

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): January 26, 2024

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 January 26, 2024, South Plains Financial, Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter and year ended December 31, 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 January 26, 2024, officers of the Company will have a conference call with respect to the Company’s financial results for the fourth quarter and year ended December 31, 2023. An earnings release slide presentation highlighting the Company’s financial results for the fourth quarter and year ended December 31, 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 January 26, 2024, announcing fourth quarter and year-end 2023 financial results of South Plains Financial, Inc.

[99.2](#) Earnings release slide presentation, dated January 26, 2024.

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.**

Date: January 26, 2024

By: /s/ Steven B. Crockett

Steven B. Crockett  
Chief Financial Officer and Treasurer

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## South Plains Financial, Inc. Reports Fourth Quarter and Year-End 2023 Financial Results

LUBBOCK, Texas, January 26, 2024 (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 and year ended December 31, 2023.

### Fourth Quarter 2023 Highlights

- Net income for the fourth quarter of 2023 was \$10.3 million, compared to \$13.5 million for the third quarter of 2023 and \$12.6 million for the fourth quarter of 2022.
- Diluted earnings per share for the fourth quarter of 2023 was \$0.61, compared to \$0.78 for the third quarter of 2023 and \$0.71 for the fourth quarter of 2022.
- Average cost of deposits for the fourth quarter of 2023 increased to 224 basis points, compared to 207 basis points for the third quarter of 2023 and 97 basis points for the fourth quarter of 2022.
- Net interest margin, calculated on a tax-equivalent basis, was 3.52% for the fourth quarter of 2023, compared to 3.52% for the third quarter of 2023.
- Loans held for investment grew \$20.6 million, or 2.8% annualized, during the fourth quarter of 2023 as compared to September 30, 2023.
- Nonperforming assets to total assets were 0.14% at December 31, 2023, compared to 0.12% at September 30, 2023 and 0.20% at December 31, 2022.
- Return on average assets for the fourth quarter of 2023 was 0.99% annualized, compared to 1.27% annualized for the third quarter of 2023 and 1.27% annualized for the fourth quarter of 2022.
- Tangible book value (non-GAAP) per share was \$23.47 as of December 31, 2023, compared to \$21.07 as of September 30, 2023.
- The consolidated total risk-based capital ratio, Common Equity Tier 1 risk-based capital ratio, and Tier 1 leverage ratio at December 31, 2023 were 16.74%, 12.41%, and 11.33%, respectively. These ratios significantly exceeded the minimum regulatory levels necessary to be deemed “well-capitalized”.

### Full Year 2023 Highlights

- Total assets were \$4.20 billion at December 31, 2023, compared to \$3.94 billion at December 31, 2022.
- Full year net income of \$62.7 million in 2023, compared to \$58.2 million in 2022.
- Diluted earnings per share of \$3.62 in 2023, compared to \$3.23 in 2022.
- Loans held for investment grew \$266.1 million, or 9.7%, during 2023.
- Tangible book value (non-GAAP) per share of \$23.47 at December 31, 2023, compared to \$19.57 at December 31, 2022.
- Return on average assets of 1.54% for the full year 2023, compared to 1.47% for 2022.
- The Bank’s wholly-owned subsidiary, Windmark Insurance Agency, Inc. (“Windmark”), was sold in the second quarter of 2023 for \$36.1 million, resulting in a gain, net of related charges and taxes, of \$22.9 million.

Curtis Griffith, South Plains’ Chairman and Chief Executive Officer, commented, “While our industry faced significant challenges through the year, we delivered strong results which demonstrates not only the strength of our franchise but also our ability to take advantage of opportunities that lie ahead to drive growth and shareholder value. First and foremost, our community-based deposit franchise grew modestly through the year, despite the significant dislocation that occurred following the failures of Silicon Valley Bank and Signature Bank in the first quarter. Loan demand also remained healthy across our markets while the Fed steadily raised their benchmark interest rate to what is expected to be a peak for the cycle this past December. For the full year, we delivered 9.7% loan growth which highlights both the strength of the Texas economy and our efforts to expand our lending platform with a focus on our metro markets. The credit quality of our loan portfolio also remained strong as we ended 2023 with our classified loans remaining at the lowest level since the start of the pandemic.”

Mr. Griffith concluded, “We also completed the sale of Windmark for a pre-tax gain of \$33.8 million. The gain that we recorded positioned us to strategically sell \$56 million of investment securities at a loss in a tax efficient manner and reinvest those proceeds into higher yielding loans. Given our strong capital and liquidity position, our Board of Directors authorized a \$15 million stock repurchase program in May, which has been exhausted. We repurchased 218 thousand shares during the fourth quarter and a total of 686 thousand shares during 2023. Through the year, our Board has believed that our shares have traded below intrinsic value and we have been aggressive in repurchasing our stock.”

## Results of Operations, Quarter Ended December 31, 2023

### Net Interest Income

Net interest income was \$35.2 million for the fourth quarter of 2023, compared to \$35.7 million for the third quarter of 2023 and \$36.3 million for the fourth quarter of 2022. Net interest margin, calculated on a tax-equivalent basis, was 3.52% for the fourth quarter of 2023, compared to 3.52% for the third quarter of 2023 and 3.88% for the fourth quarter of 2022. The average yield on loans was 6.29% for the fourth quarter of 2023, compared to 6.10% for the third quarter of 2023 and 5.59% for the fourth quarter of 2022. The average cost of deposits was 224 basis points for the fourth quarter of 2023, which is 17 basis points higher than the third quarter of 2023 and 127 basis points higher than the fourth quarter of 2022.

Interest income was \$57.2 million for the fourth quarter of 2023, compared to \$56.5 million for the third quarter of 2023 and \$46.2 million for the fourth quarter of 2022. Interest income increased \$708 thousand in the fourth quarter of 2023 from the third quarter of 2023, which was comprised of an increase of \$1.7 million in loan interest income offset by a decrease of \$945 thousand in interest income on other interest-earning assets. The growth in loan interest income was primarily due to an increase of \$13.5 million in average loans outstanding and a rise of 19 basis points in the yield on loans. The decline in interest income on other interest-earning assets was predominately a result of decreased liquidity maintained at the Federal Reserve Bank of Dallas. Interest income increased \$11.0 million in the fourth quarter of 2023 compared to the fourth quarter of 2022. This increase was primarily due to an increase of average loans of \$273.6 million and higher market interest rates during the period, resulting in growth of \$9.2 million in loan interest income.

Interest expense was \$22.1 million for the fourth quarter of 2023, compared to \$20.8 million for the third quarter of 2023 and \$9.9 million for the fourth quarter of 2022. Interest expense increased \$1.2 million compared to the third quarter of 2023 and \$12.2 million compared to the fourth quarter of 2022, primarily as a result of significantly higher short-term interest rates on interest-bearing liabilities, with the increase being mainly comprised of interest expense on deposits. Additionally, interest-bearing deposits grew during the fourth quarter of 2023 versus the compared periods, which also contributed to the higher interest expense.

### Noninterest Income and Noninterest Expense

Noninterest income was \$9.1 million for the fourth quarter of 2023, compared to \$12.3 million for the third quarter of 2023 and \$12.7 million for the fourth quarter of 2022. The decrease from the third quarter of 2023 was primarily due to a decrease of \$2.9 million in mortgage banking revenues, mainly from a reduction in the fair value of the mortgage servicing rights assets as interest rates that affect the value began falling late in the fourth quarter. Additionally, originations of mortgage loans held for sale declined \$11.8 million due to typical seasonality. The decrease in noninterest income for the fourth quarter of 2023 as compared to the fourth quarter of 2022 was primarily due to a reduction of \$2.8 million in income from insurance activities due to the sale of Windmark and a decrease of \$1.1 million in mortgage banking revenues as originations of mortgage loans held for sale declined \$35.0 million due to higher mortgage interest rates during the period, which has slowed mortgage activity.

Noninterest expense was \$30.6 million for the fourth quarter of 2023, compared to \$31.5 million for the third quarter of 2023 and \$32.7 million for the fourth quarter of 2022. The \$892 thousand decrease from the third quarter of 2023 was largely the result of a reduction of \$732 thousand in personnel costs, which predominately came from lower mortgage personnel costs as mortgage loan originations slowed as well as lower health care insurance costs. The decrease in noninterest expense for the fourth quarter of 2023 as compared to the fourth quarter of 2022 was primarily driven by a reduction of \$783 thousand in Windmark-related expenses due to its sale and a reduction of approximately \$1.2 million in mortgage noninterest expenses due to the decline in mortgage loan originations.

### Loan Portfolio and Composition

Loans held for investment were \$3.01 billion as of December 31, 2023, compared to \$2.99 billion as of September 30, 2023 and \$2.75 billion as of December 31, 2022. The \$20.6 million, or 2.8% annualized, increase during the fourth quarter of 2023 as compared to the third quarter of 2023 occurred primarily in commercial real estate loans, partially offset by a reduction in consumer auto loans. As of December 31, 2023, loans held for investment increased \$266.1 million, or 9.7% year over year, from December 31, 2022, primarily attributable to strong organic loan growth, occurring mainly in commercial real estate loans.

### Deposits and Borrowings

Deposits totaled \$3.63 billion as of December 31, 2023, compared to \$3.62 billion as of September 30, 2023 and \$3.41 billion as of December 31, 2022. Deposits increased by \$5.5 million, or 0.6% annualized, in the fourth quarter of 2023 from September 30, 2023. As of December 31, 2023, deposits increased \$219.7 million, or 6.5% year over year, from December 31, 2022. Noninterest-bearing deposits were \$974 million as of December 31, 2023, compared to \$1.05 billion as of September 30, 2023 and \$1.15 billion as of December 31, 2022. Noninterest-bearing deposits represented 26.9% of total deposits as of December 31, 2023. The quarterly change in total deposits was mostly flat, reflecting a decline in noninterest-bearing deposits of \$72.1 million and an increase in interest-bearing deposits of \$77.6 million. The year-over-year increase in total 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 in the banking industry on improving liquidity, as well as organic deposit growth. In December 2023, \$12.4 million in subordinated notes with a weighted-average interest rate of 5.75% were redeemed.

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## Asset Quality

The Company recorded a provision for credit losses in the fourth quarter of 2023 of \$600 thousand, compared to negative \$700 thousand in the third quarter of 2023 and \$248 thousand in the fourth quarter of 2022. The provision during the fourth quarter of 2023 was largely attributable to organic loan growth and net charge-off activity during the quarter.

The ratio of allowance for credit losses to loans held for investment was 1.41% as of December 31, 2023, compared to 1.41% as of September 30, 2023 and 1.43% as of December 31, 2022.

The ratio of nonperforming assets to total assets as of December 31, 2023 was 0.14%, compared to 0.12% as of September 30, 2023 and 0.20% as of December 31, 2022. Annualized net charge-offs were 0.08% for the fourth quarter of 2023, compared to 0.05% for the third quarter of 2023 and 0.09% for the fourth quarter of 2022.

## Capital

Book value per share increased to \$24.80 at December 31, 2023, compared to \$22.39 at September 30, 2023. The increase was primarily driven by an increase in accumulated other comprehensive income ("AOCI") of \$32.9 million and \$8.2 million of net income after dividends paid. The increase in AOCI was attributed to the after-tax increase in fair value of our available for sale securities, net of fair value hedges, as a result of decreases in long-term market interest rates during the period.

## Conference Call

South Plains will host a conference call to discuss its fourth quarter and year-end 2023 financial results today, January 26, 2024, at 10:00 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 13743667. The replay will be available until February 9, 2024.

## 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.

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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 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 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; regulatory considerations; 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. 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](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 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](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				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
<b>Selected Income Statement Data:</b>					
Interest income	\$ 57,236	\$ 56,528	\$ 50,821	\$ 47,448	\$ 46,228
Interest expense	22,074	20,839	16,240	13,133	9,906
Net interest income	35,162	35,689	34,581	34,315	36,322
Provision for credit losses	600	(700)	3,700	1,010	248
Noninterest income	9,146	12,277	47,112	10,691	12,676
Noninterest expense	30,597	31,489	40,499	32,361	32,708
Income tax expense	2,787	3,683	7,811	2,391	3,421
Net income	10,324	13,494	29,683	9,244	12,621
<b>Per Share Data (Common Stock):</b>					
Net earnings, basic	0.63	0.80	1.74	0.54	0.74
Net earnings, diluted	0.61	0.78	1.71	0.53	0.71
Cash dividends declared and paid	0.13	0.13	0.13	0.13	0.12
Book value	24.80	22.39	23.13	21.57	20.97
Tangible book value (non-GAAP)	23.47	21.07	21.82	20.19	19.57
Weighted average shares outstanding, basic	16,443,908	16,842,594	17,048,432	17,046,713	17,007,914
Weighted average shares outstanding, dilutive	17,008,892	17,354,182	17,386,515	17,560,756	17,751,674
Shares outstanding at end of period	16,417,099	16,600,442	16,952,072	17,062,572	17,027,197
<b>Selected Period End Balance Sheet Data:</b>					
Cash and cash equivalents	330,158	352,424	295,581	328,002	234,883
Investment securities	622,762	584,969	628,093	698,579	701,711
Total loans held for investment	3,014,153	2,993,563	2,979,063	2,788,640	2,748,081
Allowance for credit losses	42,356	42,075	43,137	39,560	39,288
Total assets	4,204,793	4,186,440	4,150,129	4,058,049	3,944,063
Interest-bearing deposits	2,651,952	2,574,361	2,473,755	2,397,115	2,255,942
Noninterest-bearing deposits	974,201	1,046,253	1,100,767	1,110,939	1,150,488
Total deposits	3,626,153	3,620,614	3,574,522	3,508,054	3,406,430
Borrowings	110,168	122,493	122,447	122,400	122,354
Total stockholders' equity	407,114	371,716	392,029	367,964	357,014
<b>Summary Performance Ratios:</b>					
Return on average assets (annualized)	0.99%	1.27%	2.97%	0.95%	1.27%
Return on average equity (annualized)	10.52%	14.01%	31.33%	10.34%	14.33%
Net interest margin <sup>(1)</sup>	3.52%	3.52%	3.65%	3.75%	3.88%
Yield on loans	6.29%	6.10%	5.94%	5.78%	5.59%
Cost of interest-bearing deposits	3.14%	2.93%	2.45%	2.03%	1.52%
Efficiency ratio	68.71%	65.34%	49.39%	71.42%	66.35%
<b>Summary Credit Quality Data:</b>					
Nonperforming loans	5,178	4,783	21,039	7,579	7,790
Nonperforming loans to total loans held for investment	0.17%	0.16%	0.71%	0.27%	0.28%
Other real estate owned	912	242	249	202	169
Nonperforming assets to total assets	0.14%	0.12%	0.51%	0.19%	0.20%
Allowance for credit losses to total loans held for investment	1.41%	1.41%	1.45%	1.42%	1.43%
Net charge-offs to average loans outstanding (annualized)	0.08%	0.05%	0.05%	0.09%	0.09%



	As of and for the quarter ended				
	December 31	September 30,	June 30,	March 31,	December 31,
	2023	2023	2023	2023	2022
<b>Capital Ratios:</b>					
Total stockholders' equity to total assets	9.68%	8.88%	9.45%	9.07%	9.05%
Tangible common equity to tangible assets (non-GAAP)	9.21%	8.40%	8.96%	8.54%	8.50%
Common equity tier 1 to risk-weighted assets	12.41%	12.19%	12.11%	11.92%	11.81%
Tier 1 capital to average assets	11.33%	11.13%	11.67%	11.22%	11.03%
Total capital to risk-weighted assets	16.74%	16.82%	16.75%	16.70%	16.58%

(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					
	December 31, 2023			December 31, 2022		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets</b>						
Loans	\$ 3,019,228	\$ 47,903	6.29%	\$ 2,745,595	\$ 38,695	5.59%
Debt securities - taxable	560,143	5,563	3.94%	601,411	4,868	3.21%
Debt securities - nontaxable	157,341	1,032	2.60%	214,011	1,418	2.63%
Other interest-bearing assets	255,454	2,963	4.60%	184,471	1,546	3.32%
<b>Total interest-earning assets</b>	<b>3,992,166</b>	<b>57,461</b>	<b>5.71%</b>	<b>3,745,488</b>	<b>46,527</b>	<b>4.93%</b>
Noninterest-earning assets	156,541			182,088		
<b>Total assets</b>	<b>\$ 4,148,707</b>			<b>\$ 3,927,576</b>		
<b>Liabilities &amp; stockholders' equity</b>						
NOW, Savings, MMDA's	\$ 2,201,190	16,894	3.04%	\$ 1,844,551	7,231	1.56%
Time deposits	357,067	3,325	3.69%	305,098	1,027	1.34%
Short-term borrowings	3	-	0.00%	4	-	0.00%
Notes payable & other long-term borrowings	-	-	0.00%	-	-	0.00%
Subordinated debt	73,740	981	5.28%	75,938	1,013	5.29%
Junior subordinated deferrable interest debentures	46,393	874	7.47%	46,393	635	5.43%
<b>Total interest-bearing liabilities</b>	<b>2,678,393</b>	<b>22,074</b>	<b>3.27%</b>	<b>2,271,984</b>	<b>9,906</b>	<b>1.73%</b>
Demand deposits	1,021,091			1,234,570		
Other liabilities	59,808			71,615		
Stockholders' equity	389,415			349,407		
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 4,148,707</b>			<b>\$ 3,927,576</b>		
Net interest income		\$ 35,387			\$ 36,621	
Net interest margin (2)			3.52%			3.88%

(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 Twelve Months Ended					
	December 31, 2023			December 31, 2022		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets</b>						
Loans	\$ 2,924,473	\$ 176,627	6.04%	\$ 2,612,161	\$ 137,957	5.28%
Debt securities - taxable	570,655	21,590	3.78%	594,405	15,010	2.53%
Debt securities - nontaxable	185,205	4,901	2.65%	216,216	5,733	2.65%
Other interest-bearing assets	223,152	9,973	4.47%	318,862	3,675	1.15%
<b>Total interest-earning assets</b>	<b>3,903,485</b>	<b>213,091</b>	<b>5.46%</b>	<b>3,741,644</b>	<b>162,375</b>	<b>4.34%</b>
Noninterest-earning assets	176,495			222,544		
<b>Total assets</b>	<b>\$ 4,079,980</b>			<b>\$ 3,964,188</b>		
<b>Liabilities &amp; stockholders' equity</b>						
NOW, Savings, MMDA's	\$ 2,117,985	55,423	2.62%	\$ 1,889,888	13,013	0.69%
Time deposits	321,205	9,564	2.98%	327,289	3,989	1.22%
Short-term borrowings	84	5	5.95%	4	-	0.00%
Notes payable & other long-term borrowings	-	-	0.00%	-	-	0.00%
Subordinated debt	75,458	4,018	5.32%	75,874	4,050	5.34%
Junior subordinated deferrable interest debentures	46,393	3,276	7.06%	46,393	1,640	3.54%
<b>Total interest-bearing liabilities</b>	<b>2,561,125</b>	<b>72,286</b>	<b>2.82%</b>	<b>2,339,448</b>	<b>22,692</b>	<b>0.97%</b>
Demand deposits	1,069,280			1,189,730		
Other liabilities	71,102			66,182		
Stockholders' equity	378,473			368,828		
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 4,079,980</b>			<b>\$ 3,964,188</b>		
Net interest income		\$ 140,805			\$ 139,683	
Net interest margin (2)			3.61%			3.73%

(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	
	December 31, 2023	December 31, 2022
<b>Assets</b>		
Cash and due from banks	\$ 62,821	\$ 61,613
Interest-bearing deposits in banks	267,337	173,270
Securities available for sale	622,762	701,711
Loans held for sale	14,499	30,403
Loans held for investment	3,014,153	2,748,081
Less: Allowance for credit losses	(42,356)	(39,288)
Net loans held for investment	2,971,797	2,708,793
Premises and equipment, net	55,070	56,337
Goodwill	19,315	19,508
Intangible assets	2,429	4,349
Mortgage servicing assets	26,569	27,474
Other assets	162,194	160,605
<b>Total assets</b>	<b>\$ 4,204,793</b>	<b>\$ 3,944,063</b>
<b>Liabilities and Stockholders' Equity</b>		
Noninterest-bearing deposits	\$ 974,201	\$ 1,150,488
Interest-bearing deposits	2,651,952	2,255,942
Total deposits	3,626,153	3,406,430
Subordinated debt	63,775	75,961
Junior subordinated deferrable interest debentures	46,393	46,393
Other liabilities	61,358	58,265
Total liabilities	3,797,679	3,587,049
<b>Stockholders' Equity</b>		
Common stock	16,417	17,027
Additional paid-in capital	97,107	112,834
Retained earnings	345,264	292,261
Accumulated other comprehensive income (loss)	(51,674)	(65,108)
Total stockholders' equity	407,114	357,014
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,204,793</b>	<b>\$ 3,944,063</b>

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>Interest income:</b>				
Loans, including fees	\$ 47,895	\$ 38,694	\$ 176,598	\$ 137,954
Other	9,341	7,534	35,435	23,214
Total interest income	57,236	46,228	212,033	161,168
<b>Interest expense:</b>				
Deposits	20,219	8,258	64,987	17,002
Subordinated debt	981	1,013	4,018	4,050
Junior subordinated deferrable interest debentures	874	635	3,276	1,640
Other	-	-	5	-
Total interest expense	22,074	9,906	72,286	22,692
Net interest income	35,162	36,322	139,747	138,476
<b>Provision for credit losses</b>	600	248	4,610	(2,619)
Net interest income after provision for credit losses	34,562	36,074	135,137	141,095
<b>Noninterest income:</b>				
Service charges on deposits	1,844	1,680	7,130	6,829
Income from insurance activities	37	2,823	1,515	10,826
Mortgage banking activities	1,671	2,777	13,817	31,370
Bank card services and interchange fees	3,167	3,090	13,323	12,946
Gain on sale of subsidiary	—	—	33,778	—
Other	2,427	2,306	9,663	14,174
Total noninterest income	9,146	12,676	79,226	76,145
<b>Noninterest expense:</b>				
Salaries and employee benefits	17,977	18,703	79,377	86,323
Net occupancy expense	3,856	4,085	16,102	15,987
Professional services	1,509	1,945	6,433	9,740
Marketing and development	880	1,223	3,453	3,614
Other	6,375	6,752	29,581	28,425
Total noninterest expense	30,597	32,708	134,946	144,089
<b>Income before income taxes</b>	13,111	16,042	79,417	73,151
Income tax expense	2,787	3,421	16,672	14,911
<b>Net income</b>	\$ 10,324	\$ 12,621	\$ 62,745	\$ 58,240

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

	As of	
	December 31, 2023	December 31, 2022
<b>Loans:</b>		
Commercial Real Estate	\$ 1,081,056	\$ 919,358
Commercial - Specialized	372,376	327,513
Commercial - General	517,361	484,783
Consumer:		
1-4 Family Residential	534,731	460,124
Auto Loans	305,271	321,476
Other Consumer	74,168	81,308
Construction	129,190	153,519
<b>Total loans held for investment</b>	<b>\$ 3,014,153</b>	<b>\$ 2,748,081</b>

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

	As of	
	December 31, 2023	December 31, 2022
<b>Deposits:</b>		
Noninterest-bearing deposits	\$ 974,201	\$ 1,150,488
NOW & other transaction accounts	562,066	350,910
MMDA & other savings	1,722,170	1,618,833
Time deposits	367,716	286,199
<b>Total deposits</b>	<b>\$ 3,626,153</b>	<b>\$ 3,406,430</b>

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

	For the quarter ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
<b>Pre-tax, pre-provision income</b>					
Net income	\$ 10,324	\$ 13,494	\$ 29,683	\$ 9,244	\$ 12,621
Income tax expense	2,787	3,683	7,811	2,391	3,421
Provision for credit losses	600	(700)	3,700	1,010	248
<b>Pre-tax, pre-provision income</b>	<b>\$ 13,711</b>	<b>\$ 16,477</b>	<b>\$ 41,194</b>	<b>\$ 12,645</b>	<b>\$ 16,290</b>
<b>Efficiency Ratio</b>					
Noninterest expense	\$ 30,597	\$ 31,489	\$ 40,499	\$ 32,361	\$ 32,708
Net interest income	35,162	35,689	34,581	34,315	36,322
Tax equivalent yield adjustment	225	229	303	302	299
Noninterest income	9,146	12,277	47,112	10,691	12,676
Total income	44,533	48,195	81,996	45,308	49,297
Efficiency ratio	68.71%	65.34%	49.39%	71.42%	66.35%
Noninterest expense	\$ 30,597	\$ 31,489	\$ 40,499	\$ 32,361	\$ 32,708
Less: Windmark transaction and related expenses	—	—	(4,532)	—	—
Less: net loss on sale of securities	—	—	(3,409)	—	—
Adjusted noninterest expense	30,597	31,489	32,558	32,361	32,708
Total income	44,533	48,195	81,996	45,308	49,297
Less: gain on sale of Windmark	—	(290)	(33,488)	—	—
Adjusted total income	44,533	47,905	48,508	45,308	49,297
Adjusted efficiency ratio	68.71%	65.73%	67.12%	71.42%	66.35%
<b>Tangible common equity</b>					
Total common stockholders' equity	\$ 407,114	\$ 371,716	\$ 392,029	\$ 367,964	\$ 357,014
Less: goodwill and other intangibles	(21,744)	(21,936)	(22,149)	(23,496)	(23,857)
<b>Tangible common equity</b>	<b>\$ 385,370</b>	<b>\$ 349,780</b>	<b>\$ 369,880</b>	<b>\$ 344,468</b>	<b>\$ 333,157</b>
<b>Tangible assets</b>					
Total assets	\$ 4,204,793	\$ 4,186,440	\$ 4,150,129	\$ 4,058,049	\$ 3,944,063
Less: goodwill and other intangibles	(21,744)	(21,936)	(22,149)	(23,496)	(23,857)
<b>Tangible assets</b>	<b>\$ 4,183,049</b>	<b>\$ 4,164,504</b>	<b>\$ 4,127,980</b>	<b>\$ 4,034,553</b>	<b>\$ 3,920,206</b>
Shares outstanding	16,417,099	16,600,442	16,952,072	17,062,572	17,027,197
Total stockholders' equity to total assets	9.68%	8.88%	9.45%	9.07%	9.05%
Tangible common equity to tangible assets	9.21%	8.40%	8.96%	8.54%	8.50%
Book value per share	\$ 24.80	\$ 22.39	\$ 23.13	\$ 21.57	\$ 20.97
Tangible book value per share	\$ 23.47	\$ 21.07	\$ 21.82	\$ 20.19	\$ 19.57

**South Plains Financial**



**Fourth Quarter and Year-End 2023  
Earnings Presentation**

**January 26, 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" 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 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; regulatory considerations; competition and market expansion opportunities; changes in non-interest expenditures or in the anticipated benefits of such expenditures; the risks related to the development, implementation, use and management of emerging technologies, including artificial intelligence and machine learnings; potential increased regulatory requirements and costs related to the transition and physical impacts of climate change; current or future litigation, regulatory examinations or other legal and/or regulatory actions; and changes in applicable laws and regulations. Due to these and other possible uncertainties and risks, South Plains can give no assurance that the results contemplated in the forward-looking statements will be realized and readers are cautioned not to place undue reliance on the forward-looking statements contained in this presentation. Additional information regarding these factors and uncertainties to which South Plains' business and future financial performance are subject is contained in South Plains' most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file with the U.S. Securities and Exchange Commission (the "SEC"), including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of such documents, and other documents South Plains files or furnishes with the SEC from time to time. Further, any forward-looking statement speaks only as of the date on which it is made and South Plains undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as required by applicable law. All forward-looking statements, express or implied, herein are qualified in their entirety by this cautionary statement.

## NON-GAAP FINANCIAL MEASURES

Management believes that certain non-GAAP performance measures used in this presentation provide meaningful information about underlying trends in its business and operations and provide both management and investors a more complete understanding of the Company's financial position and performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, SPFI's reported results prepared in accordance with GAAP. 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

# Fourth Quarter and Full Year 2023 Highlights



## Fourth Quarter 2023

<b>Organic Loan Growth</b> 2.8% Annualized	<b>Net Income</b> \$10.3 M	<b>Return on Average Assets</b> ("ROAA") 0.99%	<b>Net Interest Margin <sup>(1)</sup></b> ("NIM") 3.52%
<b>Loans Held for Investment</b> ("HFI") \$3.01 B	<b>EPS - Diluted</b> \$0.61	<b>Efficiency Ratio</b> 68.7%	<b>Average Yield on Loans</b> 6.29%

## Full Year 2023

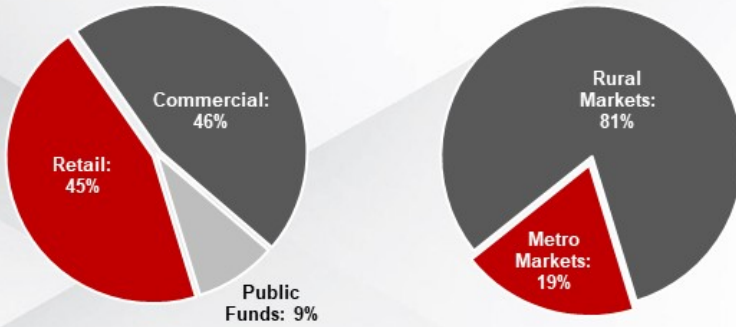
<b>Organic Loan Growth</b> 9.7%	<b>Net Income</b> \$62.7 M	<b>ROAA</b> 1.54%	<b>Return on Average Equity</b> 16.58%
<b>Total Assets</b> \$4.20 B	<b>EPS - Diluted</b> \$3.62		

- For the full year 2023, **the Bank delivered 9.7% loan growth**, in line with the Company's mid-high single digit guidance
- The Bank's loan portfolio in its **major metropolitan markets<sup>(2)</sup>** grew **18.2%** to \$1.04 billion, **representing over 34% of the Bank's total loan portfolio**
- **Credit quality improved** during the year as the ratio of nonperforming assets to total assets was 12 bps at the end of 4Q'23 as compared to 20 bps at the end of 4Q'22
- **Return on Average Assets** increased to 1.54% for 2023 as compared to 1.47% for 2022
- **Completed the sale of Windmark Insurance Agency, Inc. ("Windmark") in April for \$36.1 million dollars** in an all-cash transaction
- **Completed the \$15.0 million share repurchase program initiated in May** –repurchased 686 thousand shares during 2023

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

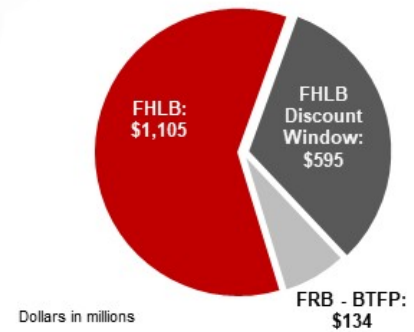
(2) The Bank defines its "major metropolitan markets" to include Dallas, Houston and El Paso, Texas

## Total Deposit Base Breakdown



## Total Borrowing Capacity

**\$1.83 Billion**



Dollars in millions

- ✓ Average deposit account size is approximately \$36 thousand
- ✓ City Bank's percentage of **estimated uninsured or uncollateralized deposits is 16% of total deposits**
  - Includes \$87 million of parent company deposits
  - Excludes collateralized public fund deposits

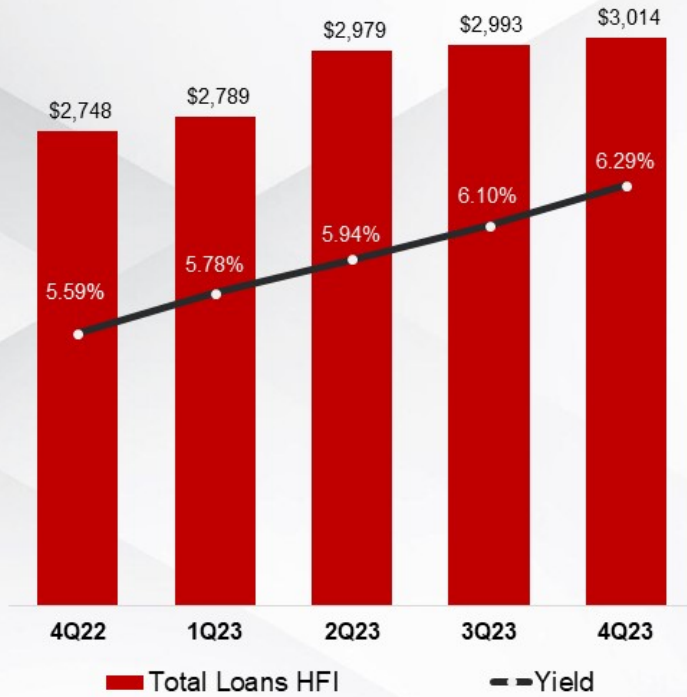
- ✓ SPFI had \$1.83 billion of **available** borrowing capacity, as follows:
  - FHLB of Dallas - \$1.1 billion
  - Federal Reserve Bank of Dallas Discount Window - \$595 million
  - Federal Reserve's Bank Term Funding Program <sup>(1)</sup> - \$134 million
  - No borrowings utilized from these sources during 4Q'23

Source: Company documents

(1) No securities are currently pledged to this program; amount represents securities available to be pledged  
Data as of December 31, 2023

## Total Loans HFI

*\$ in Millions*



## 4Q'23 Highlights

- ✓ Loans HFI increased \$20.6 million from 3Q'23, primarily in commercial real estate loans
  - Partially offset by a reduction in consumer auto loans
- ✓ Loans HFI increased \$266.1 million from 4Q'22
- ✓ 4Q'23 yield on loans of 6.29%, an increase of 19 bps compared to 3Q'23

# 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

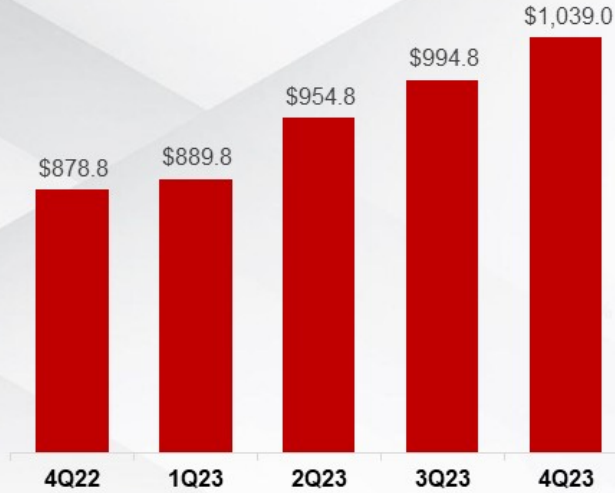
- ✓ Population in excess of 320,000 with major industries in agribusiness, education, and trade among others
- ✓ Home of Texas Tech University – enrollment of 40,000 students
- ✓ Focus on community bank approach and expanding local relationships

# Metropolitan Loan Growth

## Total Metropolitan Loans

*\$ in Millions*

## 4Q'23 Highlights



- ✓ Loans HFI in our Dallas, Houston and El Paso metro markets increased by \$44.2 million, or 17.8% annualized, to \$1.04 billion in 4Q'23, as compared to \$994.8 million in Q3'23
- ✓ Major metropolitan market loan portfolio represents 34.5% of the Bank's total loans at December 31, 2023

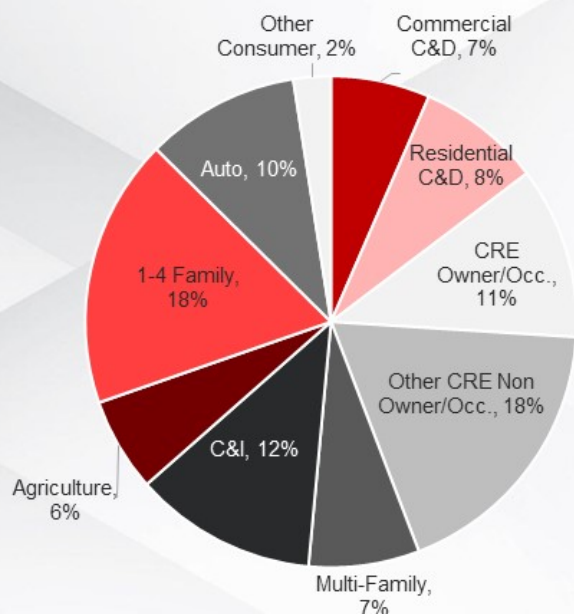
(1) The Bank defines its "major metropolitan markets" to include Dallas, Houston and El Paso, Texas

Source: Company documents

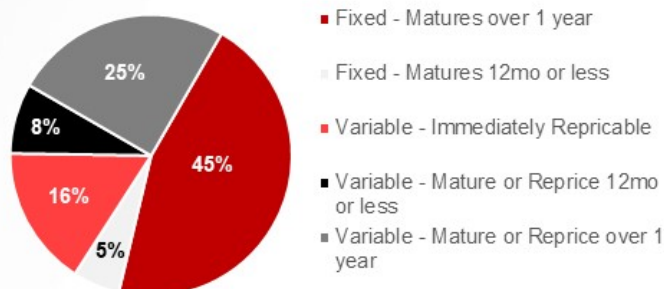
Source: Company documents

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

## Loan Mix



## Fixed vs. Variable Rate

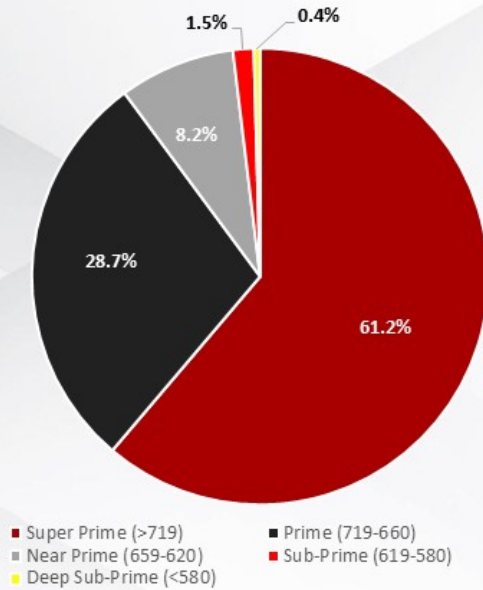


### Loan Portfolio (\$ in millions)

Commercial C&D	\$	196.7
Residential C&D		245.8
CRE Owner/Occ.		341.1
Other CRE Non Owner/Occ.		548.2
Multi-Family		219.6
C&I		362.5
Agriculture		186.1
1-4 Family		534.7
Auto		305.3
Other Consumer		74.2
<b>Total</b>	<b>\$</b>	<b>3,014.2</b>



## Indirect Auto Credit Breakdown



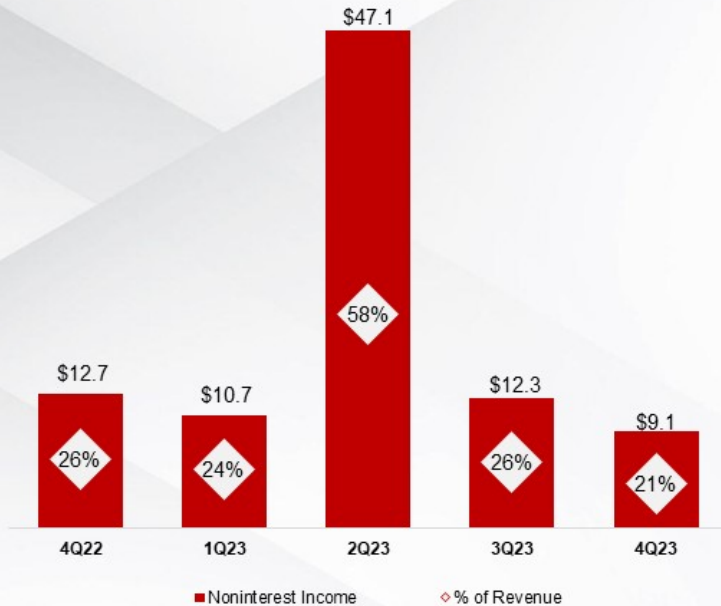
## Indirect Auto Highlights

- ✓ Indirect auto loans totaled \$286.4 million
- ✓ Management is carefully managing the portfolio; yields are improving as a portion of monthly principal amortization is redeployed into higher rate loans
- ✓ During Q4'23 there were approximately \$10 million in repayments
- ✓ Strong credit quality in the sector, positioned for resiliency across economic cycles:
  - Super Prime Credit (>719): \$175.3 million
  - Prime Credit (719-660): \$82.1 million
  - Near Prime Credit (659-620): \$23.5 million
  - Sub-Prime Credit (619-580): \$4.2 million
  - Deep Sub-Prime Credit (<580): \$1.3 million
- ✓ Loans past due 30+ days: 40 bps

# Noninterest Income Overview

## Noninterest Income

\$ in Millions



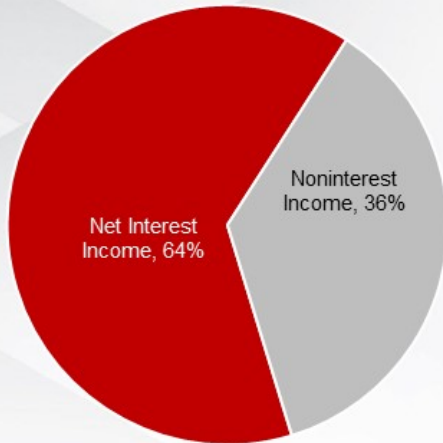
## 4Q'23 Highlights

- ✓ Noninterest income declined \$3.1 million compared to 3Q'23, primarily due to:
  - A decrease of \$2.9 million in mortgage banking revenues; mainly due to a change of \$2.2 million in the fair value adjustment to mortgage servicing rights as interest rates declined
- ✓ Noninterest income declined \$3.5 million compared to 4Q'22, primarily due to:
  - A reduction of \$2.8 million in income from insurance activities due to the sale of Windmark
  - A decrease of \$1.1 million in mortgage banking revenues as originations of mortgage loans held for sale declined \$35.0 million as mortgage interest rates were higher during the period

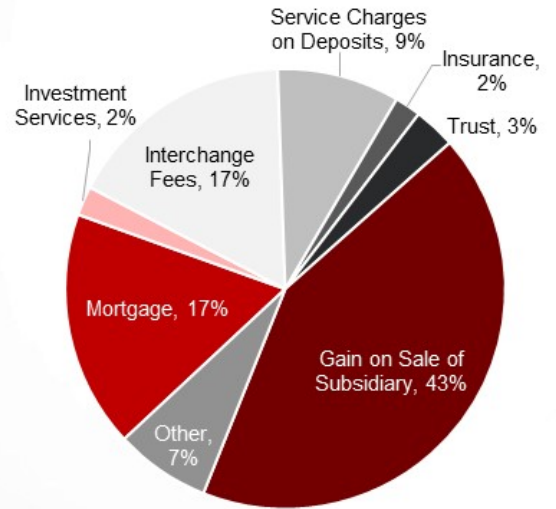
# Diversified Revenue Stream

Twelve Months Ended December 31, 2023

**Total Revenues**  
*\$219.0 million*



**Noninterest Income**  
*\$79.2 million*

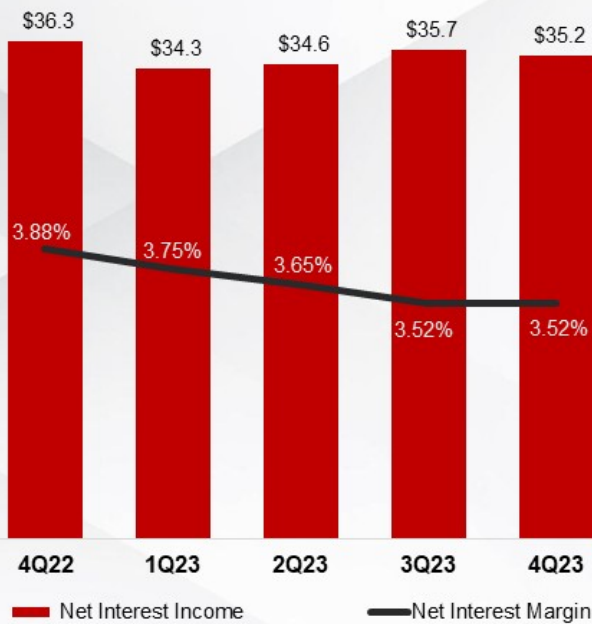


# Net Interest Income and Margin

## Net Interest Income & Margin

\$ in Millions

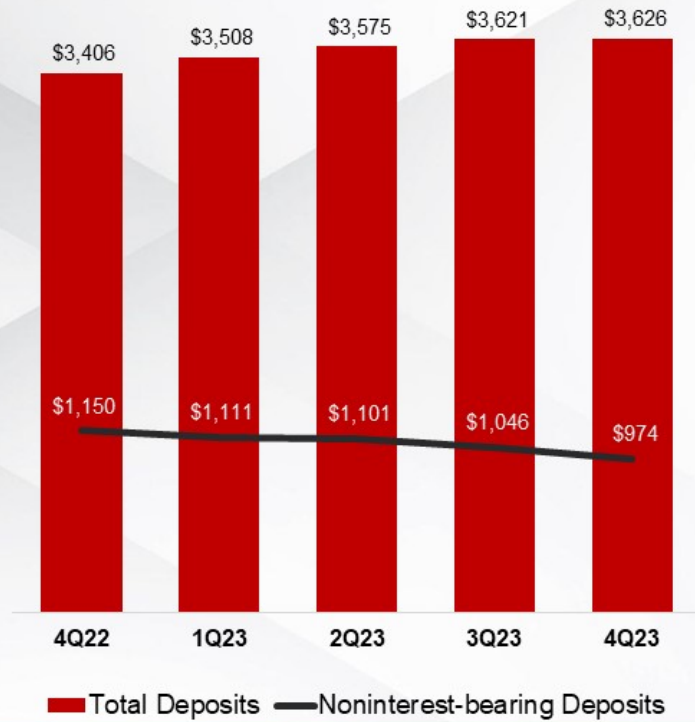
## 4Q'23 Highlights



- ✓ Net interest income ("NII") of \$35.2 million, compared to \$35.7 million in 3Q'23
  - The decrease in NII was primarily the result of a reduction of \$50.0 million in average noninterest-bearing deposits during the quarter
- ✓ 4Q'23 NIM remained consistent with 3Q'23 at 3.52% as increase in yield on loans offset the increase in cost of deposits

## Total Deposits

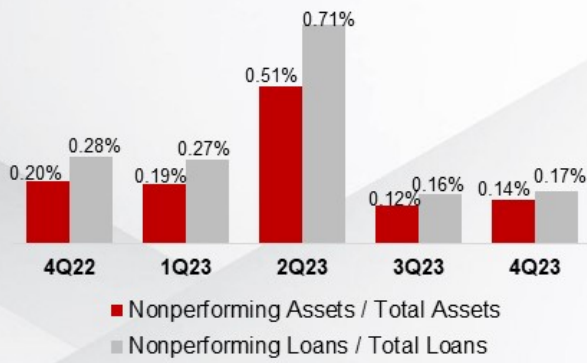
\$ in Millions



## 4Q'23 Highlights

- ✓ Total deposits of \$3.63 billion at 4Q'23, an increase of \$5.5 million from 3Q'23
- ✓ Cost of interest-bearing deposits increased to 3.14% in 4Q'23 from 2.93% in 3Q'23
  - Average cost of deposits increased to 2.24% as compared to 2.07% in 3Q'23
- ✓ Noninterest-bearing deposits to total deposits was 26.9% in 4Q'23, compared to 28.9% in 3Q'23
- ✓ Strategic initiatives implemented to stabilize non-interest bearing deposits while also growing core deposits

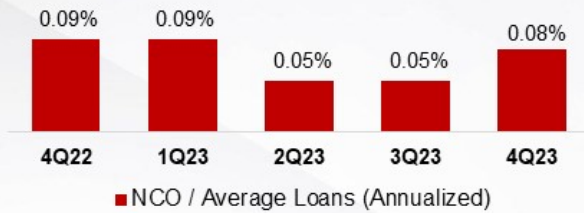
## Credit Quality Ratios



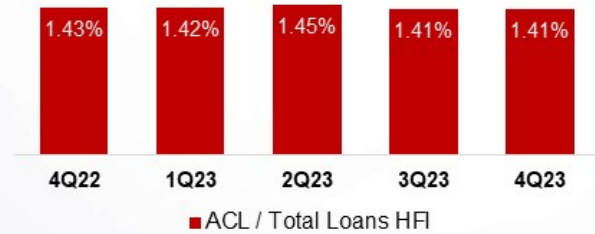
## 4Q'23 Highlights

- ✓ The Company recorded a provision for credit losses of \$0.6 million, compared to a negative provision of \$0.7 million in 3Q'23
  - The provision during the fourth quarter of 2023 was largely attributable to organic loan growth and net charge-off activity during the quarter
- ✓ Ratio of Allowance for Credit Losses ("ACL") to loans HFI was 1.41% at 12/31/2023

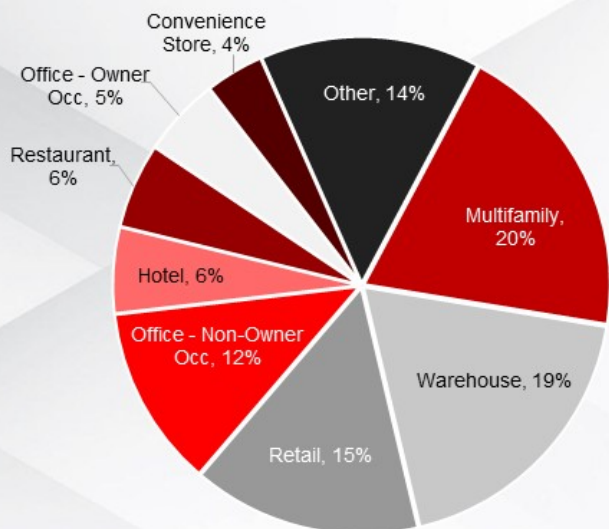
## Net Charge-Offs to Average Loans



## ACL to Total Loans HFI



## CRE Sector Breakdown



## Office Loan Details

- ✓ 6.3% of total loans HFI
- ✓ 30% is owner-occupied
- ✓ Average loan size is \$882 thousand
- ✓ Medical offices comprise 11% of office loans

CRE Portfolio (\$ in millions)

Property Type	Total
Multifamily	219.6
Warehouse	207.6
Retail	166.1
Office – Non-Owner Occ	131.9
Hotel	62.4
Restaurant	62.0
Office – Owner Occ	56.9
Convenience Store	42.4
Other	160.0
<b>Total</b>	<b>\$1,108.9</b>

# CRE Analysis

(000's) as of 12/31/2023	Hospitality	Office	Retail	Multi-Family	Industrial	C Store	Restaurant	Mini-Storage
Segment Total Balance	\$63,504	\$193,629	\$176,564	\$293,150	\$219,370	\$42,493	\$67,396	\$28,174
Segment to Total Loans	2.11%	6.42%	5.86%	9.73%	7.28%	1.41%	2.24%	0.93%
Average Balance	\$2,887	\$888	\$1,522	\$4,016	\$946	\$2,023	\$991	\$1,043
Owner-Occupied		\$56,888	\$16,441		\$75,735	\$39,783	\$43,120	
% Owner-Occupied		29.38%	9.31%		34.52%	93.62%	63.98%	
% Urban Center	2.36%	11.41%	21.09%	13.50%	20.38%	18.25%	22.61%	0.00%
% Urban Non-Center	50.17%	81.05%	73.57%	82.14%	60.03%	72.85%	66.56%	90.05%
% Suburban	46.59%	6.97%	1.84%	2.64%	14.66%	8.39%	7.36%	9.81%
% Rural	0.14%	0.56%	0.46%	1.71%	0.46%	0.00%	0.00%	0.15%

### \*\*\* 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

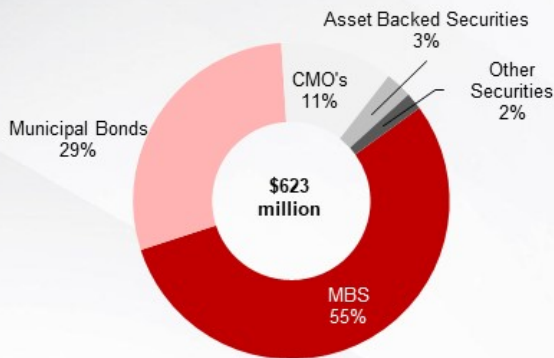


## Securities & Cash

\$ in Millions



## 4Q'23 Securities Composition



## 4Q'23 Highlights

- ✓ Investment securities totaled \$622.8 million, an increase of \$37.8 million from 3Q'23, primarily from a reduction of \$46.7 million in the unrealized loss on available for sale securities as interest rates declined in the quarter
- ✓ 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 6.04 years at quarter end

## Noninterest Expense

\$ in Millions

## 4Q'23 Highlights



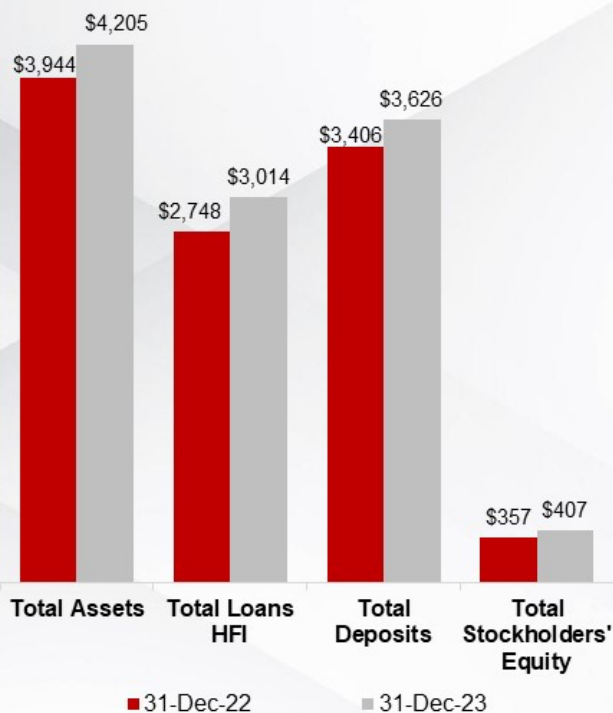
- ✓ Noninterest expense for 4Q'23 decreased \$0.9 million to \$30.6 million from 3Q'23 primarily due to:
  - A reduction of \$732 thousand in personnel costs, which predominately came from lower mortgage personnel costs as mortgage loan originations slowed and lower health care insurance costs
- ✓ Will continue to manage expenses to drive profitability

Source: Company documents

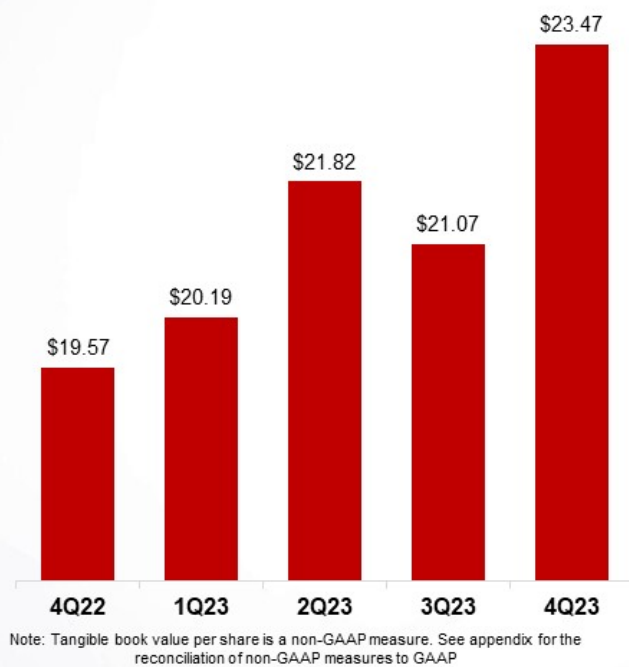
Note: Adjusted efficiency ratio is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP

## Balance Sheet Highlights

\$ in Millions

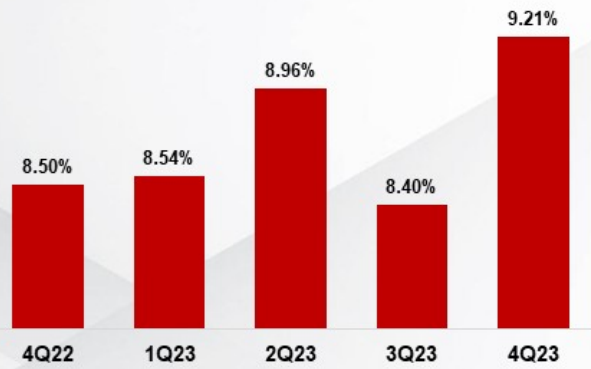


## Tangible Book Value Per Share

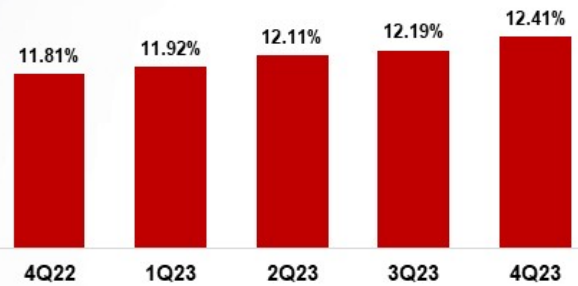


# Strong Capital Base

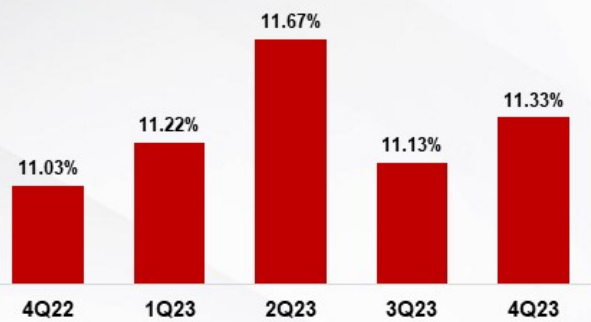
Tangible Common Equity to Tangible Assets Ratio



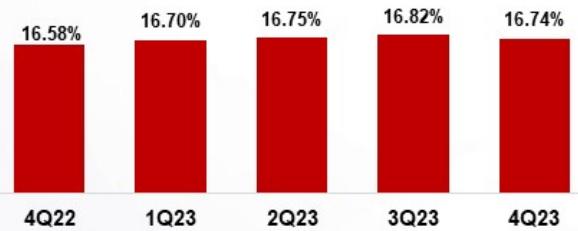
Common Equity Tier 1 Ratio



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

	December 31, 2023	September 30, 2023	For the quarter ended		March 31, 2023	December 31, 2022
			June 30, 2023			
<b>Pre-tax, pre-provision income</b>						
Net income	\$ 10,324	\$ 13,494	\$ 29,683	\$ 9,244	\$ 12,621	
Income tax expense	2,787	3,683	7,811	2,391	3,421	
Provision for credit losses	600	(700)	3,700	1,010	248	
<b>Pre-tax, pre-provision income</b>	<b>\$ 13,711</b>	<b>\$ 16,477</b>	<b>\$ 41,194</b>	<b>\$ 12,645</b>	<b>\$ 16,290</b>	
			<b>As of</b>			
	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	
<b>Tangible common equity</b>						
Total common stockholders' equity	\$ 407,114	\$ 371,716	\$ 392,029	\$ 367,964	\$ 357,014	
Less: goodwill and other intangibles	(21,744)	(21,936)	(22,149)	(23,496)	(23,857)	
<b>Tangible common equity</b>	<b>\$ 385,370</b>	<b>\$ 349,780</b>	<b>\$ 369,880</b>	<b>\$ 344,468</b>	<b>\$ 333,157</b>	
<b>Tangible assets</b>						
Total assets	\$ 4,204,793	\$ 4,186,440	\$ 4,150,129	\$ 4,058,049	\$ 3,944,063	
Less: goodwill and other intangibles	(21,744)	(21,936)	(22,149)	(23,496)	(23,857)	
<b>Tangible assets</b>	<b>\$ 4,183,049</b>	<b>\$ 4,164,504</b>	<b>\$ 4,127,980</b>	<b>\$ 4,034,553</b>	<b>\$ 3,920,206</b>	
Shares outstanding	16,417,099	16,600,442	16,952,072	17,062,572	17,027,197	
Total stockholders' equity to total assets	9.68%	8.88%	9.45%	9.07%	9.05%	
Tangible common equity to tangible assets	9.21%	8.40%	8.96%	8.54%	8.50%	
Book value per share	\$ 24.80	\$ 22.39	\$ 23.13	\$ 21.57	\$ 20.97	
Tangible book value per share	\$ 23.47	\$ 21.07	\$ 21.82	\$ 20.19	\$ 19.57	

# Non-GAAP Financial Measures

	December 31, 2023	September 30, 2023	For the quarter ended June 30, 2023	March 31, 2023	December 31, 2022
<b>Efficiency Ratio</b>					
Noninterest expense	\$ 30,597	\$ 31,489	\$ 40,499	\$ 32,361	\$ 32,708
Net interest income	35,162	35,689	34,581	34,315	36,322
Tax equivalent yield adjustment	225	229	303	302	299
Noninterest income	9,146	12,277	47,112	10,691	12,676
Total income	44,533	48,195	81,996	45,308	49,297
Efficiency ratio	68.71%	65.34%	49.39%	71.42%	66.35%
Noninterest expense	\$ 30,597	\$ 31,489	\$ 40,499	\$ 32,361	\$ 32,708
Less: Windmark transaction and related expenses	—	—	(4,532)	—	—
Less: net loss on sale of securities	—	—	(3,409)	—	—
Adjusted noninterest expense	30,597	31,489	32,558	32,361	32,708
Total income	44,533	48,195	81,996	45,308	49,297
Less: gain on sale of Windmark	—	(290)	(33,488)	—	—
Adjusted total income	44,533	47,905	48,508	45,308	49,297
Adjusted efficiency ratio	68.71%	65.73%	67.12%	71.42%	66.35%