

# South Plains Financial

## First Quarter 2025 Earnings Presentation

April 24, 2025

# 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 uncertainty in the banking industry as a whole; 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 a continuation of the elevated interest rate environment or further reductions in interest rates and a resulting decline in net interest income; the lingering inflationary pressures, and the risk of the resurgence of elevated levels of inflation, 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; adverse changes in customer spending and savings habits; 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, including as a result of the impact of changes in U.S. presidential administrations or Congress; the impacts of tariffs, sanctions, and other trade policies of the United States and its global trading counterparts and the resulting impact on the Company and its customers; 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 costs related to the 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. 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

# First Quarter 2025 Highlights

**Net Income**  
**\$12.3 M**

**EPS - Diluted**  
**\$0.72**

**Net Interest Margin <sup>(1)</sup>**  
**("NIM") 3.81%**

**Total Deposits**  
**\$3.79 B**

**Loans Held for Investment**  
**("HFI") \$3.08 B**

**Average Yield on Loans**  
**6.67%**

**Return on Average Assets**  
**("ROAA") 1.16%**

**Efficiency Ratio**  
**66.90%**

- **Net income** for the first quarter of 2025 was **\$12.3 million**, compared to **\$16.5 million** for the fourth quarter of 2024
- **Diluted earnings per share** for the first quarter of 2025 was **\$0.72**, compared to **\$0.96** for the fourth quarter of 2024
- **Net interest margin** was **3.81%** for the first quarter of 2025, compared to **3.75%** for the fourth quarter of 2024
- **Loans held for investment** were **\$3.08 billion** as of March 31, 2025, compared to **\$3.06 billion** as of December 31, 2024
- **Nonperforming assets to total assets** improved to **0.16%** as of March 31, 2025, compared to **0.58%** at December 31, 2024
- **Deposits totaled \$3.79 billion** as of March 31, 2025, compared to **\$3.62 billion** as of December 31, 2024
- **Tangible book value (non-GAAP) per share<sup>(2)</sup>** was **\$26.05** as of March 31, 2025, compared to **\$25.40** as of December 31, 2024
- South Plains **repurchased 250,000 shares** in the first quarter of 2025 under its **\$15.0 million share repurchase program**

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

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

# Loan Portfolio

## Total Loans HFI

*\$ in Millions*



## 1Q'25 Highlights

- ✓ Loans HFI increased \$20.8 million from 4Q'24, primarily as a result of organic loan growth experienced in commercial owner-occupied real estate loans and commercial goods and services loans, partially offset by a seasonal decrease in agricultural production loans
- ✓ Loans HFI increased \$64.1 million year-over-year from 1Q'24, primarily due to organic loan growth, occurring broadly across the real estate and commercial loan segments, partially offset by decreases in auto loans and other consumer loans
- ✓ The average yield on loans was 6.67% for 1Q'25, compared to 6.69% for 4Q'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
- ✓ Created the second most new jobs of any metro area in the U.S. in 2023
- ✓ Generated more than \$613 billion in GDP in 2023 accounting for 31% of Texas' total GDP

## El Paso

- ✓ Sixth largest city in Texas and 22nd largest in the U.S.
- ✓ Population growth has outpaced the country over the last five years, exceeding 880,000
- ✓ 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

## Houston

- ✓ Second largest MSA in Texas and fifth largest in the nation
- ✓ The 7th largest metro economy in the U.S.
- ✓ Would rank as the 23rd largest economy in the world with GDP of more than \$550 billion in 2023
- ✓ 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.

## Lubbock

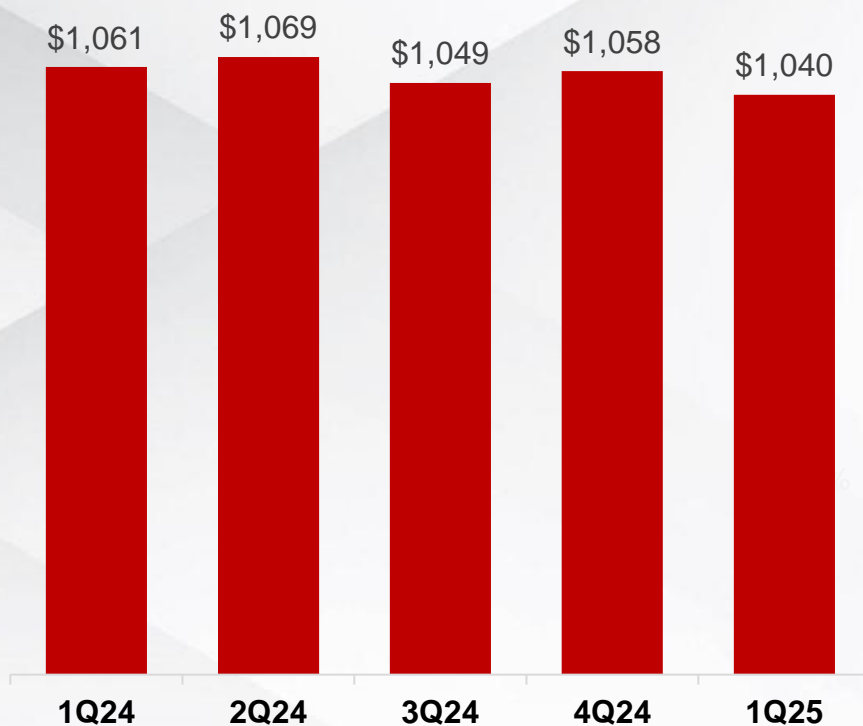
- ✓ 10th largest Texas city with a population exceeding 330,000 people
- ✓ Major industries in agribusiness, education, and trade, among others
- ✓ More than 55,000 college students with approximately 15,000 students entering the local workforce annually
- ✓ One of the fastest-growing cities in the U.S. in 2023

# Major Metropolitan Market Loan Growth



## Total Metropolitan Market<sup>(1)</sup> Loans

*\$ in Millions*

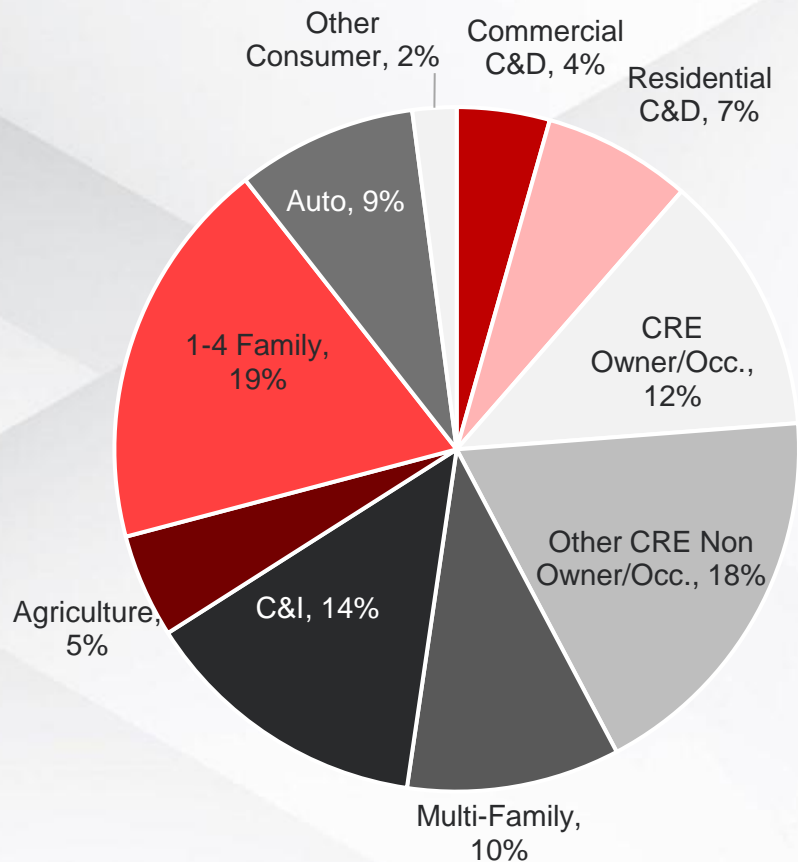


## 1Q'25 Highlights

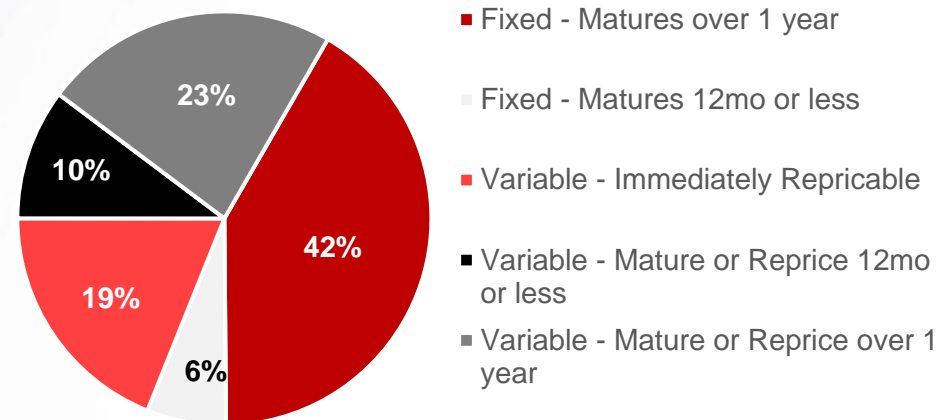
- ✓ Loans HFI in our major metropolitan markets<sup>(1)</sup> decreased by \$18 million, to \$1.04 billion during 1Q'25
- ✓ Our major metropolitan market loan portfolio represents 33.8% of the Bank's total loans HFI at March 31, 2025

# Loan HFI Portfolio

## Loan Mix



## Fixed vs. Variable Rate

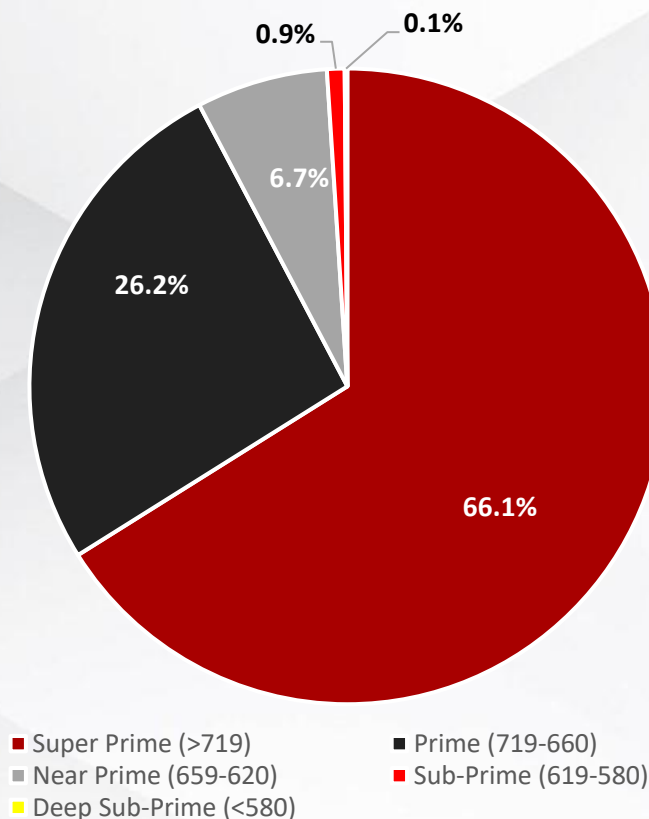


### Loan Portfolio (\$ in millions)

Commercial C&D	\$	134.9
Residential C&D		216.0
CRE Owner/Occ.		380.4
Other CRE Non Owner/Occ.		568.3
Multi-Family		309.6
C&I		420.2
Agriculture		150.9
1-4 Family		569.8
Auto		261.7
Other Consumer		64.1
<b>Total</b>	<b>\$</b>	<b>3,075.9</b>



## Indirect Auto Credit Breakdown



(1) Credit score level at origination

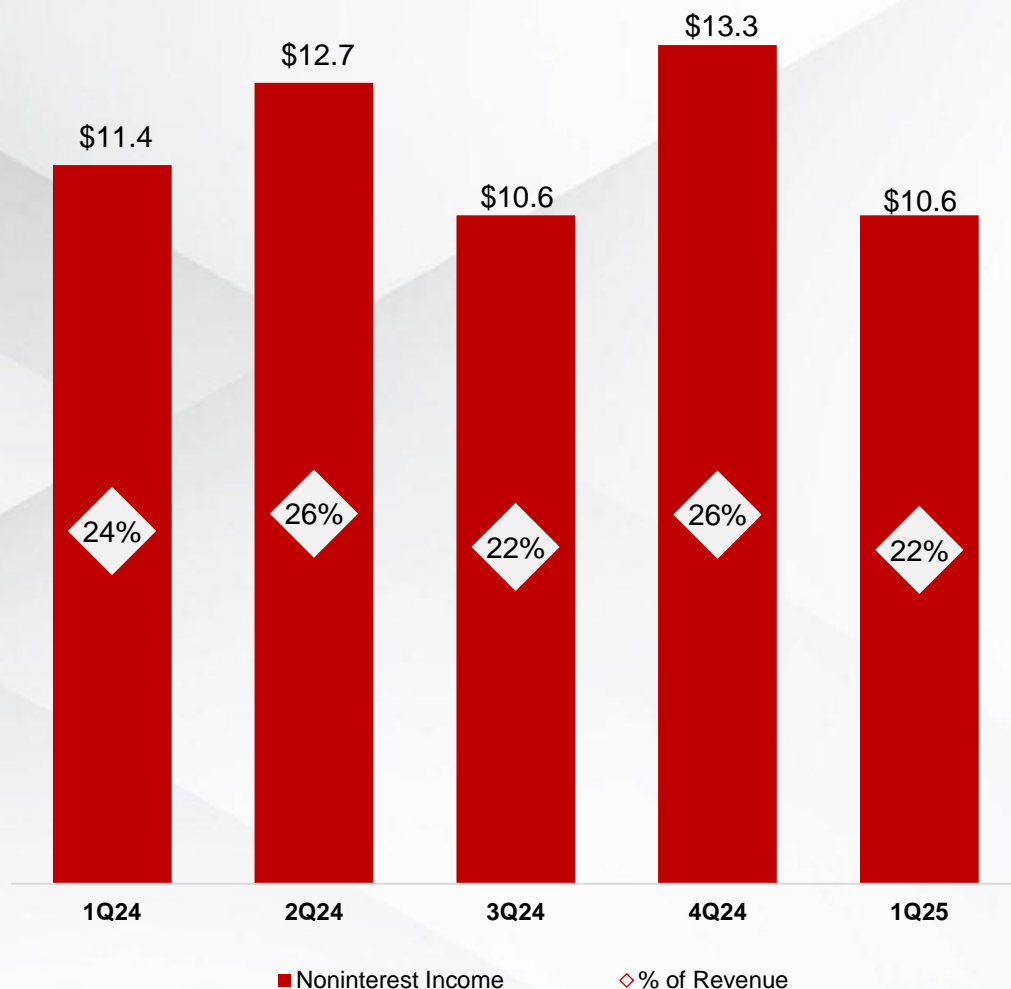
## Indirect Auto Highlights

- ✓ Indirect auto loans totaled \$243.4 million at March 31, 2025, compared to \$236.0 million at December 31, 2024
- ✓ Management is carefully managing the portfolio with balances beginning to stabilize
- ✓ Strong credit quality in the sector, positioned for resiliency across economic cycles<sup>(1)</sup>:
  - Super Prime Credit (>719): \$160.9 million
  - Prime Credit (719-660): \$63.8 million
  - Near Prime Credit (659-620): \$16.3 million
  - Sub-Prime Credit (619-580): \$2.2 million
  - Deep Sub-Prime Credit (<580): \$323 thousand
- ✓ Loans past due 30+ days: 41 bps of portfolio
- ✓ Non-car/truck (RV, boat, etc.) < 2% of portfolio

# Noninterest Income Overview

## Noninterest Income

*\$ in Millions*



## 1Q'25 Highlights

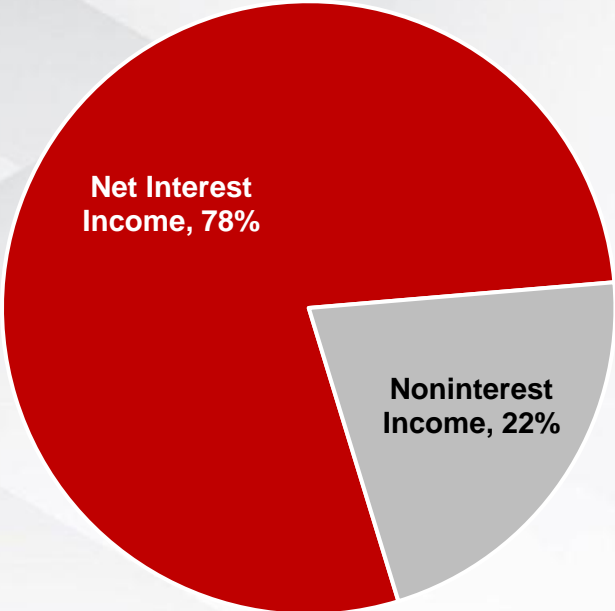
- ✓ Noninterest income was \$10.6 million for 1Q'25, compared to \$13.3 million for 4Q'24; primarily due to:
  - A decrease of \$2.8 million in mortgage banking revenues, mainly as a result of a decrease of \$3.0 million in the fair value adjustment of the mortgage servicing rights assets as interest rates that affect the value decreased in 1Q'25

# Diversified Revenue Stream

Three Months Ended March 31, 2025

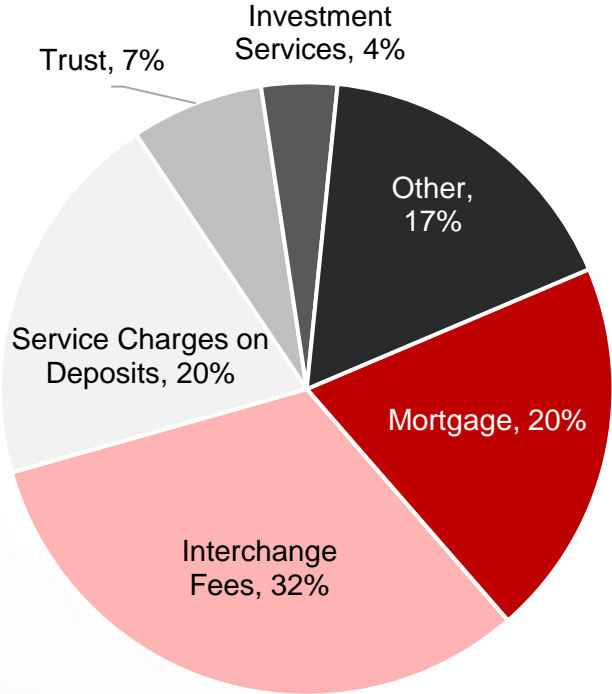
## Total Revenues

*\$49.2 million*



## Noninterest Income

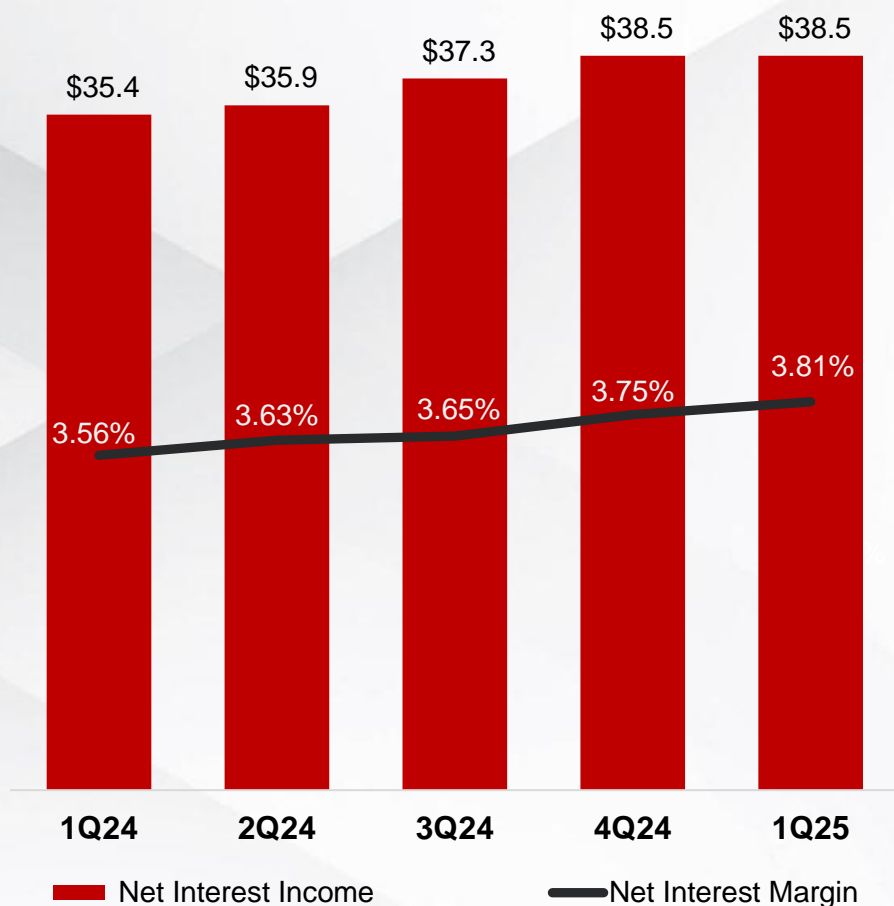
*\$10.6 million*



# Net Interest Income and Margin

## Net Interest Income & Margin<sup>(1)</sup>

*\$ in Millions*



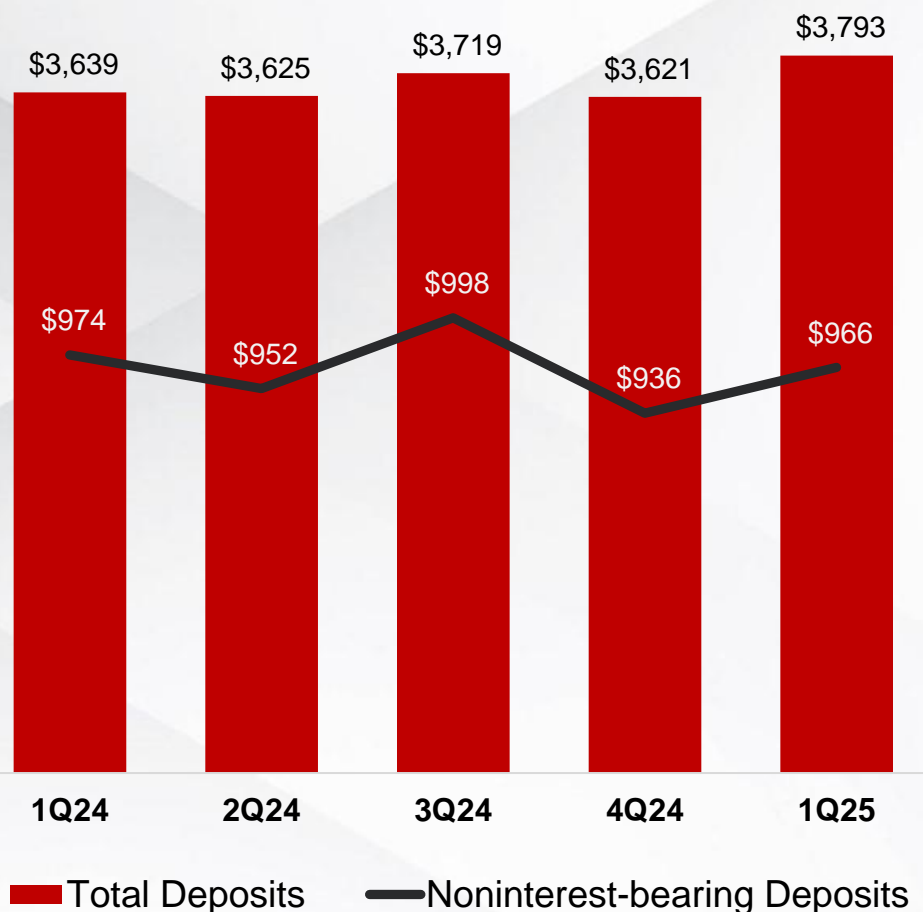
## 1Q'25 Highlights

- ✓ Net interest income (“NII”) of \$38.5 million, unchanged from 4Q’24
- ✓ 1Q’25 NIM increased 6 bps to 3.81% as compared to 3.75% in 4Q’24, primarily due to:
  - A 10 bps decrease in the cost of deposits
  - A 4bps decrease in yield on interest-earning assets

# Deposit Portfolio

## Total Deposits

*\$ in Millions*

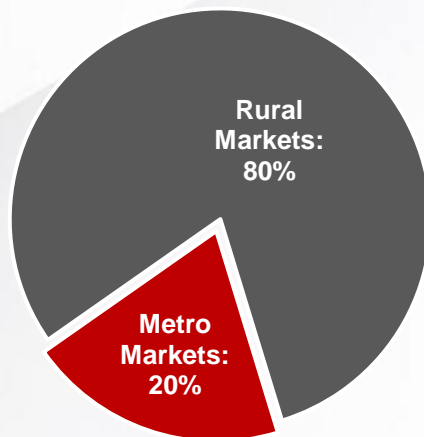
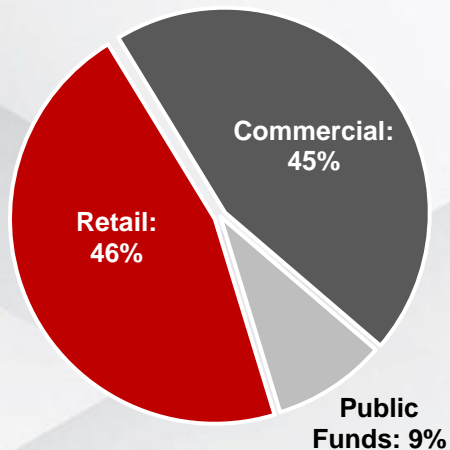


## 1Q'25 Highlights

- ✓ Total deposits of \$3.79 billion at 1Q'25, an increase of \$171.6 million from 4Q'24. The increase was mainly due to a seasonal increase of \$70.2 million in public-fund deposits and strong organic growth in retail and commercial deposits
- ✓ Cost of interest-bearing deposits decreased to 2.93% from 3.12% in 4Q'24
- ✓ Cost of deposits decreased 10 bps to 2.19% from 2.29% in 4Q'24
- ✓ Noninterest-bearing deposits to total deposits were 25.5% at March 31, 2025, largely unchanged compared to 25.8% at December 31, 2024

# Granular Deposit Base & Ample Liquidity

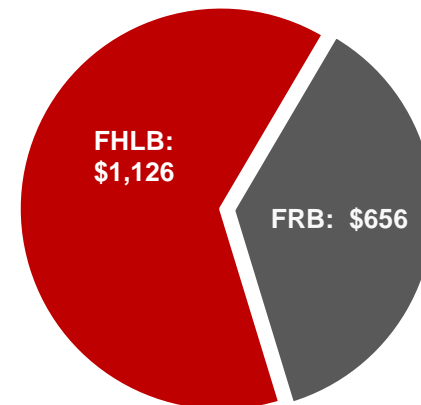
## Total Deposit Base Breakdown



- ✓ Average deposit account size is approximately \$37 thousand
- ✓ City Bank's percentage of estimated uninsured or uncollateralized deposits is 25% of total deposits

## Total Borrowing Capacity

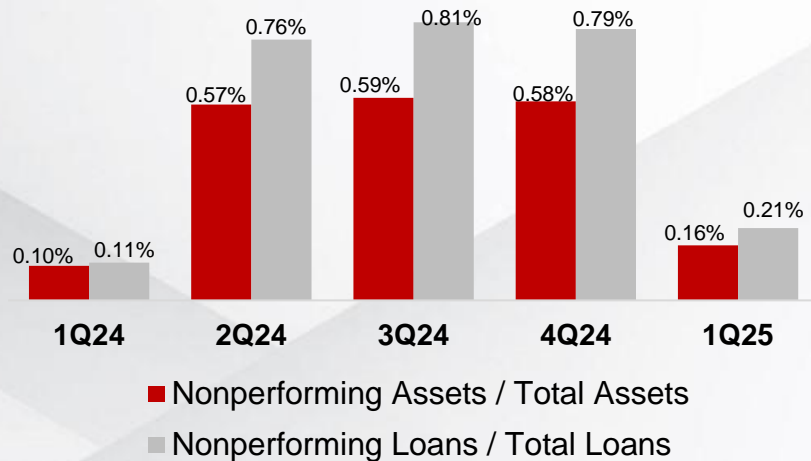
**\$1.78 Billion**



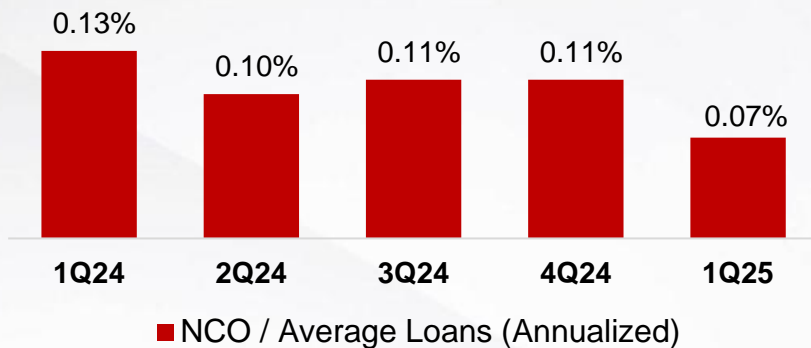
Dollars in millions

- ✓ City Bank had \$1.78 billion of **available** borrowing capacity through the Federal Home Loan Bank of Dallas ("FHLB") and the Federal Reserve Bank of Dallas ("FRB")
- ✓ No borrowings utilized from these sources during 1Q'25

## Credit Quality Ratios



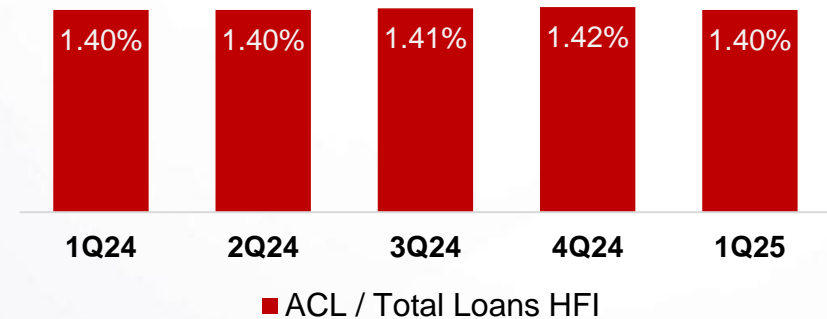
## Net Charge-Offs to Average Loans



## 1Q'25 Highlights

- ✓ Provision for credit losses of \$420 thousand in 1Q'25, compared to \$1.2 million in 4Q'24
- ✓ 1Q'25 provision was largely due to net charge-off activity and increased loan balances, partially offset by improved credit quality
- ✓ Reduction in nonperforming loans primarily resulted from placing a \$19.0 million credit back on accrual status in 1Q'25, based on sustained payment performance and improved credit structure. This credit was repaid in full in April 2025.

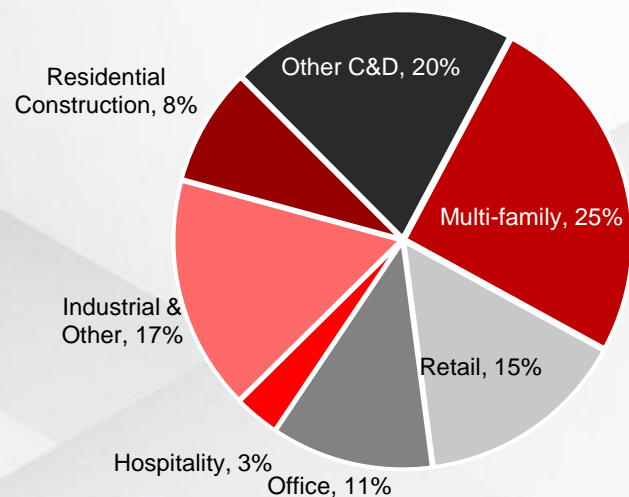
## ACL<sup>(1)</sup> to Total Loans HFI



# Non-Owner Occupied CRE Portfolio

## NOO CRE<sup>(1)</sup> Sector Breakdown

## Details



NOO CRE Portfolio (\$ in millions)

Property Type	Total
Income-producing:	
Multi-family	\$309.6
Retail	183.8
Office	141.2
Hospitality	39.2
Industrial & Other	204.2
Construction, acquisition, and development:	
Residential construction	102.0
Other	248.8
<b>Total</b>	<b>\$1,228.8</b>

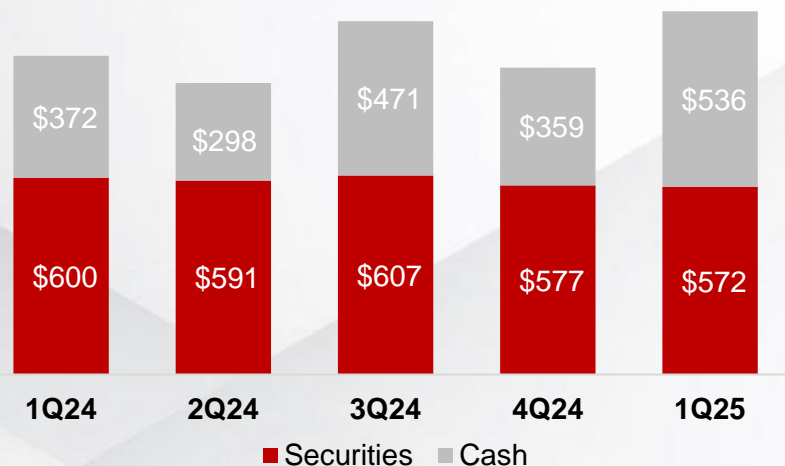
- ✓ NOO CRE was 40.0% of total LHI, unchanged from December 31, 2024
- ✓ NOO CRE portfolio is made up of \$878.0 million of income producing loans and \$350.9 million of construction, acquisition, and development loans
- ✓ Estimated weighted average LTV of income-producing NOO CRE was 55%
- ✓ Office NOO CRE loans were 4.6% of total LHI and had a weighted average LTV of 58%
- ✓ NOO CRE loans past due 90+ days or nonaccrual: 4 basis points of portfolio



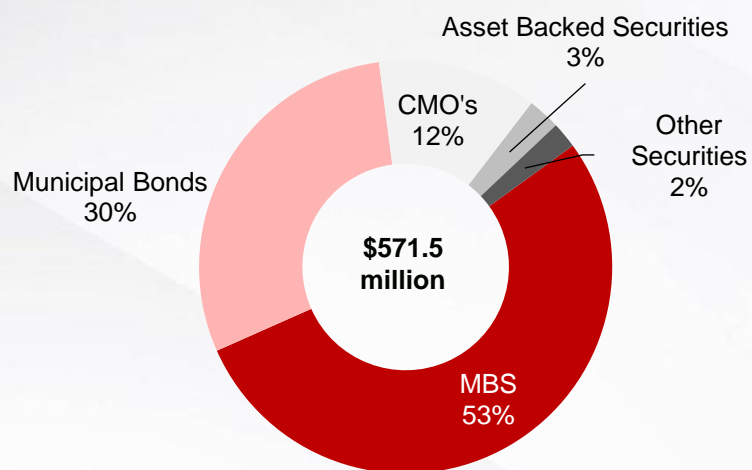
# Investment Securities

## Securities & Cash

\$ in Millions



## 1Q'25 Securities Composition



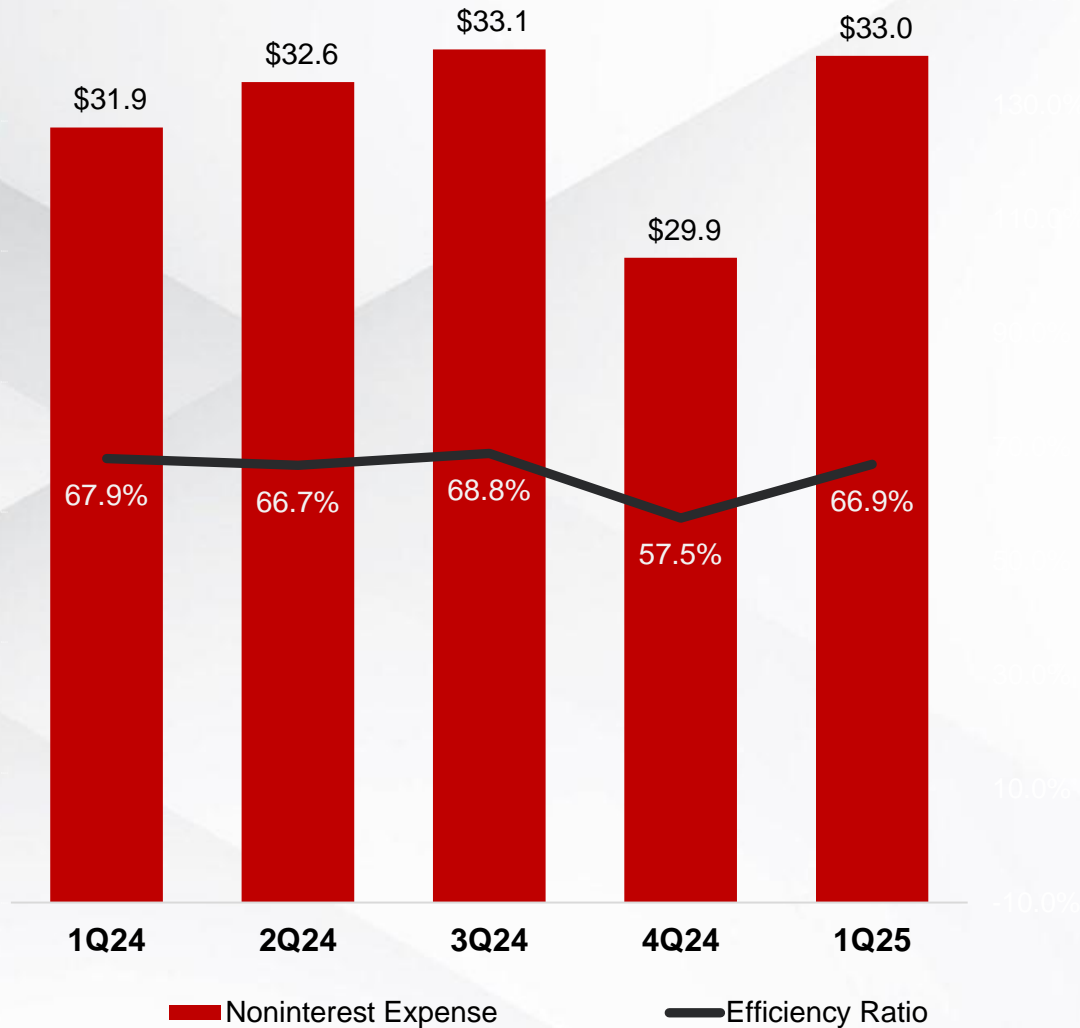
## 1Q'25 Highlights

- ✓ Investment securities totaled \$571.5 million, a \$5.7 million decrease from 4Q'24.
- ✓ All municipal bonds are in Texas; fair value hedges of \$121 million
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE
- ✓ Duration of the securities portfolio was 6.53 years at March 31, 2025

# Noninterest Expense and Efficiency

## Noninterest Expense

*\$ in Millions*



## 1Q'25 Highlights

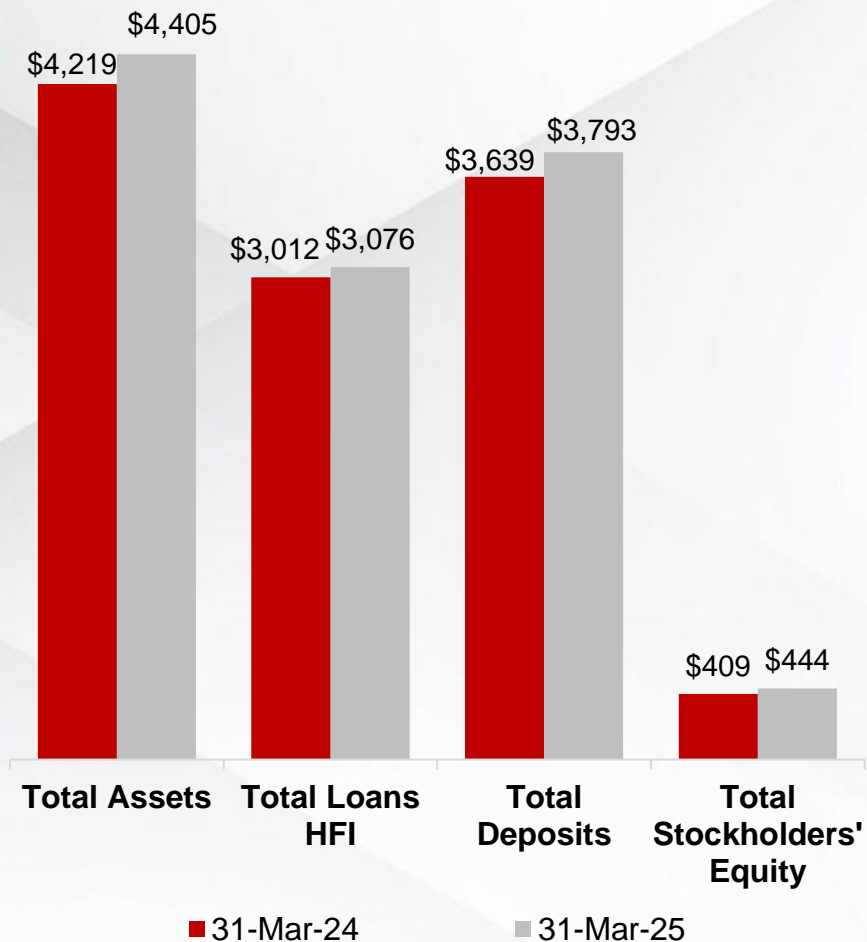
- ✓ Noninterest expense increased \$3.1 million from 4Q'24, largely as a result of an increase of \$2.1 million in personnel expenses: annual salary adjustments, increased health insurance costs as the linked quarter included annual rebates received, and increased annual incentive compensation expense
- ✓ Efficiency ratio of 66.9% in 1Q'25 as compared to 57.5% in 4Q'24
- ✓ Will continue to manage expenses to drive profitability

# Balance Sheet Growth and Development

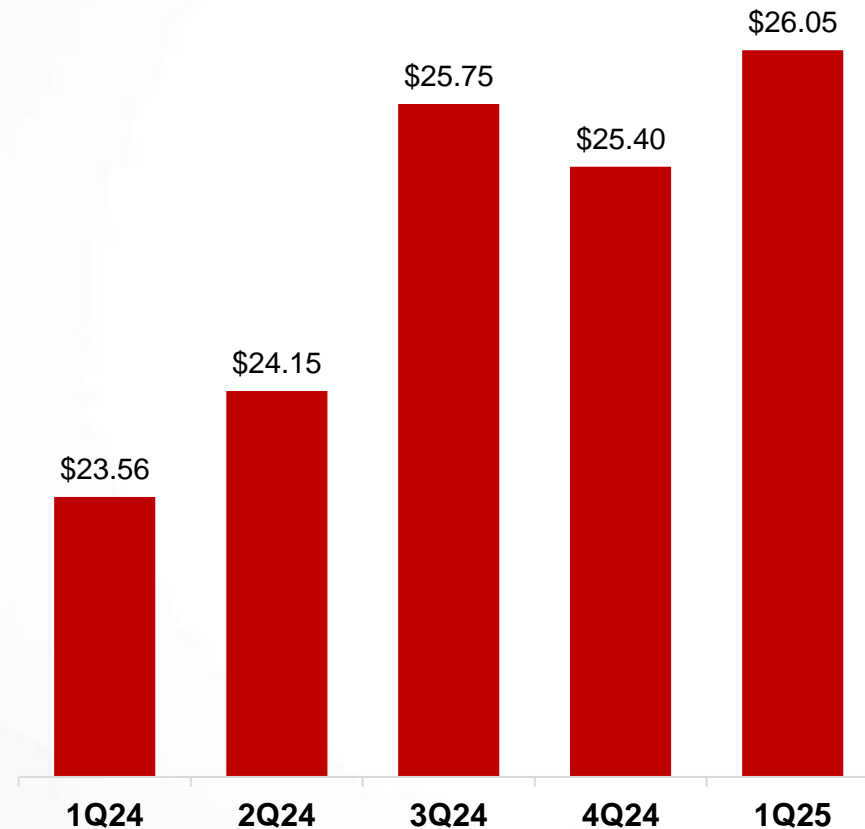


## Balance Sheet Highlights

*\$ in Millions*

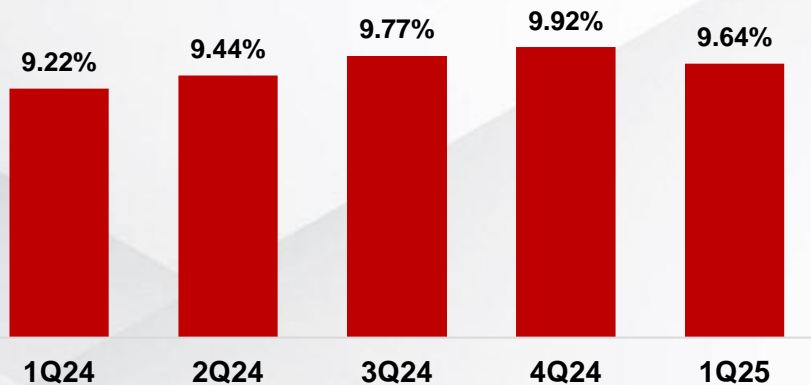


## Tangible Book Value Per Share<sup>(1)</sup>

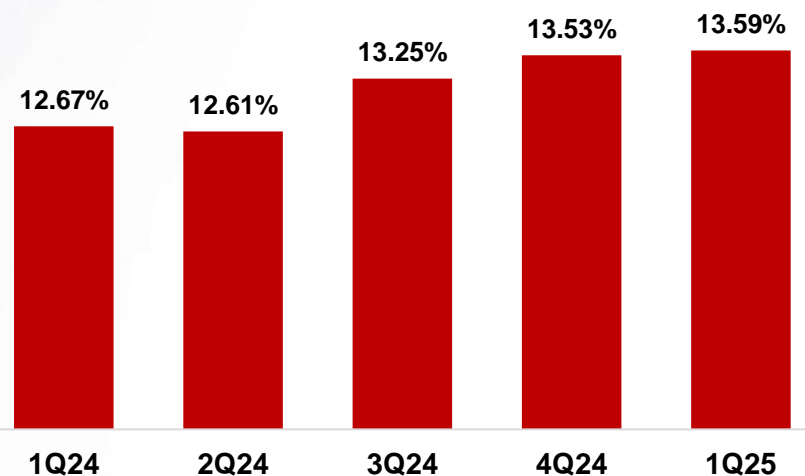


# Strong Capital Base

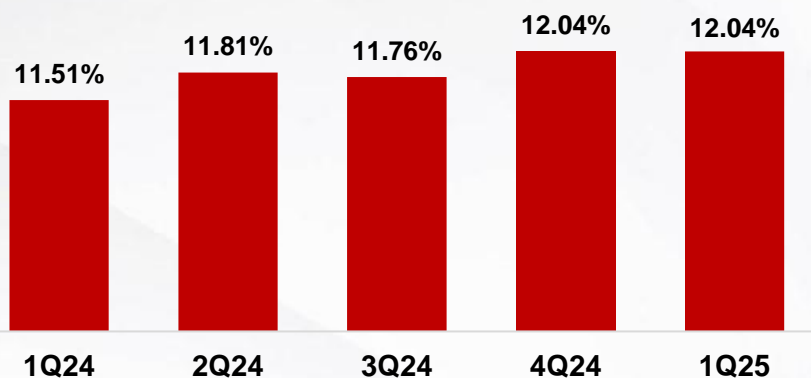
Tangible Common Equity to Tangible Assets Ratio<sup>(1)</sup>



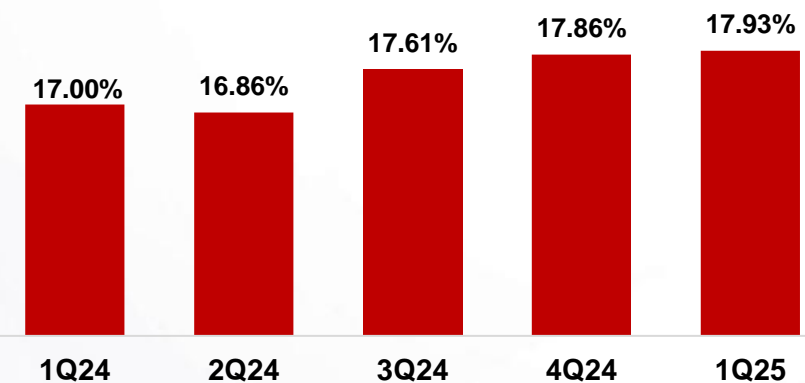
Common Equity Tier 1 Ratio



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.



## 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				
	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
<b>Pre-tax, pre-provision income</b>					
Net income	\$ 12,294	\$ 16,497	\$ 11,212	\$ 11,134	\$ 10,874
Income tax expense	3,408	4,222	3,094	3,116	3,143
Provision for credit losses	420	1,200	495	1,775	830
Pre-tax, pre-provision income	<u>\$ 16,122</u>	<u>\$ 21,919</u>	<u>\$ 14,801</u>	<u>\$ 16,025</u>	<u>\$ 14,847</u>
	As of				
	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
<b>Tangible common equity</b>					
Total common stockholders' equity	\$ 443,743	\$ 438,949	\$ 443,122	\$ 417,985	\$ 408,712
Less: goodwill and other intangibles	(20,884)	(21,035)	(21,197)	(21,379)	(21,562)
<b>Tangible common equity</b>	<u>\$ 422,859</u>	<u>\$ 417,914</u>	<u>\$ 421,925</u>	<u>\$ 396,606</u>	<u>\$ 387,150</u>
<b>Tangible assets</b>					
Total assets	\$ 4,405,209	\$ 4,232,239	\$ 4,337,659	\$ 4,220,936	\$ 4,218,993
Less: goodwill and other intangibles	(20,884)	(21,035)	(21,197)	(21,379)	(21,562)
<b>Tangible assets</b>	<u>\$ 4,384,325</u>	<u>\$ 4,211,204</u>	<u>\$ 4,316,462</u>	<u>\$ 4,199,557</u>	<u>\$ 4,197,431</u>
Shares outstanding	<u>16,235,647</u>	<u>16,455,826</u>	<u>16,386,627</u>	<u>16,424,021</u>	<u>16,431,755</u>
Total stockholders' equity to total assets	10.07%	10.37%	10.22%	9.90%	9.69%
Tangible common equity to tangible assets	9.64%	9.92%	9.77%	9.44%	9.22%
Book value per share	\$ 27.33	\$ 26.67	\$ 27.04	\$ 25.45	\$ 24.87
Tangible book value per share	\$ 26.05	\$ 25.40	\$ 25.75	\$ 24.15	\$ 23.56