine Months Ended September 30, 2024

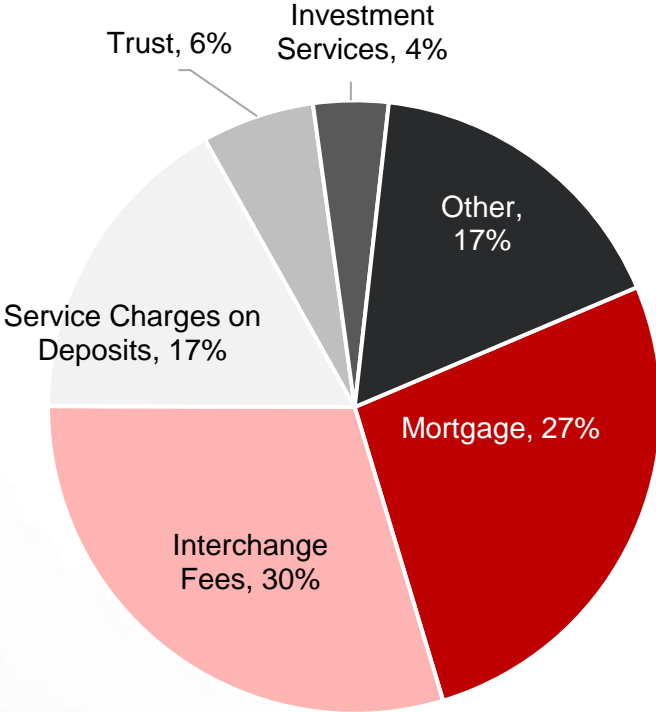
Total Revenues

\$143.3 million



Noninterest Income

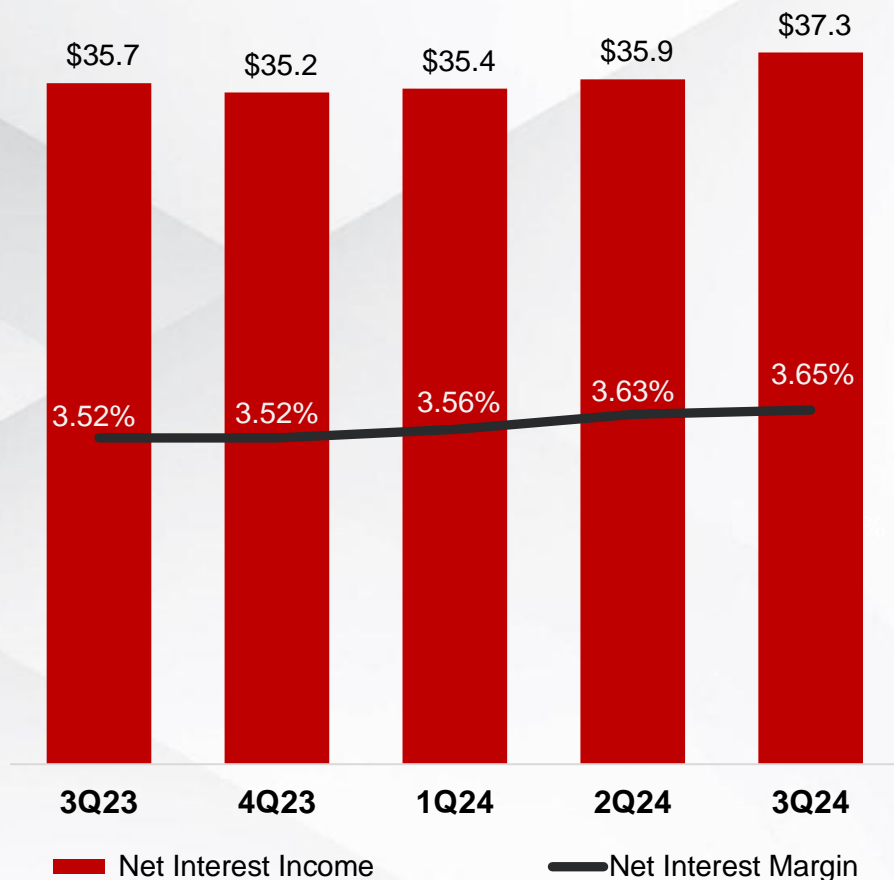
\$34.8 million



Net Interest Income and Margin

Net Interest Income & Margin⁽¹⁾

\$ in Millions



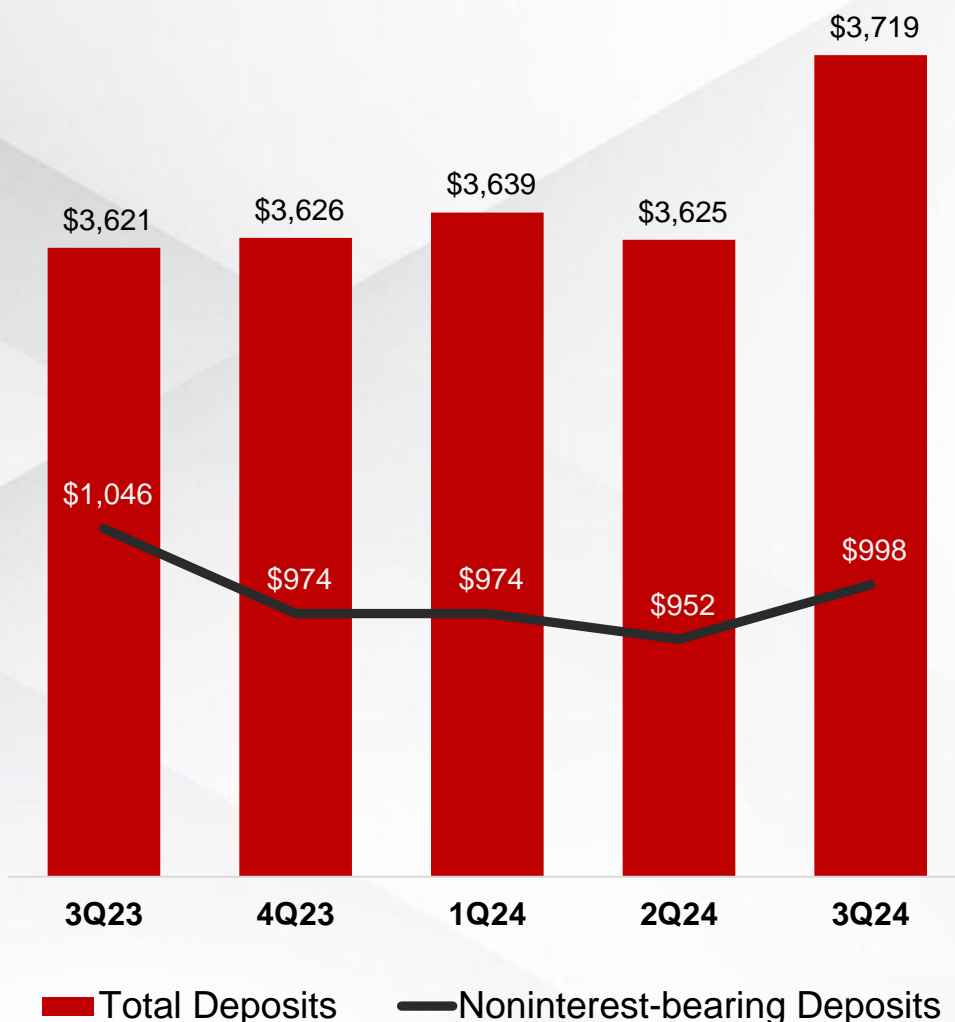
3Q'24 Highlights

- ✓ Net interest income (“NII”) of \$37.3 million, compared to \$35.9 million in 2Q’24
- ✓ 3Q’24 NIM increased 2 bps to 3.65% as compared to 3.63% in 2Q’24, primarily due to:
 - An 8 bps point increase in the yield on loans
 - Partially offset by a 4 bps increase in the cost of deposits

Deposit Portfolio

Total Deposits

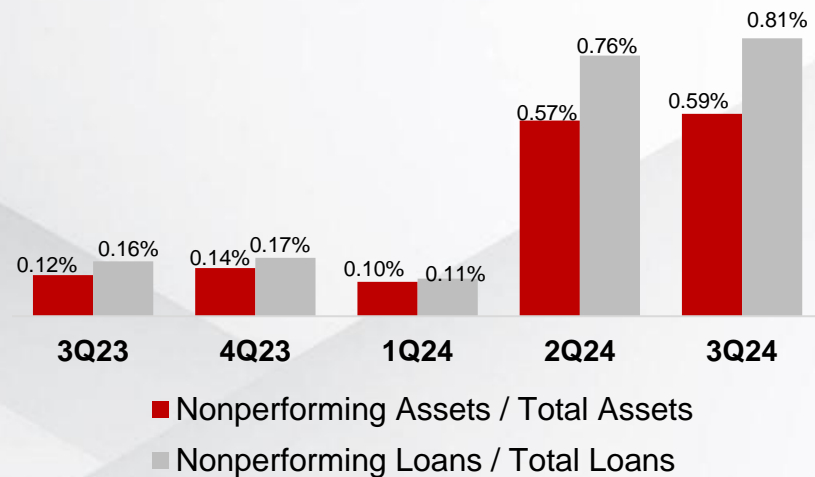
\$ in Millions



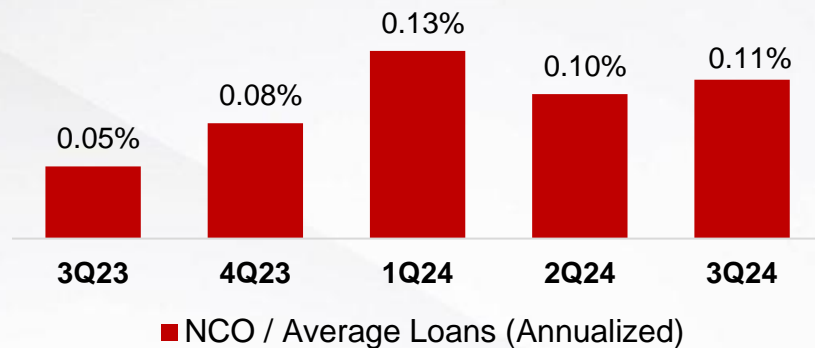
3Q'24 Highlights

- ✓ Total deposits of \$3.72 billion at 3Q'24, an increase of \$94.8 million from 2Q'24
- ✓ Cost of interest-bearing deposits increased to 3.36% in 3Q'24 from 3.33% in 2Q'24
 - Average cost of deposits increased 4 bps to 2.47% in 3Q'24 as compared to 2.43% in 2Q'24
- ✓ Noninterest-bearing deposits to total deposits was 26.8% at September 30, 2024, compared to 26.3% at June 30, 2024
- ✓ Strategic initiatives implemented to stabilize noninterest-bearing deposits while also growing core deposits

Credit Quality Ratios



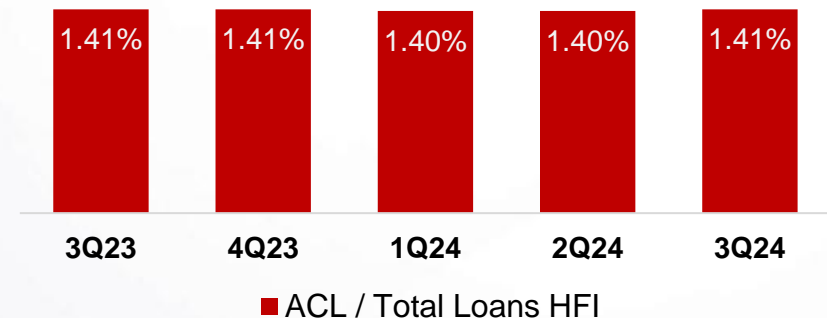
Net Charge-Offs to Average Loans



3Q'24 Highlights

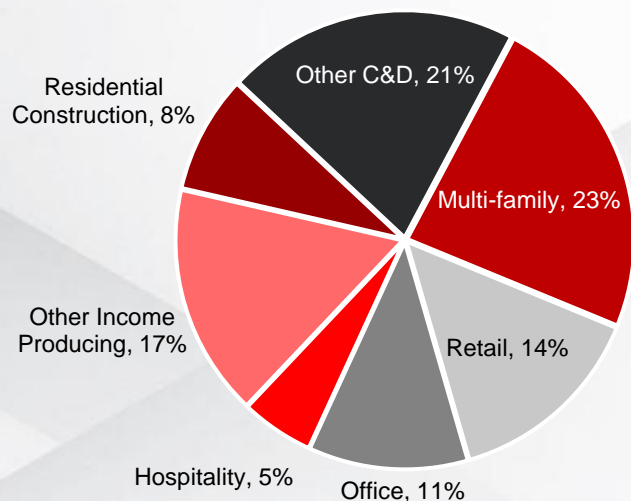
- ✓ Provision for credit losses of \$495 thousand in 3Q'24, compared to \$1.8 million in 2Q'24; 3Q'24 provision was largely due to net charge-off activity, partially offset by decreased loan balances
- ✓ Nonperforming loans totaled \$24.7 million at September 30, 2024, and continues to include a \$20.0 million nonaccrual multi-family property credit. The loan was modified, with more stringent credit metrics, during 3Q'24 and continues to pay as agreed, with improving credit trends

ACL⁽¹⁾ to Total Loans HFI



Non-Owner Occupied CRE Portfolio

NOO CRE⁽¹⁾ Sector Breakdown



NOO CRE Portfolio (\$ in millions)

Property Type	Total
Income-producing:	
Multi-family	\$286.7
Retail	\$175.0
Office	\$138.6
Hospitality	\$63.5
Other	\$202.1
Construction, acquisition, and development:	
Residential construction	\$102.6
Other	\$254.5
Total	\$1,223.0

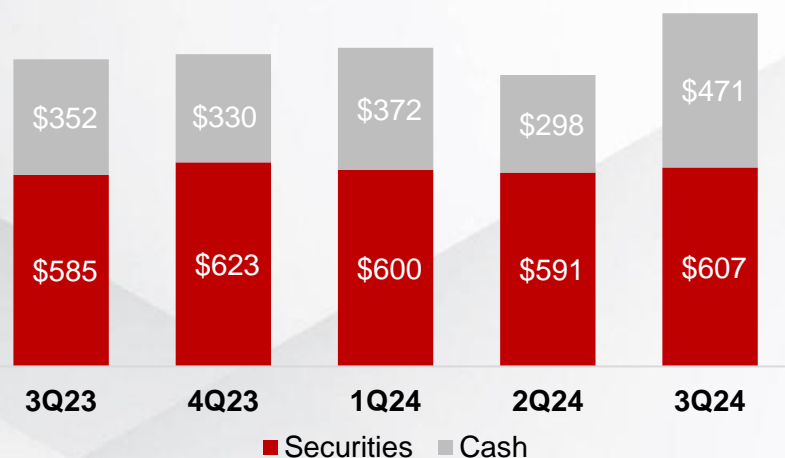
Details

- ✓ NOO CRE was 40.3% of total LHI, compared to 39.9% at June 30, 2024
- ✓ NOO CRE portfolio is made up of \$865.9 million of income producing loans and \$357.1 million of construction, acquisition, and development loans
- ✓ Estimated weighted average LTV of income-producing NOO CRE was 53%
- ✓ Office NOO CRE loans were 4.6% of total LHI and had a weighted average LTV of 59%
- ✓ NOO CRE loans past due 90+ days or nonaccrual: 72 basis points of total LHI

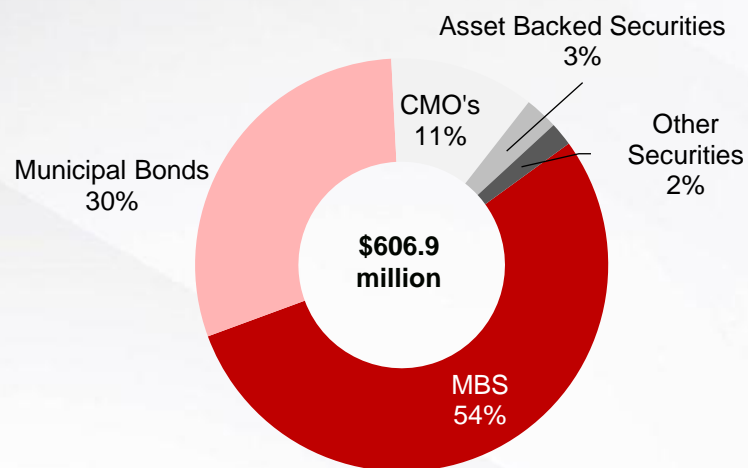
Investment Securities

Securities & Cash

\$ in Millions



3Q'24 Securities Composition



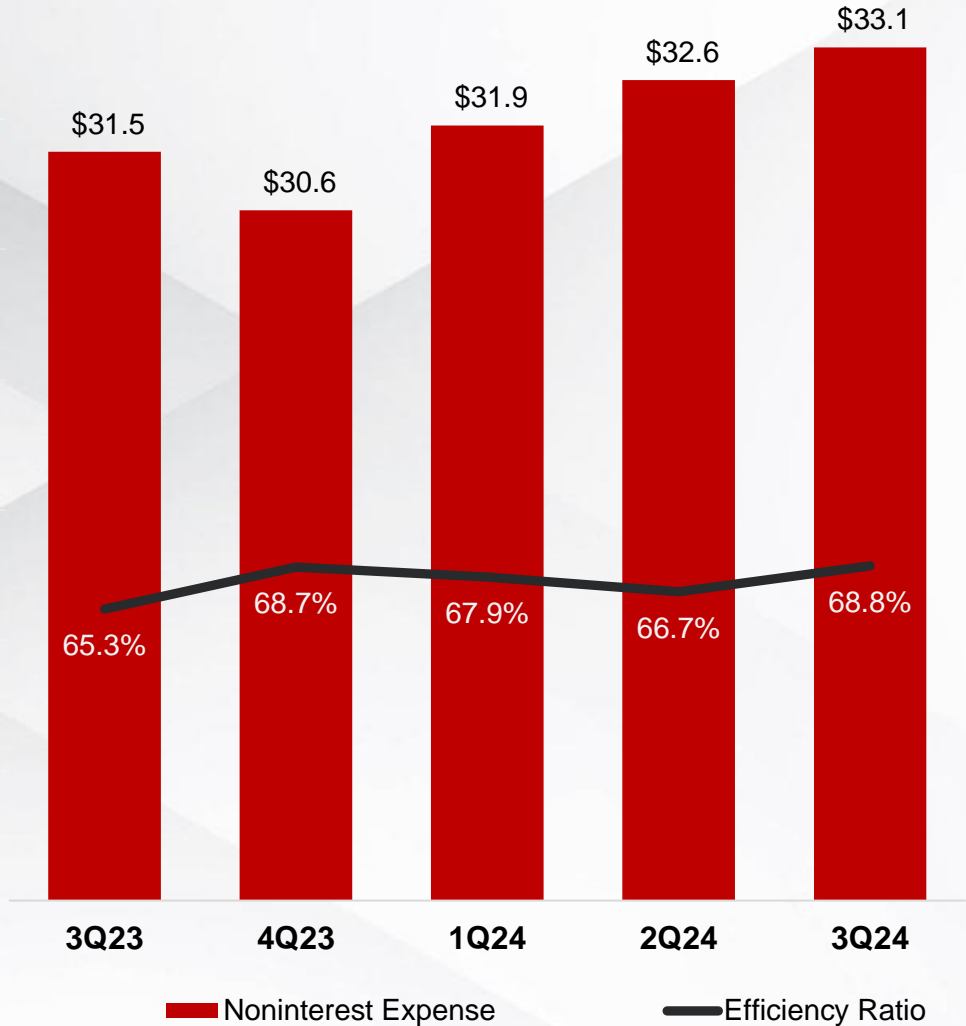
3Q'24 Highlights

- ✓ Investment securities totaled \$606.9 million, a \$15.9 million increase from 2Q'24.
- ✓ All municipal bonds are in Texas; fair value hedges of \$124 million
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE
- ✓ Duration of the securities portfolio was 6.42 years at September 30, 2024

Noninterest Expense and Efficiency

Noninterest Expense

\$ in Millions



3Q'24 Highlights

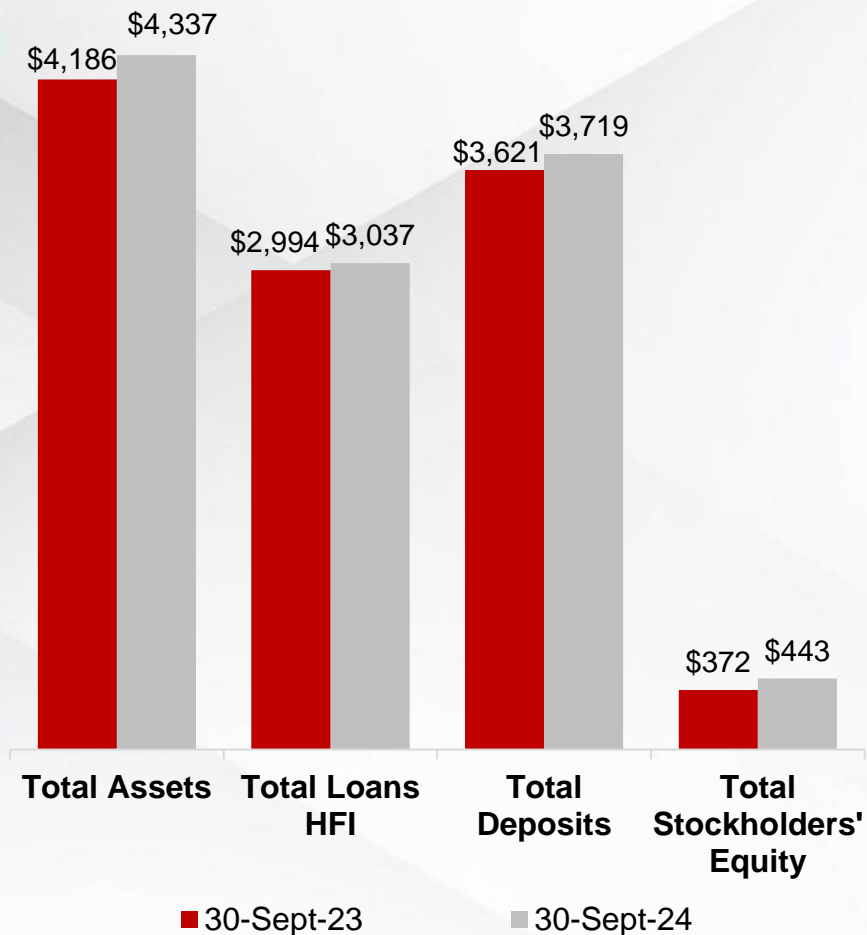
- ✓ Noninterest expense for 3Q'24 increased \$556 thousand, or 1.7%, to \$33.1 million from 2Q'24, primarily due to:
 - A rise of \$226 thousand in net occupancy expenses, mainly from increased utilities
 - An increase of \$155 thousand in marketing and development expenses
- ✓ Efficiency ratio of 68.8% in 3Q'24 as compared to 66.7% in 2Q'24
- ✓ Will continue to manage expenses to drive profitability

Balance Sheet Growth and Development

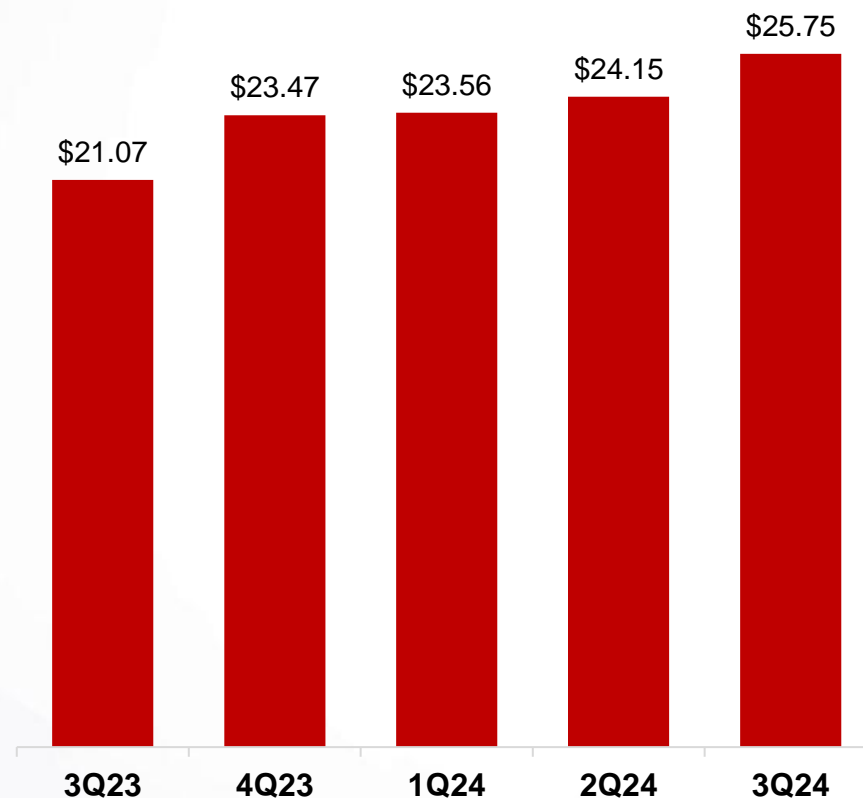


Balance Sheet Highlights

\$ in Millions

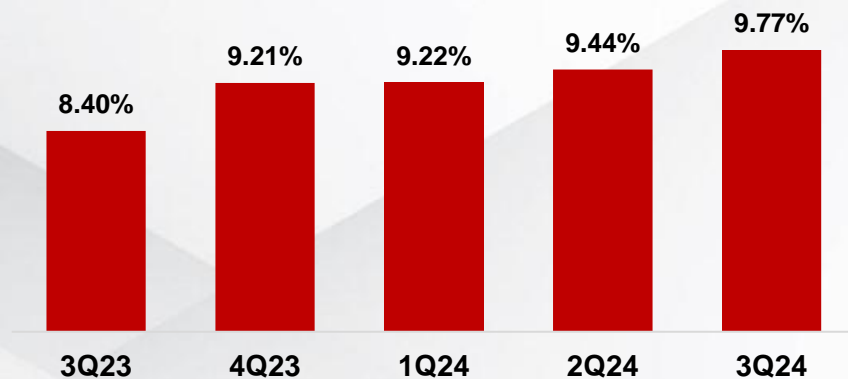


Tangible Book Value Per Share⁽¹⁾

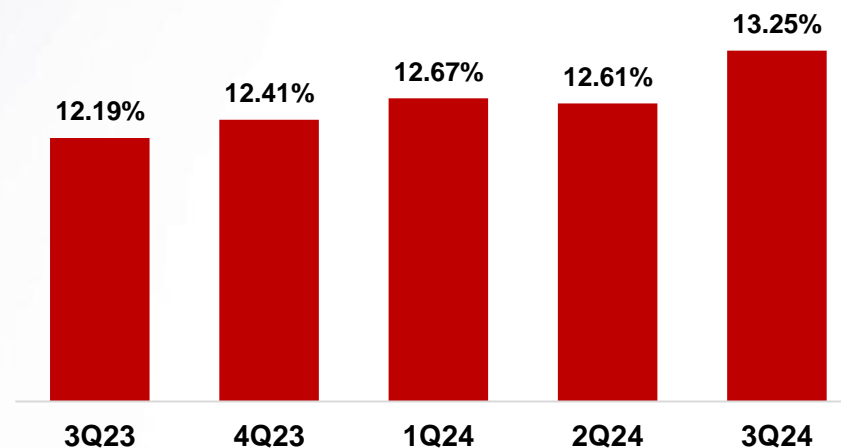


Strong Capital Base

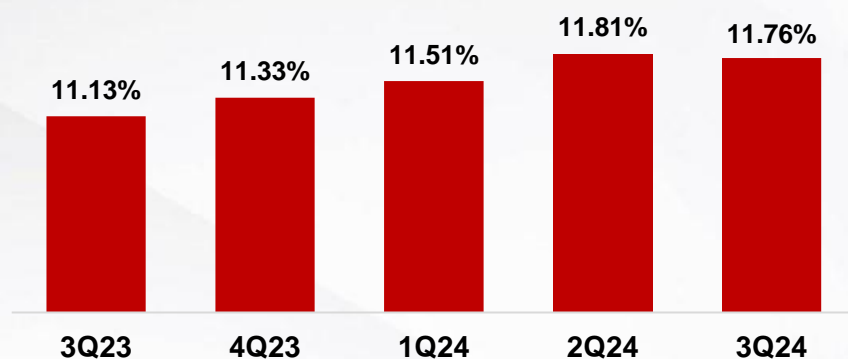
Tangible Common Equity to Tangible Assets Ratio⁽¹⁾



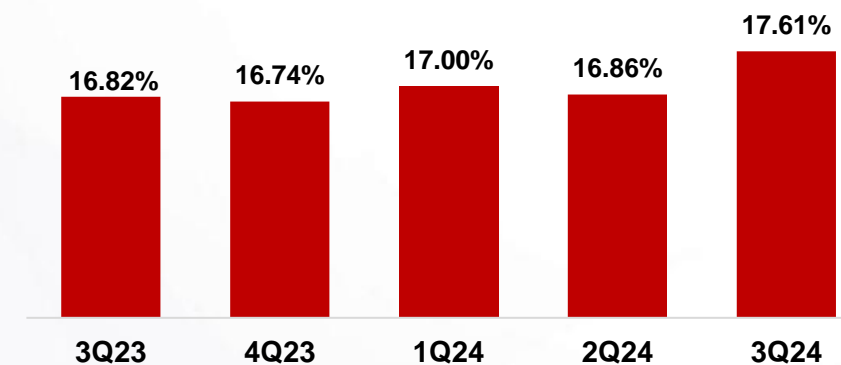
Common Equity Tier 1 Ratio



Tier 1 Capital to Average Assets Ratio



Total Capital to Risk-Weighted Assets Ratio



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

THE POWER OF RELATIONSHIPS

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



South Plains
Financial, Inc.

Our Core Purpose is:

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

HELP ALL STAKEHOLDERS SUCCEED

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

LIVE BETTER

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

Appendix

Non-GAAP Financial Measures

	For the quarter ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Pre-tax, pre-provision income					
Net income	\$ 11,212	\$ 11,134	\$ 10,874	\$ 10,324	\$ 13,494
Income tax expense	3,094	3,116	3,143	2,787	3,683
Provision for credit losses	495	1,775	830	600	(700)
Pre-tax, pre-provision income	<u>\$ 14,801</u>	<u>\$ 16,025</u>	<u>\$ 14,847</u>	<u>\$ 13,711</u>	<u>\$ 16,477</u>
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Tangible common equity					
Total common stockholders' equity	\$ 443,122	\$ 417,985	\$ 408,712	\$ 407,114	\$ 371,716
Less: goodwill and other intangibles	(21,197)	(21,379)	(21,562)	(21,744)	(21,936)
Tangible common equity	<u>\$ 421,925</u>	<u>\$ 396,606</u>	<u>\$ 387,150</u>	<u>\$ 385,370</u>	<u>\$ 349,780</u>
Tangible assets					
Total assets	\$ 4,337,659	\$ 4,220,936	\$ 4,218,993	\$ 4,204,793	\$ 4,186,440
Less: goodwill and other intangibles	(21,197)	(21,379)	(21,562)	(21,744)	(21,936)
Tangible assets	<u>\$ 4,316,462</u>	<u>\$ 4,199,557</u>	<u>\$ 4,197,431</u>	<u>\$ 4,183,049</u>	<u>\$ 4,164,504</u>
Shares outstanding	<u>16,386,627</u>	<u>16,424,021</u>	<u>16,431,755</u>	<u>16,417,099</u>	<u>16,600,442</u>
Total stockholders' equity to total assets	10.22%	9.90%	9.69%	9.68%	8.88%
Tangible common equity to tangible assets	9.77%	9.44%	9.22%	9.21%	8.40%
Book value per share	\$ 27.04	\$ 25.45	\$ 24.87	\$ 24.80	\$ 22.39
Tangible book value per share	\$ 25.75	\$ 24.15	\$ 23.56	\$ 23.47	\$ 21.07

Non-GAAP Financial Measures

	For the quarter ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Efficiency Ratio					
Noninterest expense	\$ 33,128	\$ 32,572	\$ 31,930	\$ 30,597	\$ 31,489
Net interest income	37,294	35,888	35,368	35,162	35,689
Tax equivalent yield adjustment	221	223	223	225	229
Noninterest income	10,635	12,709	11,409	9,146	12,277
Total income	48,150	48,820	47,000	44,533	48,195
Efficiency ratio	<u>68.80%</u>	<u>66.72%</u>	<u>67.94%</u>	<u>68.71%</u>	<u>65.34%</u>
Noninterest expense	\$ 33,128	\$ 32,572	\$ 31,930	\$ 30,597	\$ 31,489
Less: subsidiary transaction and related expenses	—	—	—	—	—
Adjusted noninterest expense	33,128	32,572	31,930	30,597	31,489
Total income	48,150	48,820	47,000	44,533	48,195
Less: gain on sale of subsidiary	—	—	—	—	(290)
Adjusted total income	48,150	48,820	47,000	44,243	47,905
Adjusted efficiency ratio	<u>68.80%</u>	<u>66.72%</u>	<u>67.94%</u>	<u>68.71%</u>	<u>65.73%</u>