UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-38895

South Plains Financial, Inc.

(Exact name of registrant as specified in its charter)

Texas	**75-2453320**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5219 City Bank Parkway **Lubbock, Texas**	**79407**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (806) 792-7101

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, $1.00 par value per share	SPFI	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 2, 2026, the registrant had 18,847,573 shares of common stock, par value $1.00 per share, outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements

SOUTH PLAINS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	September 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Cash and due from banks	$ 48,735	$ 58,318
Interest-bearing deposits in banks	728,000	494,121
Cash and cash equivalents	776,735	552,439
Securities available for sale	518,347	567,540
Loans held for sale ($7,980 and $7,796 at fair value at September 30, 2026 and December 31, 2025, respectively)	10,451	9,993
Loans held for investment	3,831,138	3,144,502
Allowance for credit losses on loans	(52,768)	(45,131)
Loans held for investment, net	3,778,370	3,099,371
Accrued interest receivable	20,711	20,931
Premises and equipment, net	51,154	51,563
Bank-owned life insurance	90,336	77,694
Goodwill	66,592	19,315
Intangible assets, net	5,265	1,133
Mortgage servicing rights	27,616	24,041
Deferred tax asset, net	27,461	20,433
Other assets	37,836	36,047
Total assets	$ 5,410,874	$ 4,480,500
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	$ 1,179,107	$ 1,023,517
Interest-bearing	3,481,584	2,850,560
Total deposits	4,660,691	3,874,077
Accrued expenses and other liabilities	66,934	52,093
Subordinated debt	14,100	14,100
Junior subordinated deferrable interest debentures	46,393	46,393
Total liabilities	4,788,118	3,986,663
Stockholders' equity:		
Common stock, $1.00 par value per share, 30,000,000 shares authorized; 18,847,573 and 16,293,577 issued and outstanding at September 30, 2026 and December 31, 2025, respectively	18,848	16,294
Additional paid-in capital	195,307	91,065
Retained earnings	479,082	434,197
Accumulated other comprehensive loss	(70,481)	(47,719)
Total stockholders' equity	622,756	493,837
Total liabilities and stockholders' equity	$ 5,410,874	$ 4,480,500

The accompanying notes are an integral part of these consolidated financial statements.

SOUTH PLAINS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest income:				
Loans, including fees	$ 65,495	$ 53,928	$ 182,278	$ 158,384
Securities:				
Taxable	4,166	4,638	12,689	14,030
Non-taxable	849	853	2,553	2,456
Federal funds sold and interest-bearing deposits in banks	5,900	5,101	16,525	13,707
Total interest income	76,410	64,520	214,045	188,577
Interest expense:				
Deposits	24,038	19,925	66,632	59,814
Short-term borrowings	-	-	38	-
Subordinated debt	238	835	719	2,505
Junior subordinated deferrable interest debentures	673	741	1,994	2,209
Total interest expense	24,949	21,501	69,383	64,528
Net interest income	51,461	43,019	144,662	124,049
Provision for credit losses	830	500	1,440	3,420
Net interest income, after provision for credit losses	50,631	42,519	143,222	120,629
Noninterest income:				
Service charges on deposit accounts	2,531	2,266	7,152	6,505
Net gain on sales of loans	1,783	2,338	6,848	7,584
Bank card services and interchange fees	3,542	3,403	10,868	10,553
Other mortgage banking income	3,095	237	6,795	710
Investment commissions	593	428	1,614	1,288
Fiduciary fees	855	729	2,446	2,161
Other	1,411	1,764	3,525	5,154
Total noninterest income	13,810	11,165	39,248	33,955
Noninterest expense:				
Salaries and employee benefits	22,388	19,413	66,059	58,562
Occupancy and equipment, net	4,266	4,046	12,549	12,045
Professional services	1,940	1,293	6,745	4,897
Marketing and development	1,028	979	3,061	2,803
IT and data services	1,759	1,184	5,108	3,529
Bank card expenses	1,805	1,637	5,029	4,670
Other	4,888	4,472	14,913	13,091
Total noninterest expense	38,074	33,024	113,464	99,597
Income before income taxes	26,367	20,660	69,006	54,987
Income tax expense	5,602	4,342	14,704	11,770
Net income	$ 20,765	$ 16,318	$ 54,302	$ 43,217
Earnings per share:				
Basic	$ 1.10	$ 1.00	$ 3.00	$ 2.65
Diluted	$ 1.06	$ 0.96	$ 2.89	$ 2.55
Net income	$ 20,765	$ 16,318	$ 54,302	$ 43,217
Other comprehensive income (loss):				
Unrealized gains (losses) on securities available for sale	(33,156)	12,450	(29,984)	16,749
Less: Change in fair value on hedged state and municipal securities	936	(878)	1,172	(4,703)
Tax effect	6,766	(2,430)	6,050	(2,529)
Other comprehensive income (loss)	(25,454)	9,142	(22,762)	9,517
Comprehensive income (loss)	$ (4,689)	$ 25,460	$ 31,540	$ 52,734

The accompanying notes are an integral part of these consolidated financial statements.

SOUTH PLAINS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Three Months Ended September 30, 2025						
Balance at beginning of period	16,230,475	$ 16,230	$ 90,268	$ 407,822	$ (60,246)	$ 454,074
Net income	-	-	-	16,318	-	16,318
Cash dividends declared - $0.16 per share	-	-	-	(2,598)	-	(2,598)
Other comprehensive income	-	-	-	-	9,142	9,142
Net issuance of stock related to stock-based awards	10,153	11	(11)	-	-	-
Stock issued under employee stock purchase plan	7,211	7	209	-	-	216
Stock-based compensation	-	-	650	-	-	650
Balance at end of period	16,247,839	$ 16,248	$ 91,116	$ 421,542	$ (51,104)	$ 477,802
Three Months Ended September 30, 2026						
Balance at beginning of period	18,839,105	$ 18,839	$ 194,245	$ 461,708	$ (45,027)	$ 629,765
Net income	-	-	-	20,765	-	20,765
Cash dividends declared - $0.18 per share	-	-	-	(3,391)	-	(3,391)
Other comprehensive loss	-	-	-	-	(25,454)	(25,454)
Stock issued under employee stock purchase plan	8,468	9	299	-	-	308
Stock-based compensation	-	-	763	-	-	763
Balance at end of period	18,847,573	$ 18,848	$ 195,307	$ 479,082	$ (70,481)	$ 622,756
Nine Months Ended September 30, 2025						
Balance at beginning of period	16,455,826	$ 16,456	$ 97,287	$ 385,827	$ (60,621)	$ 438,949
Net income	-	-	-	43,217	-	43,217
Cash dividends declared - $0.46 per share	-	-	-	(7,502)	-	(7,502)
Other comprehensive income	-	-	-	-	9,517	9,517
Net issuance of stock related to stock-based awards	35,134	35	(312)	-	-	(277)
Stock issued under employee stock purchase plan	15,925	16	435	-	-	451
Repurchases of common stock	(259,046)	(259)	(8,267)	-	-	(8,526)
Stock-based compensation	-	-	1,973	-	-	1,973
Balance at end of period	16,247,839	$ 16,248	$ 91,116	$ 421,542	$ (51,104)	$ 477,802
Nine Months Ended September 30, 2026						
Balance at beginning of period	16,293,577	$ 16,294	$ 91,065	$ 434,197	$ (47,719)	$ 493,837
Net income	-	-	-	54,302	-	54,302
Cash dividends declared - $0.52 per share	-	-	-	(9,417)	-	(9,417)
Other comprehensive loss	-	-	-	-	(22,762)	(22,762)
Common stock issued upon acquisition of BOH Holdings, Inc.	2,803,535	2,804	114,664	-	-	117,468
Net issuance of stock related to stock-based awards	44,506	44	(744)	-	-	(700)
Stock issued under employee stock purchase plan	16,920	17	549	-	-	566
Repurchases of common stock	(310,965)	(311)	(12,531)	-	-	(12,842)
Stock-based compensation	-	-	2,304	-	-	2,304
Balance at end of period	18,847,573	$ 18,848	$ 195,307	$ 479,082	$ (70,481)	$ 622,756

The accompanying notes are an integral part of these consolidated financial statements.

SOUTH PLAINS FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 54,302	$ 43,217
Adjustments to reconcile net income to net cash from operating activities:		
Provision for credit losses	1,440	3,420
Provision for foreclosed asset losses	100	-
Depreciation and amortization	5,214	4,359
Accretion and amortization	1,814	2,195
Other gains, net	(193)	(266)
Net gain on sales of loans	(6,848)	(7,584)
Proceeds from sales of loans held for sale	201,158	220,546
Loans originated for sale	(196,008)	(206,298)
Deferred income tax expense	(139)	(1,339)
Earnings on bank-owned life insurance	(1,428)	(1,220)
Stock-based compensation	2,304	1,973
Change in valuation of mortgage servicing rights	(2,335)	2,666
Net change in:		
Accrued interest receivable and other assets	4,787	5,719
Accrued expenses and other liabilities	10,801	(2,331)
Net cash from operating activities	74,969	65,057
Cash flows from investing activities:		
Activity in securities available for sale:		
Purchases	(508,322)	(16,903)
Maturities, prepayments, and calls	532,564	37,698
Loan originations and principal collections, net	(58,178)	(3,089)
Net cash received from acquisition of BOH Holdings, Inc.	30,823	-
Purchases of premises and equipment	(2,826)	(4,615)
Proceeds from sales of premises and equipment	134	2,240
Proceeds from sales of foreclosed assets	1,756	1,163
Net cash from investing activities	(4,049)	16,494
Cash flows from financing activities:		
Net change in deposits	190,769	260,267
Net change in short-term borrowings	(15,000)	-
Proceeds from common stock issuance	566	451
Payments on subordinated debt	-	(50,000)
Payments to tax authorities for stock-based compensation	(700)	(277)
Cash dividends paid on common stock	(9,417)	(7,502)
Payments to repurchase common stock	(12,842)	(8,526)
Net cash from financing activities	153,376	194,413
Net change in cash and cash equivalents	224,296	275,964
Beginning cash and cash equivalents	552,439	359,082
Ending cash and cash equivalents	$ 776,735	$ 635,046
Supplemental disclosures of cash flow information:		
Interest paid on deposits and borrowed funds	$ 68,947	$ 65,965
Income taxes paid	11,647	11,443
Supplemental schedule of noncash activities:		
Loans transferred to foreclosed assets	$ 1,739	$ 2,462

The accompanying notes are an integral part of these consolidated financial statements.

SOUTH PLAINS FINANCIAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – South Plains Financial, Inc. ("SPFI") is a Texas corporation and registered bank holding company that conducts its principal activities through its subsidiaries from offices located throughout Texas and Eastern New Mexico. Principal activities include commercial and retail banking, along with investment, trust, and mortgage services. The following were subsidiaries of SPFI as of September 30, 2026:

Wholly-Owned, Consolidated Subsidiaries:	
City Bank	Bank subsidiary
Ruidoso Retail, Inc.	Non-bank subsidiary
CB Provence, LLC	Non-bank subsidiary
CBT Brushy Creek, LLC	Non-bank subsidiary
CBT Properties, LLC	Non-bank subsidiary
Wholly-Owned, Equity Method Subsidiaries:	
South Plains Financial Capital Trusts ("SPFCT") III-V	Non-bank subsidiaries

Basis of Presentation and Consolidation – The consolidated financial statements in this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2026 (this "Form 10-Q") include the accounts of SPFI and its wholly-owned consolidated subsidiaries (collectively referred to as the "Company") identified above. All significant intercompany balances and transactions have been eliminated in consolidation.

The interim consolidated financial statements in this Form 10-Q have not been audited by an independent registered public accounting firm, but in the opinion of management, reflect all adjustments necessary for a fair presentation of the Company's financial position, results of operations, and cash flows. All such adjustments were of a normal and recurring nature. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q adopted by the U.S. Securities and Exchange Commission ("SEC"). Accordingly, the financial statements do not include all of the information and notes required by GAAP for complete financial statements and should be read in conjunction with the Company's audited consolidated financial statements, and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC on March 5, 2026 (the "2025 Annual Report on Form 10-K"). Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Determination of the adequacy of the allowance for credit losses ("ACL") is a material estimate that is particularly susceptible to significant changes in the near term.

Recent Accounting Pronouncements – Updates to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") are prescribed in Accounting Standards Updates ("ASUs"), which are not authoritative until incorporated into the ASC.

ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. The amendments in this ASU modify the disclosure or presentation requirements of a variety of Topics in the Codification. Certain of the amendments represent clarifications to, or technical corrections of the current requirements. Each amendment in this ASU will only become effective if the SEC removes the related disclosure or presentation requirement from its existing regulations by June 30, 2027. The amendments in this ASU are not expected to have a material impact on the Company's financial statements.

ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU requires public companies to disclose in tabular format, in the notes to the financial statements, specific disaggregated information about certain prescribed categories of expenses at each interim and annual reporting period. The prescribed categories include, among other things, employee compensation, depreciation, and intangible asset amortization. This ASU is effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Implementation of this ASU may be applied prospectively or retrospectively. The Company does not expect the adoption of this ASU to have a material impact on the Company's financial statements.

ASU 2025-08 Financial Instruments - Credit Losses (Topic 326): Purchased Loans. This ASU amends the guidance in ASC 326 on the accounting for certain purchased loans. Under this ASU, entities must account for acquired loans (excluding credit cards) that meet certain criteria at acquisition, ("purchased seasoned loans") by recognizing them at their purchase price plus an allowance for expected credit losses (the "gross-up" approach). This ASU's amendments align the accounting for purchased seasoned loans with the treatment of financial assets purchased with more-than-insignificant credit deterioration since origination ("PCD"). Purchased seasoned loans ("PSLs") are defined under this ASU as non-PCD loans that are obtained in a business combination, or non-PCD loans that (1) are obtained in an asset acquisition or upon consolidation of a variable interest entity that is not a business and (2) are acquired more than 90 days after their origination date by a transferee that was not involved in their origination. This ASU also introduces an accounting policy election related to the subsequent measurement of expected credit losses for entities that use a method other than a discounted cash flow analysis to estimate credit losses on purchased seasoned loans. If this accounting policy is elected, entities can use the amortized cost basis of the asset to subsequently measure their allowance for credit losses on loans. The Company did not elect this accounting policy. The Company early adopted ASU 2025-08 on April 1, 2026 on a prospective basis and applied it as part of the purchase accounting for BOH Holdings, Inc. See Note 2 for further discussion of the impact of this ASU.

ASU 2025-11 Interim Reporting (Topic 270): Narrow-Scope Improvements. This ASU is intended to improve the navigability of the guidance in ASC 270 and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides "interim financial statements and notes in accordance with GAAP." This ASU also addresses the form and content of such financial statements, adds lists to ASC 270 of the interim disclosures required by all other Codification topics, and establishes a principle under which an entity must "disclose events since the end of the last annual reporting period that have a material impact on the entity." As the Board stated in the proposed guidance and reiterates in this ASU, the amendments are not intended to "change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements." This update is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, early adoption is permitted. The amendments in this ASU are not expected to have a material impact on the Company's financial statements.

Subsequent Events – The Company has evaluated subsequent events and transactions from September 30, 2026 through the date this Form 10-Q was filed with the SEC for potential recognition or disclosure as required by GAAP.

2. BUSINESS COMBINATIONS

On April 1, 2026, SPFI completed the acquisition of BOH Holdings, Inc., a Texas corporation ("BOH"), pursuant to an Agreement and Plan of Reorganization (the "Reorganization Agreement") dated December 1, 2025, which provided for the acquisition by SPFI of BOH through the merger of BOH with and into SPFI, with SPFI surviving the merger (the "Merger"). The Reorganization Agreement provided that immediately following the consummation of the Merger, Bank of Houston, a Texas state banking association and wholly-owned subsidiary of BOH, would be merged with and into City Bank, a Texas state banking association and wholly-owned subsidiary of SPFI, with City Bank surviving the merger. As a result of the Merger, the Company increased its presence in the Houston, Texas market. At March 31, 2026, BOH had approximately $685.0 million in assets, $631.9 million in total gross loans, and $595.6 million in deposits.

Under the terms of the Reorganization Agreement, shareholders of BOH received 0.1925 shares of the Company's common stock for each share of BOH common stock held immediately prior to the effective time of the Merger, plus cash, without interest, in lieu of any fractional shares. As a result, the Company issued 2,803,535 shares of its common stock to the former shareholders of BOH.

The Merger was accounted for under ASC 805 as a business combination. Accordingly, the assets acquired and liabilities assumed were recorded at fair value as of the acquisition date. The determination of fair value requires management to make estimates related to discount rates, expected future cash flows, market conditions and other future events that are highly subjective in nature and subject to change. Fair value estimates related to the assets and liabilities from BOH are subject to adjustment for up to one year after the closing date of the acquisition as additional information becomes available. Valuations subject to refinement include, but are not limited to, loans, other assets and other liabilities.

The following table details the purchase consideration and the preliminary determination of the purchase consideration to the fair value of the assets acquired and liabilities assumed from BOH as of the closing date of the Merger on April 1, 2026 (dollars in thousands):

Purchase consideration:		
Fair value of common stock issued	$	117,468
Cash paid to settle outstanding warrants and stock appreciation rights		597
Cash paid in lieu of fractional shares		3
Total consideration	$	118,068
Assets acquired:		
Cash and due from banks	$	4,988
Interest-bearing deposits in banks		26,435
Securities available for sale		6,847
Loans held for investment, net		623,926
Premises and equipment, net		923
Bank-owned life insurance		11,214
Core deposit intangible (10 year life)		4,980
Deferred tax asset, net		840
Other assets		5,433
Total assets acquired		685,586
Liabilities assumed:		
Noninterest-bearing deposits		92,315
Interest-bearing deposits		503,530
Short-term borrowings		15,000
Accrued expenses and other liabilities		3,950
Total liabilities assumed		614,795
Preliminary fair value of net assets acquired		70,791
Preliminary goodwill recorded in acquisition	$	47,277

The Company recorded preliminary goodwill of $47.3 million, none of which is anticipated to be deductible for tax purposes. The preliminary goodwill is primarily attributable to expected synergies, operational efficiencies, and other factors to arise from the transaction.

There was a total of $2.6 million of acquisition related expenses recorded in the nine months ended September 30, 2026. This total was comprised of $708 thousand in personnel expenses, $1.2 million in professional services expense, and $693 thousand in data conversion expenses.

Acquired Loans

Acquired loans were recorded at fair value based on a discounted cash flow valuation methodology that considers, among other things, interest rates, projected default rates, loss given default, and recovery rates. During the valuation process, the Company identified PCD and PSLs in the acquired loan portfolio. Loans acquired with evidence of credit quality deterioration since origination as of the acquisition date were accounted for as PCD. All remaining loans were considered to be PSLs. For both PSLs and PCD loans, the initial estimate of expected credit losses was included in the balance of loans with an offsetting amount recorded to the ACL as of the date of acquisition. Amortization or accretion of discounts or premiums on the acquired loans will be recognized based on payment structure and the contractual maturity of the individual loans.

The following table includes the fair value and unpaid principal balance of the acquired loans on the April 1, 2026 acquisition date (dollars in thousands):

	Unpaid Principal Balance	Premium (Discount)	ACL on Acquired Loans	Fair Value of Acquired Loans
PCD loans	$ 89,004	$ (1,579)	$ (3,173)	$ 84,252
PSLs	543,503	1,471	(5,300)	539,674
	$ 632,507	$ (108)	$ (8,473)	$ 623,926

Pro Forma Information (unaudited)

The results of operations of BOH have been included in the Company's consolidated financial statements prospectively beginning on April 1, 2026. The Company has determined it is impractical to disclose stand-alone revenues and earnings for the former BOH operations for the period subsequent to the closing date of the Merger due to the streamlining and integration of processes. The following table presents selected unaudited pro forma financial information reflecting the acquisition of BOH assuming the Merger was completed as of January 1, 2025. The unaudited pro forma financial information includes adjustments for scheduled amortization and accretion of significant fair value adjustments recorded at the acquisition. The unaudited pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the combined financial results of the Company and BOH had the transaction actually been completed at the beginning of the periods presented, nor does it indicate future results for any other interim or full-year period.

Information for the three and nine months ended September 30, 2026 reflects the actual results of the Company, excluding merger costs, and the actual results of BOH for the three months ended March 31, 2026, excluding merger costs and including amortization of intangible assets. Information for the three and nine months ended September 30, 2025, includes BOH's actual results for those periods and reflects adjustments related to the amortization of intangible assets.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2026	2025	2026	2025
Total revenue[1]	$ 65,271	$ 61,535	$ 191,048	$ 178,544
Net income	20,765	18,878	57,839	49,988

(1) Total revenue is defined as the sum of net interest income plus non-interest income.

3. SECURITIES

Securities available for sale are summarized as follows as of the dates presented below (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
September 30, 2026					
Available for sale:					
State and municipal	$ 196,634	$ 1	$ (37,810)	$ -	$ 158,825
Residential mortgage-backed securities	283,995	-	(54,995)	-	229,000
Commercial mortgage-backed securities	53,264	-	(5,923)	-	47,341
Commercial collateralized mortgage obligations	66,233	5	(138)	-	66,100
Asset-backed and other amortizing securities	12,630	-	(1,332)	-	11,298
Other securities	5,612	252	(81)	-	5,783
	$ 618,368	$ 258	$ (100,279)	$ -	$ 518,347
December 31, 2025					
Available for sale:					
State and municipal	$ 199,417	$ 388	$ (23,500)	$ -	$ 176,305
Residential mortgage-backed securities	302,711	130	(42,081)	-	260,760
Commercial mortgage-backed securities	48,769	-	(3,983)	-	44,786
Commercial collateralized mortgage obligations	67,708	77	(188)	-	67,597
Asset-backed and other amortizing securities	13,972	-	(840)	-	13,132
Other securities	5,000	-	(40)	-	4,960
	$ 637,577	$ 595	$ (70,632)	$ -	$ 567,540

The amortized cost and estimated fair value of securities at September 30, 2026 are presented below by contractual maturity (dollars in thousands). Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Declining-balance securities are shown separately since they are not due at a single maturity date.

	Available for Sale	
	Amortized Cost	Fair Value
Within 1 year	$ 490	$ 491
After 1 year through 5 years	4,129	4,060
After 5 years through 10 years	19,467	18,229
After 10 years	178,160	141,828
Declining-balance securities	416,122	353,739
	$ 618,368	$ 518,347

At both September 30, 2026 and December 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. government, its agencies, or its sponsored enterprises, in an amount greater than 10% of stockholders' equity.

Securities with a carrying value of approximately $509.2 million and $413.7 million at September 30, 2026 and December 31, 2025, respectively, were pledged to collateralize public deposits and for other purposes as required or permitted by law.

The following table segregates securities with unrealized losses at the dates indicated, by the duration they have been in a loss position for which an allowance for credit losses has not been recorded (dollars in thousands):

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
September 30, 2026						
State and municipal	$ 6,985	$ 299	$ 148,009	$ 37,511	$ 154,994	$ 37,810
Residential mortgage-backed securities	13,000	560	216,000	54,435	229,000	54,995
Commercial mortgage-backed securities	8,607	429	38,734	5,494	47,341	5,923
Commercial collateralized mortgage obligations	38,541	138	-	-	38,541	138
Asset-backed and other amortizing securities	-	-	11,299	1,332	11,299	1,332
Other securities	2,319	81	-	-	2,319	81
	$ 69,452	$ 1,507	$ 414,042	$ 98,772	$ 483,494	$ 100,279
December 31, 2025						
State and municipal	$ 205	$ -	$ 165,618	$ 23,500	$ 165,823	$ 23,500
Residential mortgage-backed securities	3,132	48	249,710	42,033	252,842	42,081
Commercial mortgage-backed securities	3,503	7	41,284	3,976	44,787	3,983
Commercial collateralized mortgage obligations	63,210	188	-	-	63,210	188
Asset-backed and other amortizing securities	-	-	13,132	840	13,132	840
Other securities	-	-	4,961	40	4,961	40
	$ 70,050	$ 243	$ 474,705	$ 70,389	$ 544,755	$ 70,632

There were 139 securities with an unrealized loss at September 30, 2026, generally due to a continuation of the elevated market interest rate environment. Management evaluates securities available for sale ("AFS") in unrealized loss positions to determine whether the impairment is due to credit-related factors or non-credit related factors. Consideration is given to the extent to which the fair value is less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Company to retain its investment in the security for a period of time sufficient to allow for the anticipated recovery in fair value. Management does not have the intent to sell any of the securities in an unrealized loss position and believes that it is not likely that the securities will have to be sold before a recovery of cost. The fair value of these securities is expected to recover as the securities approach their maturity date or repricing date or if market yields for such investments decline. Accordingly, as of September 30, 2026, management believes the unrealized loss positions detailed in the previous table are due to non-credit related factors, including changes in interest rates and other market conditions, and therefore no ACL for AFS securities or losses have been recognized or realized in the consolidated financial statements.

4. LOANS HELD FOR INVESTMENT

Loans held for investment are summarized by category as of the dates presented below (dollars in thousands):

	September 30, 2026	December 31, 2025
Commercial real estate	$ 1,364,396	$ 1,064,625
Commercial - specialized	435,051	409,351
Commercial - general	835,328	659,323
Consumer:		
1-4 family residential	711,700	589,851
Auto loans	270,688	259,157
Other consumer	60,262	62,092
Construction	153,713	100,103
	3,831,138	3,144,502
Allowance for credit losses on loans	(52,768)	(45,131)
Loans, net	$ 3,778,370	$ 3,099,371

The Company has certain lending policies, underwriting standards, and procedures in place that are designed to maximize loan income with an acceptable level of risk. Management reviews and approves these policies, underwriting standards, and procedures on a regular basis and makes changes as appropriate. Management receives frequent reports related to loan originations, quality, concentrations, delinquencies, non-performing, and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions, both by type of loan and geography.

Commercial Real Estate – Underwriting standards have been designed to determine whether the borrower possesses sound business ethics and practices, evaluate current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed and ensure appropriate collateral is obtained to secure the loan. Commercial real estate loans are underwritten primarily based on projected cash flows for income-producing properties and collateral values for non-income-producing properties. The repayment of these loans is generally dependent on the successful operation of the property securing the loans or the sale or refinancing of the property. Real estate loans may be adversely affected by conditions in the real estate markets or in the general economy. The properties securing the Company's real estate portfolio are diversified by type and geographic location. This diversity helps reduce the exposure to adverse economic events that affect any single market or industry.

Commercial – General and Specialized – Commercial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably. Underwriting standards have been designed to determine whether the borrower possesses sound business ethics and practices, evaluate current and projected cash flows to determine the ability of the borrower to repay their obligations, as agreed and ensure appropriate collateral is obtained to secure the loan. Commercial loans are primarily made based on the identified cash flows of the borrower and, secondarily, on the underlying collateral provided by the borrower. Most commercial loans are secured by the assets being financed or other business assets, such as real estate, accounts receivable, or inventory, and typically include personal guarantees. Owner-occupied real estate is included in commercial loans, as the repayment of these loans is generally dependent on the operations of the commercial borrower's business rather than on income-producing properties or the sale of the properties. Commercial loans are grouped into two distinct sub-categories: specialized and general. Commercial related segments that are considered "specialized" include agricultural production and real estate loans, energy loans, and finance, investment, and insurance loans. Commercial related segments that contain a broader diversity of borrowers, sub-industries, or serviced industries are grouped into the "general category." These include goods, services, restaurant & retail, construction, and other industries. Performance of these loans is subject to operating and cash flow results of the borrower, with risk in the volatility of operating results for particular industries.

Consumer – Loans to consumers include 1-4 family residential loans, auto loans, and other loans for recreational vehicles or other purposes. The Company utilizes a computer-based credit scoring analysis to supplement its policies and procedures in underwriting consumer loans. The Company's loan policy addresses types of consumer loans that may be originated and the collateral, if secured, which must be perfected. The relatively smaller individual dollar amounts of consumer loans that are spread over numerous individual borrowers also minimizes the Company's risk. The Company generally requires mortgage title insurance and hazard insurance on 1-4 family residential loans. All consumer loans are generally dependent on the risk characteristics of the borrower's ability to repay the loan, a consideration of the debt to income ratio, employment and income stability, the loan-to-value ratio, and the age, condition and marketability of the collateral.

Construction – Loans for residential construction are for single-family properties to developers, builders, or end-users. These loans are underwritten based on estimates of costs and completed value of the project. Funds are advanced based on estimated percentage of completion for the project. Performance of these loans is affected by economic conditions as well as the ability to control costs of the projects.

The commercial real estate and construction categories comprise the Company's nonowner-occupied real estate loans. Total nonowner-occupied real estate loans were $1.52 billion at September 30, 2026, and $1.16 billion at December 31, 2025.

The following table details the activity in the ACL for loans for the periods indicated (dollars in thousands). Allocation of a portion of the ACL to one category of loans does not preclude its availability to absorb losses in other categories.

	Beginning Balance	Initial ACL on Acquired PCD Loans	Initial ACL on Acquired PSLs	Provision for Credit Losses	Charge-offs	Recoveries	Ending Balance
For the three months ended September 30, 2026							
Commercial real estate	$ 18,328	$ -	$ -	$ 770	$ (898)	$ -	$ 18,200
Commercial - specialized	5,613	-	-	252	(179)	17	5,703
Commercial - general	8,590	-	-	119	(138)	190	8,761
Consumer:							
1-4 family residential	13,594	-	-	(717)	(60)	42	12,859
Auto loans	3,449	-	-	154	(138)	30	3,495
Other consumer	1,120	-	-	156	(262)	88	1,102
Construction	2,382	-	-	266	-	-	2,648
	$ 53,076	$ -	$ -	$ 1,000	$ (1,675)	$ 367	$ 52,768
For the three months ended September 30, 2025							
Commercial real estate	$ 15,706	$ -	$ -	$ (228)	$ (541)	$ -	$ 14,937
Commercial - specialized	4,881	-	-	(81)	-	9	4,809
Commercial - general	7,228	-	-	87	(172)	105	7,248
Consumer:							
1-4 family residential	11,150	-	-	234	(307)	3	11,080
Auto loans	2,995	-	-	132	(202)	41	2,966
Other consumer	1,102	-	-	303	(261)	40	1,184
Construction	1,948	-	-	(47)	-	-	1,901
	$ 45,010	$ -	$ -	$ 400	$ (1,483)	$ 198	$ 44,125
For the nine months ended September 30, 2026							
Commercial real estate	$ 15,214	$ 1,897	$ 1,705	$ 345	$ (961)	$ -	$ 18,200
Commercial - specialized	5,231	181	226	237	(264)	92	5,703
Commercial - general	7,448	336	914	408	(594)	249	8,761
Consumer:							
1-4 family residential	11,103	732	2,207	(1,464)	(62)	343	12,859
Auto loans	3,033	-	-	896	(542)	108	3,495
Other consumer	1,150	-	3	504	(864)	309	1,102
Construction	1,952	27	245	424	-	-	2,648
	$ 45,131	$ 3,173	$ 5,300	$ 1,350	$ (3,287)	$ 1,101	$ 52,768

For the nine months ended September 30, 2025							
Commercial real estate	$ 15,973	$ -	$ -	$ (495)	$ (541)	$ -	$ 14,937
Commercial - specialized	4,640	-	-	79	-	90	4,809
Commercial - general	6,874	-	-	526	(530)	378	7,248
Consumer:							
1-4 family residential	9,677	-	-	1,659	(307)	51	11,080
Auto loans	3,015	-	-	716	(897)	132	2,966
Other consumer	1,115	-	-	712	(832)	189	1,184
Construction	1,943	-	-	(47)	-	5	1,901
	$ 43,237	$ -	$ -	$ 3,150	$ (3,107)	$ 845	$ 44,125

The provision for credit losses on the consolidated statements of comprehensive income (loss) is comprised of the provision for credit losses on loans, noted in the above table, and the provision for off-balance sheet credit loss exposures. During the three and nine months ended September 30, 2026 the Company recorded a provision for off-balance sheet credit exposures of $(170) thousand and $90 thousand, respectively. During the three and nine months ended September 30, 2025, the Company recorded a provision for off-balance sheet credit exposures of $100 thousand and $270 thousand, respectively.

The following table shows the Company's amortized cost and related ACL for individually evaluated collateral dependent loans by class using the fair value of collateral loss estimation methodology of evaluating expected credit losses at the dates indicated (dollars in thousands).

	Equipment	Real Estate	Other	Total Loans Individually Evaluated	Total ACL for Individually Evaluated Loans
September 30, 2026					
Commercial real estate	$ -	$ 7,350	$ -	$ 7,350	$ 994
Commercial - specialized	-	-	-	-	-
Commercial - general	-	705	-	705	-
Consumer:					
1-4 family residential	-	2,750	-	2,750	169
Auto loans	-	-	-	-	-
Other consumer	-	-	-	-	-
Construction	-	803	-	803	126
	$ -	$ 11,608	$ -	$ 11,608	$ 1,289
December 31, 2025					
Commercial real estate	$ 462	$ 941	$ -	$ 1,403	$ 112
Commercial - specialized	289	255	-	544	-
Commercial - general	1,086	2,869	-	3,955	275
Consumer:					
1-4 family residential	-	-	-	-	-
Auto loans	-	-	-	-	-
Other consumer	-	-	-	-	-
Construction	-	-	-	-	-
	$ 1,837	$ 4,065	$ -	$ 5,902	$ 387

The table below provides an age analysis on accruing past-due loans and nonaccrual loans at the dates indicated (dollars in thousands):

	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual	Nonaccrual with no ACL
September 30, 2026				
Commercial real estate	$ 322	$ 706	$ 7,350	$ 58
Commercial - specialized	719	-	59	348
Commercial - general	3,117	222	833	357
Consumer:				
1-4 Family residential	2,559	787	3,936	1,884
Auto loans	326	98	-	-
Other consumer	641	104	10	-
Construction	250	-	1,208	-
	$ 7,934	$ 1,917	$ 13,396	$ 2,647
December 31, 2025				
Commercial real estate	$ 2,241	$ 206	$ 1,402	$ 54
Commercial - specialized	264	50	699	544
Commercial - general	1,173	31	4,108	-
Consumer:				
1-4 Family residential	1,221	1,750	845	-
Auto loans	395	40	-	-
Other consumer	765	80	16	-
Construction	455	578	-	-
	$ 6,514	$ 2,735	$ 7,070	$ 598

Credit Quality Indicators

The Company grades its loans on a thirteen-point grading scale. These grades fit in one of the following categories: (i) pass, (ii) special mention, (iii) substandard, (iv) doubtful, or (v) loss. Loans categorized as loss are charged-off immediately. The grading of loans reflects a judgment by the Company about the risks of default associated with the loan. The Company reviews the grades on loans as part of the Company's on-going monitoring of the credit quality of the loan portfolio. These risk ratings are assigned based on relevant information about the ability of the borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors.

Pass loans have financial factors or nature of collateral that are considered reasonable credit risks in the normal course of lending and encompass several grades that are assigned based on varying levels of risk, ranging from credits that are secured by cash or marketable securities, to watch credits which have all the characteristics of an acceptable credit risk but warrant more than the normal level of monitoring.

Special mention loans have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of repayment prospects for the loans at some future date.

Substandard loans are inadequately protected by the current net worth and paying capacity of the borrower or by the collateral pledged, if any. These loans have a well-defined weakness or weaknesses that jeopardize collection and present the distinct possibility that some loss will be sustained if the deficiencies are not corrected. A protracted workout on these credits is a distinct possibility. Prompt corrective action is therefore required to strengthen the Company's position, and/or to reduce exposure and to assure that adequate remedial measures are taken by the borrower. Credit exposure becomes more likely in such credits and a serious evaluation of the secondary support to the credit is performed. Substandard loans can be accruing or can be nonaccrual depending on the circumstances of the individual loans.

Doubtful loans have all the weaknesses inherent in substandard loans with the added characteristics that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions, and values highly questionable and improbable. All doubtful loans are on nonaccrual.

In connection with the review of the Company's loan portfolio, management considers risk elements attributable to particular loan type or categories in assessing the quality of individual loans. The list of loans to be analyzed for individual evaluation consists of non-accrual loans over $250 thousand. Interest income recognized using a cash-basis method on non-accrual loans for the three and nine months ended September 30, 2026 and 2025 was not significant. In addition, the Company closely monitors substandard accruing loans over $1 million, and past due accruing loans over $250 thousand for possible individual evaluation. All other loans will be evaluated collectively in designated pools unless a loss exposure has been identified. Additional funds committed to be advanced on individually analyzed loans are not significant.

The following table reflects the amortized cost basis in loans held for investment by credit quality indicator and origination year at the dates indicated, and related year-to-date gross charge-offs. Loans acquired are shown in the table by origination year. The Company had an immaterial amount of revolving loans converted to term loans at September 30, 2026.

Term Loans
Amortized Cost Basis by Origination Year
September 30, 2026

(Dollars in thousands)	2026	2025	2024	2023	2022	Prior	Revolving Loans	Total
Commercial real estate								
Pass	$ 278,905	$ 234,045	$ 157,567	$ 144,343	$ 234,376	$ 233,699	$ 18,188	$ 1,301,123
Special mention	-	4,058	2,432	9,100	-	8,403	250	24,243
Substandard	-	2,950	7,550	1,436	6,064	21,030	-	39,030
Total commercial real estate loans	$ 278,905	$ 241,053	$ 167,549	$ 154,879	$ 240,440	$ 263,132	$ 18,438	$ 1,364,396
Year-to-date gross charge-offs	$ -	$ -	$ -	$ -	$ 64	$ 897	$ -	$ 961
Commercial - specialized								
Pass	$ 111,994	$ 57,667	$ 27,930	$ 23,467	$ 22,460	$ 58,287	$ 131,486	$ 433,291
Special mention	-	98	-	-	-	-	555	653
Substandard	-	-	110	270	238	489	-	1,107
Total commercial - specialized loans	$ 111,994	$ 57,765	$ 28,040	$ 23,737	$ 22,698	$ 58,776	$ 132,041	$ 435,051
Year-to-date gross charge-offs	$ -	$ -	$ -	$ 84	$ 180	$ -	$ -	$ 264
Commercial - general								
Pass	$ 135,794	$ 167,698	$ 115,322	$ 49,604	$ 100,434	$ 121,689	$ 110,951	$ 801,492
Special mention	-	3,392	365	10,487	26	1,435	1,845	17,550
Substandard	123	1,257	954	1,632	2,191	4,264	5,865	16,286
Total commercial - general loans	$ 135,917	$ 172,347	$ 116,641	$ 61,723	$ 102,651	$ 127,388	$ 118,661	$ 835,328
Year-to-date gross charge-offs	$ -	$ 87	$ 101	$ 7	$ 73	$ 237	$ 89	$ 594
Consumer 1-4 family residential:								
Pass	$ 92,138	$ 82,909	$ 60,795	$ 84,315	$ 171,986	$ 174,318	$ 22,246	$ 688,707
Special mention	-	-	-	64	3,980	-	-	4,044
Substandard	-	752	4,497	1,754	2,408	8,969	569	18,949
Total consumer 1-4 family residential loans	$ 92,138	$ 83,661	$ 65,292	$ 86,133	$ 178,374	$ 183,287	$ 22,815	$ 711,700
Year-to-date gross charge-offs	$ -	$ -	$ -	$ 62	$ -	$ -	$ -	$ 62
Consumer auto loans								
Pass	$ 98,022	$ 85,519	$ 33,230	$ 26,919	$ 21,921	$ 4,705	$ -	$ 270,316
Special mention	-	-	-	-	-	-	-	-
Substandard	49	26	78	49	133	37	-	372
Total consumer auto loans	$ 98,071	$ 85,545	$ 33,308	$ 26,968	$ 22,054	$ 4,742	$ -	$ 270,688
Year-to-date gross charge-offs	$ -	$ 61	$ 64	$ 109	$ 249	$ 59	$ -	$ 542
Consumer other consumer								
Pass	$ 22,038	$ 17,241	$ 7,947	$ 3,850	$ 3,827	$ 4,283	$ 994	$ 60,180
Special mention	-	-	-	-	-	-	-	-
Substandard	-	13	9	4	8	46	2	82
Total consumer other consumer loans	$ 22,038	$ 17,254	$ 7,956	$ 3,854	$ 3,835	$ 4,329	$ 996	$ 60,262
Year-to-date gross charge-offs[(1)]	$ 247	$ 451	$ 33	$ 5	$ 31	$ 97	$ -	$ 864
Construction								
Pass	$ 68,669	$ 58,461	$ 12,454	$ 1,812	$ 10,470	$ -	$ 639	$ 152,505
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	95	1,113	-	-	-	1,208
Total construction loans	$ 68,669	$ 58,461	$ 12,549	$ 2,925	$ 10,470	$ -	$ 639	$ 153,713
Year-to-date gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) Includes $247 thousand in charged-off demand deposit overdrafts reported as 2026 originations.

The following table reflects the amortized cost basis in loans held for investment by credit quality indicator and origination year at the dates indicated, and related year-to-date gross charge-offs. Loans acquired are shown in the table by origination year. The Company had an immaterial amount of revolving loans converted to term loans at December 31, 2025.

	Term Loans Amortized Cost Basis by Origination Year December 31, 2025							
(Dollars in thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans	Total
Commercial real estate								
Pass	$ 209,948	$ 137,602	$ 195,747	$ 245,012	$ 95,319	$ 143,422	$ 5,372	$ 1,032,422
Special mention	-	2,825	7,343	81	166	1,095	483	11,993
Substandard	360	62	5,101	1,613	7,095	5,979	-	20,210
Total commercial real estate loans	$ 210,308	$ 140,489	$ 208,191	$ 246,706	$ 102,580	$ 150,496	$ 5,855	$ 1,064,625
Year-to-date gross charge-offs	$ -	$ -	$ 541	$ -	$ -	$ -	$ -	$ 541
Commercial - specialized								
Pass	$ 122,003	$ 35,559	$ 38,159	$ 24,081	$ 32,943	$ 29,452	$ 103,491	$ 385,688
Special mention	4,572	8,076	799	1,042	1,734	830	3,770	20,823
Substandard	-	194	570	811	1,206	59	-	2,840
Total commercial - specialized loans	$ 126,575	$ 43,829	$ 39,528	$ 25,934	$ 35,883	$ 30,341	$ 107,261	$ 409,351
Year-to-date gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial - general								
Pass	$ 178,827	$ 103,310	$ 51,335	$ 84,327	$ 43,179	$ 79,605	$ 92,158	$ 632,741
Special mention	60	2,110	12,127	-	1,011	473	-	15,781
Substandard	40	758	1,615	1,281	5,749	1,116	242	10,801
Total commercial - general loans	$ 178,927	$ 106,178	$ 65,077	$ 85,608	$ 49,939	$ 81,194	$ 92,400	$ 659,323
Year-to-date gross charge-offs	$ -	$ 245	$ 164	$ 116	$ 63	$ 245	$ 50	$ 883
Consumer 1-4 family residential:								
Pass	$ 95,677	$ 69,844	$ 92,148	$ 137,702	$ 77,474	$ 96,393	$ 4,010	$ 573,248
Special mention	-	-	621	428	5,061	-	-	6,110
Substandard	214	3,095	1,573	1,067	604	3,940	-	10,493
Total consumer 1-4 family residential loans	$ 95,891	$ 72,939	$ 94,342	$ 139,197	$ 83,139	$ 100,333	$ 4,010	$ 589,851
Year-to-date gross charge-offs	$ -	$ -	$ 31	$ -	$ 215	$ 61	$ -	$ 307
Consumer auto loans								
Pass	$ 115,240	$ 48,236	$ 42,397	$ 39,896	$ 11,045	$ 2,015	$ -	$ 258,829
Special mention	-	-	-	-	-	-	-	-
Substandard	-	44	70	122	75	17	-	328
Total consumer auto loans	$ 115,240	$ 48,280	$ 42,467	$ 40,018	$ 11,120	$ 2,032	$ -	$ 259,157
Year-to-date gross charge-offs	$ 29	$ 243	$ 367	$ 477	$ 198	$ 35	$ -	$ 1,349
Consumer other consumer								
Pass	$ 27,912	$ 12,521	$ 6,704	$ 7,014	$ 2,223	$ 4,096	$ 1,534	$ 62,004
Special mention	-	-	-	-	-	-	-	-
Substandard	16	13	-	16	10	33	-	88
Total consumer other consumer loans	$ 27,928	$ 12,534	$ 6,704	$ 7,030	$ 2,233	$ 4,129	$ 1,534	$ 62,092
Year-to-date gross charge-offs	$ 510	$ 203	$ 44	$ 107	$ 49	$ 152	$ 1	$ 1,066
Construction								
Pass	$ 71,154	$ 24,768	$ 2,505	$ 570	$ -	$ -	$ -	$ 98,997
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	1,106	-	-	-	-	1,106
Total construction loans	$ 71,154	$ 24,768	$ 3,611	$ 570	$ -	$ -	$ -	$ 100,103
Year-to-date gross charge-offs[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) Includes $498 thousand in charged-off demand deposit overdrafts reported as 2025 originations.

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extensions, an other than insignificant payment delay, or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the allowance for credit losses. Typically, one type of concession, such as term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. In some cases, the Company provides multiple types of concessions on one loan.

The following table presents the amortized cost basis of loans at September 30, 2026 and 2025 that were both experiencing financial difficulty and modified during the periods indicated, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below (dollars in thousands):

	Payment Delay	Term Extension	Rate Reduction	Term Extension and Payment Delay	PaymentDelay, Term Extension, and Interest Rate Reduction	% of Total Class Financing of Receivable
Three Months Ended September 30, 2026						
Commercial real estate	$ -	$ -	$ -	$ 4,511	$ -	0.33%
Commercial - specialized	-	-	-	-	-	0.00%
Commercial - general	-	700	-	-	-	0.08%
Consumer:						
1-4 family	-	-	-	-	-	0.00%
Auto loans	-	-	-	-	-	0.00%
Other consumer	-	-	-	-	-	0.00%
Construction	-	-	-	584	-	0.38%
	$ -	$ 700	$ -	$ 5,095	$ -	0.15%
Three Months Ended September 30, 2025						
Commercial real estate	$ -	$ 124	$ -	$ 604	$ -	0.07%
Commercial - specialized	-	-	-	101	-	0.03%
Commercial - general	-	139	-	3,955	-	0.65%
Consumer:						
1-4 family	-	-	-	-	-	0.00%
Auto loans	-	-	-	-	-	0.00%
Other consumer	-	-	-	-	-	0.00%
Construction	-	530	-	-	-	0.54%
	$ -	$ 793	$ -	$ 4,660	$ -	0.18%
Nine Months Ended September 30, 2026						
Commercial real estate	$ -	$ -	$ -	$ 4,511	$ -	0.33%
Commercial - specialized	169	-	-	-	-	0.04%
Commercial - general	357	766	-	12	-	0.14%
Consumer:						
1-4 family	-	30	-	223	-	0.04%
Auto loans	-	-	-	-	-	0.00%
Other consumer	-	-	-	-	-	0.00%
Construction	-	529	-	584	-	0.72%
	$ 526	$ 1,325	$ -	$ 5,330	$ -	0.19%
Nine Months Ended September 30, 2025						
Commercial real estate	$ -	$ 124	$ -	$ 604	$ -	0.07%
Commercial - specialized	-	-	-	101	-	0.03%
Commercial - general	-	391	-	3,998	8	0.70%
Consumer:						
1-4 family	-	-	-	-	-	0.00%
Auto loans	44	-	-	-	3	0.02%
Other consumer	-	-	-	15	-	0.02%
Construction	-	530	-	-	-	0.54%
	$ 44	$ 1,045	$ -	$ 4,718	$ 11	0.19%

The following table presents the financial effects of the loan modifications presented above to borrowers experiencing financial difficulty during the periods indicated below (dollars in thousands):

	Weighted - Average Interest Rate Reduction	Weighted - Average Term Extension (Months)
Three Months Ended September 30, 2026		
Commercial real estate	0.00%	15
Commercial - specialized	0.00%	-
Commercial - general	0.00%	3
Consumer:		
1-4 Family residential	0.00%	-
Auto loans	0.00%	-
Other consumer	0.00%	-
Construction	0.00%	6
Three Months Ended September 30, 2025		
Commercial real estate	0.00%	9
Commercial - specialized	0.00%	11
Commercial - general	0.00%	5
Consumer:		
1-4 Family residential	0.00%	-
Auto loans	0.00%	-
Other consumer	0.00%	-
Construction	0.00%	3
Nine Months Ended September 30, 2026		
Commercial real estate	0.00%	15
Commercial - specialized	0.00%	-
Commercial - general	0.00%	3
Consumer:		
1-4 Family residential	0.00%	44
Auto loans	0.00%	-
Other consumer	0.00%	-
Construction	0.00%	40
Nine Months Ended September 30, 2025		
Commercial real estate	0.00%	9
Commercial - specialized	0.00%	11
Commercial - general	1.00%	7
Consumer:		
1-4 Family residential	0.00%	-
Auto loans	1.20%	50
Other consumer	0.00%	5
Construction	0.00%	3

The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of such loans that have been modified in the last twelve months at the dates indicated (dollars in thousands):

	Current	30-89 Days Past Due	90 Days or More Past Due	Nonaccrual
September 30, 2026				
Commercial real estate	$ -	$ -	$ -	$ 4,511
Commercial - specialized	169	-	-	-
Commercial - general	870	12	-	375
Consumer:				
1-4 Family residential	99	-	30	124
Auto loans	24	-	-	-
Other consumer	-	-	-	-
Construction	-	-	-	1,113
	$ 1,162	$ 12	$ 30	$ 6,123
September 30, 2025				
Commercial real estate	727	-	-	-
Commercial - specialized	-	-	-	101
Commercial - general	243	156	-	4,045
Consumer:				
1-4 Family residential	185	237	84	-
Auto loans	47	-	-	-
Other consumer	15	-	-	-
Construction	-	529	-	-
	$ 1,217	$ 922	$ 84	$ 4,146

On an ongoing basis, the performance of modified loans is monitored for subsequent payment default. Payment default is defined as movement to nonperforming status, foreclosure, or charge-off. During the three months ended September 30, 2026, the Company had $5.1 million in loans made to borrowers experiencing financial difficulty that were modified during the last twelve months that subsequently defaulted. During the nine months ended September 30, 2026, the Company had $5.2 million in loans made to borrowers experiencing financial difficulty that were modified during the last twelve months that subsequently defaulted.

During the three months ended September 30, 2025, the Company had no loans made to borrowers experiencing financial difficulty that were modified during the last twelve months that subsequently defaulted. During the nine months ended September 30, 2025, the Company had $97 thousand in loans made to borrowers experiencing financial difficulty that were modified during the last twelve months that subsequently defaulted.

Upon the Company’s determination that a modified loan has subsequently been deemed to not be fully collectible, the uncollectible amount is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amount.

5. GOODWILL AND INTANGIBLES

As presented in Note 2, the Company recorded goodwill and core deposit intangibles of $47.3 million and $5.0 million, respectively, related to the BOH acquisition.

The Company had goodwill of $66.6 million and $19.3 million at September 30, 2026 and December 31, 2025, respectively.

Other intangible assets, which consisted of core deposit intangibles at the dates indicated are summarized below (dollars in thousands):

	September 30, 2026	December 31, 2025
Amortized intangible assets:		
Core deposit intangible	$ 11,659	$ 6,679
Less: Accumulated amortization	(6,394)	(5,546)
Other intangible assets, net	$ 5,265	$ 1,133

6. MORTGAGE SERVICING RIGHTS

The following table reflects the changes in fair value of the Company's mortgage servicing rights asset included in the consolidated balance sheets, and other information related to the serviced portfolio, for the periods or dates presented (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Beginning balance	$ 25,749	$ 25,134	$ 24,041	$ 26,292
Additions	297	249	1,240	832
Valuation adjustment	1,570	(925)	2,335	(2,666)
Ending balance	$ 27,616	$ 24,458	$ 27,616	$ 24,458

	September 30, 2026	December 31, 2025
Mortgage loans serviced for others	$ 1,750,079	$ 1,810,579
Mortgage servicing rights assets as a percentage of serviced mortgage loans	1.58%	1.33%

The following table reflects the key assumptions used in measuring the fair value of the Company's mortgage servicing rights as of the dates indicated:

	September 30, 2026	December 31, 2025
Weighted average constant prepayment rate	6.04%	8.81%
Weighted average discount rate	10.23%	9.70%
Weighted average life in years	8.39	7.43

7. BORROWING ARRANGEMENTS

Subordinated Debt

In December 2018, the Company issued $14.1 million of subordinated notes that have a maturity date of December 2030 and a weighted average fixed rate of 6.41% for the first seven years. After the fixed rate period expired, these notes began floating at the *Wall Street Journal* prime rate, with a floor of 4.0% and a ceiling of 7.5%, resulting in a rate of 6.75% as of September 30, 2026. These notes pay interest quarterly, are unsecured, and may be called by the Company at any time after the remaining maturity is five years or less. Additionally, these notes are intended to qualify for Tier 2 capital treatment, subject to regulatory limitations.

As of September 30, 2026, and December 31, 2025, the total amount of subordinated notes outstanding was $14.1 million.

Notes Payable and Other Borrowings

As of September 30, 2026 and December 31, 2025, City Bank had no outstanding advances from the Federal Home Loan Bank of Dallas ("FHLB") or any short-term borrowings.

8. STOCK-BASED COMPENSATION

Equity Incentive Plan

The South Plains Financial, Inc. 2019 Equity Incentive Plan ("Plan") was approved by the Company's Board of Directors on January 16, 2019 and by its shareholders on March 6, 2019. The purpose of the Plan is to: (i) attract and retain the best available personnel for positions of substantial responsibility, (ii) provide additional incentive to employees, directors and consultants, and (iii) promote the success of the Company's business. This Plan permits the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, and other stock-based awards. The maximum aggregate number of shares of common stock that may be issued pursuant to all awards under the Plan was 5,901,991 at September 30, 2026. The maximum aggregate number of shares that may be issued under the Plan may be increased annually by up to 3% of the total issued and outstanding common shares of the Company at the beginning of each fiscal year.

The fair value of each option award is estimated on the date of grant using the Black-Scholes model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatilities of the Company's common stock and similar peer company averages. The Company uses historical data to estimate option exercise and post-vesting termination behavior. The expected term of options granted represents the period of time that options granted are expected to be outstanding, which takes in to account that the options are not transferable. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the grant.

Options

A summary of activity in the Plan during the period indicated is presented in the table below (dollars in thousands, except per share data):

Nine Months Ended September 30, 2026	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at beginning of year:	1,076,673	$ 18.92		
Granted	28,675	38.92		
Exercised	(3,664)	20.38		
Forfeited	-	-		
Expired	-	-		
Balance at end of period	1,101,684	$ 19.43	3.45	$ 24,563
Exercisable at end of period	1,038,536	$ 18.50	3.15	$ 24,125
Vested at end of period	1,038,536	$ 18.50	3.15	$ 24,125

A summary of assumptions used to calculate the fair values of the awards granted during the periods noted is presented below:

	Nine Months Ended September 30,	
	2026	2025
Expected volatility	39.61%	41.21%
Expected dividend yield	1.80%	1.80%
Expected term (years)	6.1	6.1
Risk-free interest rate	3.85%	4.43%
Weighted average grant date fair value	$ 14.44	$ 13.35

The total intrinsic value of options exercised during the nine months ended September 30, 2026 and 2025 was $74 thousand and $917 thousand, respectively.

Restricted Stock Awards and Units

A summary of activity in the Plan during the period indicated is presented in the table below:

Nine Months Ended September 30, 2026	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year:	241,035	$ 28.60
Granted	78,750	41.30
Released	(59,686)	30.28
Expired	(726)	24
Forfeited	(4,296)	38.22
Balance at end of period	255,077	$ 31.98
Nonvested at end of period	163,356	$ 34.90
Vested unreleased at end of period	91,721	$ 26.78

Restricted stock units granted under the Plan typically vest from one to four years, but vesting periods may vary. Compensation expense for these grants will be recognized over the vesting period of the awards based on the fair value of the stock at the issue date. The total fair value of restricted stock units released during each of the nine months ended September 30, 2026 and 2025 was $1.8 million and $546 thousand, respectively.

For the three months ended September 30, 2026 and 2025, the Company recorded stock-based compensation expense related to the Plan of $715 thousand and $621 thousand, respectively. For the nine months ended September 30, 2026 and 2025, the Company recorded stock-based compensation expense related to the Plan of $2.2 million and $1.9 million, respectively.

The total unrecognized compensation cost for the awards outstanding under the Plan at September 30, 2026 was $4.9 million and will be recognized over a weighted average remaining period of 1.62 years.

Employee Stock Purchase Plan – The Company maintains the South Plains Financial, Inc. 2023 Employee Stock Purchase Plan (the "ESPP") offering eligible employees an opportunity to purchase shares of Company common stock at a 15% discount from the lesser of fair market value on the first or last day of each six-month offering period, beginning August 1, 2024. The ESPP provides for the purchase of up to an aggregate of one million shares of the Company's common stock by the employees. A maximum of 1,200 shares per employee may be purchased per offering period. The ESPP benefit is treated as compensation to the employee, and the compensation expense will be recognized over the service period based on the grant date fair value of the rights determined at the beginning of the purchase period, adjusted for forfeitures and certain modifications. For the three months ended September 30, 2026 and 2025, the Company recorded stock-based compensation expense related to the ESPP of $48 thousand and $29 thousand, respectively. For the nine months ended September 30, 2026 and 2025, the Company recorded stock-based compensation expense related to the ESPP of $123 thousand and $94 thousand, respectively.

At September 30, 2026, there was $50 thousand of total unrecognized compensation expense related to estimated ESPP shares. These costs are expected to be recognized over a period of four months.

A summary of assumptions used to calculate the grant date fair value of the ESPP rights for the period indicated is presented below:

	Nine Months Ended September 30,	
	2026	2025
Expected volatility	25.22% to 26.35%	29.24% to 36.08%
Expected dividend yield	1.59% to 1.61%	1.70% to 1.89%
Expected term (years)	0.5	0.5
Risk-free interest rate	3.59% to 3.98%	4.12% to 5.02%

9. OFF-BALANCE-SHEET ACTIVITIES, COMMITMENTS AND CONTINGENCIES

Financial instruments with off-balance-sheet risk - The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements. The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for recorded instruments.

Financial instruments whose contract amounts represent credit risk outstanding at the dates indicated follow (dollars in thousands):

	September 30, 2026	December 31, 2025
Commitments to grant loans and unfunded commitments under lines of credit	$ 721,322	$ 554,286
Standby letters of credit	38,116	30,681

Commitments to grant loans and extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company requires collateral supporting those commitments if deemed necessary.

FHLB Letters of Credit - The Company may use FHLB letters of credit to pledge to certain public deposits. At each of September 30, 2026 and December 31, 2025 there were no FHLB letters of credit outstanding.

Litigation – The Company is a defendant in legal actions arising from time to time in the normal course of business. Management believes that the ultimate liability, if any, arising from these matters will not materially affect the consolidated financial statements, based on information known as of the date the consolidated financial statements were issued.

10. CAPITAL AND REGULATORY MATTERS

SPFI and City Bank are subject to various regulatory capital requirements administered by its banking regulators. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on SPFI's and City Bank's financial statements. Under capital guidelines and the regulatory framework for prompt corrective action, SPFI and City Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require SPFI and City Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of September 30, 2026 and December 31, 2025, that SPFI and City Bank met all capital adequacy requirements to which they are subject.

As of September 30, 2026 and December 31, 2025, SPFI met the definition of "well-capitalized" under the applicable regulations of the Board of Governors of the Federal Reserve System and City Bank was "well capitalized" under the FDIC's regulatory framework for prompt corrective action and the Basel III capital guidelines. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following tables. There are no conditions or events since September 30, 2026 that management believes have changed the bank subsidiary's category.

SPFI, on a consolidated basis, and City Bank's actual capital amounts and ratios at the dates indicated follows (dollars in thousands):

	Actual		Minimum Required Under BASEL III		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2026						
Total Capital to Risk Weighted Assets:						
SPFI	$ 726,519	16.61%	$ 459,360	10.50%	N/A	N/A
City Bank	632,884	14.47%	459,140	10.50%	$ 437,276	10.00%
Tier 1 Capital to Risk Weighted Assets:						
SPFI	666,380	15.23%	371,863	8.50%	N/A	N/A
City Bank	584,025	13.36%	371,685	8.50%	349,821	8.00%
Common Equity Tier 1 to Risk Weighted Assets:						
SPFI	621,380	14.20%	306,240	7.00%	N/A	N/A
City Bank	584,025	13.36%	306,093	7.00%	284,229	6.50%
Tier 1 Capital to Average Assets:						
SPFI	666,380	12.42%	217,484	4.00%	N/A	N/A
City Bank	584,025	10.89%	217,368	4.00%	268,117	5.00%
December 31, 2025						
Total Capital to Risk Weighted Assets:						
SPFI	$ 622,485	17.26%	$ 378,645	10.50%	N/A	N/A
City Bank	537,444	14.91%	378,576	10.50%	$ 360,549	10.00%
Tier 1 Capital to Risk Weighted Assets:						
SPFI	566,107	15.70%	306,522	8.50%	N/A	N/A
City Bank	492,355	13.66%	306,466	8.50%	288,439	8.00%
Common Equity Tier 1 to Risk Weighted Assets:						
SPFI	521,107	14.45%	252,430	7.00%	N/A	N/A
City Bank	492,355	13.66%	252,384	7.00%	234,357	6.50%
Tier 1 Capital to Average Assets:						
SPFI	566,107	12.53%	181,591	4.00%	N/A	N/A
City Bank	492,355	10.90%	181,512	4.00%	225,868	5.00%

SPFI and City Bank are subject to the Basel III capital ratio requirements which include a "capital conservation buffer" of 2.50% above the regulatory minimum risk-based capital adequacy requirements. This 2.50% capital conservation buffer is reflected in the table above. Both SPFI's and City Bank's actual ratios, as outlined in the table above, exceeded the Basel III risk-based capital requirement with the capital conservation buffer as of September 30, 2026.

State banking regulations place certain restrictions on dividends paid by banks to their shareholders. Dividends paid by City Bank would be prohibited if the effect thereof would cause City Bank's capital to be reduced below applicable minimum capital requirements.

11. DERIVATIVES

The Company utilizes interest rate swap agreements as part of its asset-liability management strategy to help manage its interest rate risk position. These interest rate swaps are designated and qualify as fair value hedges and are entered into to reduce exposure to changes in fair value of fixed rate financial instruments. The notional amounts of the interest rate swaps do not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amounts and the other terms of the individual interest rate swap agreements.

The following table reflects the changes in fair value hedges included in the consolidated statements of comprehensive income (loss) for the periods indicated (dollars in thousands):

		Three Months Ended September 30,	
Interest Rate Contracts	**Location**	**2026**	**2025**
Change in fair value of interest rate swaps hedging investment securities	Other noninterest expense	$ 972	$ (912)
Change in fair value of hedged investment securities	Other noninterest expense	(936)	878
Change in fair value of interest rate swaps hedging fixed rate loans	Interest income-loans	5	(43)
Change in fair value of hedged fixed rate loans	Interest income-loans	(8)	23

		Nine Months Ended September 30,	
Interest Rate Contracts	**Location**	**2026**	**2025**
Change in fair value of interest rate swaps hedging investment securities	Other noninterest expense	$ 1,186	$ (5,016)
Change in fair value of hedged investment securities	Other noninterest expense	(1,172)	4,703
Change in fair value of interest rate swaps hedging fixed rate loans	Interest income-loans	10	(145)
Change in fair value of hedged fixed rate loans	Interest income-loans	(15)	150

The following table reflects the fair value hedges included in the consolidated balance sheets at the dates indicated (dollars in thousands):

	September 30, 2026		December 31, 2025	
	Notional Amount	**Fair Value**	**Notional Amount**	**Fair Value**
Included in other liabilities:				
Interest rate swaps related to fixed rate loans	$ -	$ -	$ -	$ -
Interest rate swaps related to state and municipal securities	-	-	-	-
Included in other assets:				
Interest rate swaps related to fixed rate loans	$ 1,958	$ 34	$ 2,030	$ 24
Interest rate swaps related to state and municipal securities	116,145	10,916	117,860	9,730

Mortgage banking derivatives

The net gains (losses) relating to free standing derivative instruments used for risk management are summarized below for the periods indicated (dollars in thousands):

		Three Months Ended September 30,	
	Location	**2026**	**2025**
Gain (loss) on mortgage banking derivatives	Net gain on sales of loans	$ (159)	$ (42)

		Nine Months Ended September 30,	
	Location	**2026**	**2025**
Gain (loss) on mortgage banking derivatives	Net gain on sales of loans	$ (68)	$ (5)

The following table reflects the amount and fair value of mortgage banking derivatives in the consolidated balance sheets at the dates indicated (dollars in thousands):

	September 30, 2026		December 31, 2025	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Forward contracts related to mortgage loans held for sale	$ 6,750	$ 111	$ -	$ -
Interest rate lock commitments	9,067	101	16,127	216
Included in other liabilities:				
Forward contracts related to mortgage loans held for sale	$ 4,888	$ 129	$ 15,746	$ 65

The Company had received cash collateral of $9.3 million and $10.5 million to offset asset derivative positions on its interest rate swaps at September 30, 2026 and December 31, 2025, respectively. This amount is reported in other liabilities in the consolidated balance sheets. The Company had advanced $1.1 million to offset liability derivative positions on its interest rate swaps at September 30, 2026 and December 31, 2025. Additionally, the Company had advanced $270 thousand on its mortgage forward contracts at September 30, 2026 and December 31, 2025. The advanced cash collateral amounts are reported in cash and due from banks in the consolidated balance sheets.

12. EARNINGS PER SHARE

The factors used in the earnings per share computation for the periods indicated follow (dollars in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 20,765	$ 16,318	$ 54,302	$ 43,217
Weighted average common shares outstanding - basic	18,844,259	16,241,695	18,076,653	16,295,757
Effect of dilutive securities:				
Stock-based compensation awards	757,104	748,851	728,904	684,833
Weighted average common shares outstanding - diluted	19,601,363	16,990,546	18,805,557	16,980,590
Basic earnings per share	$ 1.10	$ 1.00	$ 3.00	$ 2.65
Diluted earnings per share	$ 1.06	$ 0.96	$ 2.89	$ 2.55

13. SEGMENT INFORMATION

Operating segments are components of a business about which separate financial information is available that is evaluated regularly by the chief operating decision-maker (“CODM”) in deciding how to allocate resources and in assessing performance.

The Company’s reportable banking segment is determined by its President, who is the designated CODM. City Bank is the only significant subsidiary upon which the CODM makes decisions regarding how to allocate resources and assess performance. Individual bank branches offer a group of similar services, including commercial, real estate and consumer loans, time deposits, checking and savings accounts, all with similar operating and economic characteristics. While the CODM monitors the revenue streams of the various products, services, and branch locations, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the community banking services and branch locations are considered by management to be aggregated into one reportable operating segment, banking. Loans, investments, and deposits provide the significant revenues and interest expense, provision for credit losses and salaries and employee benefits comprise the significant expenses within the banking segment. All significant revenues and expenses mentioned above are shown individually on the consolidated statements of comprehensive income (loss).

14. FAIR VALUE DISCLOSURES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability is not adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are: (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

Valuation techniques that are consistent with the market approach, the income approach and/or the cost approach are required by GAAP. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset. Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- *Level 1 Inputs* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- *Level 2 Inputs* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.
- *Level 3 Inputs* - Significant unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

The following table summarizes fair value measurements as of the dates indicated below (dollars in thousands):

	Level 1	Level 2	Level 3	Total
September 30, 2026				
Assets (liabilities) measured at fair value on a recurring basis:				
Securities available for sale:				
State and municipal	$ -	$ 158,825	$ -	$ 158,825
Residential mortgage-backed securities	-	229,000	-	229,000
Commercial mortgage-backed securities	-	47,341	-	47,341
Commercial collateralized mortgage obligations	-	66,100	-	66,100
Asset-backed and other amortizing securities	-	11,298	-	11,298
Other securities	-	5,783	-	5,783
Loans held for sale (mandatory)	-	7,980	-	7,980
Mortgage servicing rights	-	-	27,616	27,616
Asset derivatives	-	11,162	-	11,162
Liability derivatives	-	(129)	-	(129)
Assets measured at fair value on a non-recurring basis:				
Loans held for investment	-	-	10,319	10,319
December 31, 2025				
Assets (liabilities) measured at fair value on a recurring basis:				
Securities available for sale:				
State and municipal	$ -	$ 176,305	$ -	$ 176,305
Residential mortgage-backed securities	-	260,760	-	260,760
Commercial mortgage-backed securities	-	44,786	-	44,786
Commercial collateralized mortgage obligations	-	67,597	-	67,597
Asset-backed and other amortizing securities	-	13,132	-	13,132
Other securities	-	4,960	-	4,960
Loans held for sale (mandatory)	-	7,796	-	7,796
Mortgage servicing rights	-	-	24,041	24,041
Asset derivatives	-	9,970	-	9,970
Liability derivatives	-	(65)	-	(65)
Assets measured at fair value on a non-recurring basis:				
Loans held for investment	-	-	5,515	5,515

Securities – Fair value is calculated based on market prices of similar securities using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded.

Mortgage servicing rights – Mortgage servicing rights are reported at fair value using Level 3 inputs. The mortgage servicing rights asset is valued by projecting net servicing cash flows, which are then discounted to estimate the fair value. The fair value of the mortgage servicing rights asset is impacted by a variety of factors, including prepayment speeds, default rates, and discount rates, which are significant unobservable inputs. Mortgage servicing rights are the only Level 3 asset measured at fair value on a recurring basis, see Note 6 for the Level 3 change activity for each of the three and nine months September 30, 2026 and 2025.

Derivatives – Fair value of derivatives is based on valuation models using observable market data as of the measurement date.

Loans held for investment – Includes certain collateral-dependent loans which are reported at fair value, for which a specific allocation of the allowance for credit losses is based off of the underlying collateral, less estimated disposal costs, if repayment is expected solely from the sale of the collateral. Collateral values are estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria.

Fair Values of Assets Recorded on a Recurring Basis for which the Fair Value Option has been Elected

Loans held for sale (mandatory) – Loans held for sale originated for mandatory delivery are reported at fair value on a recurring basis due to the Company's election to adopt fair value accounting treatment for these assets. This election allows for a more effective offset of the changes in fair values of the assets and the derivative instruments used to economically hedge them without the burden of complying with the requirements for hedge accounting under ASC Topic 815, *Derivatives and Hedging*. For assets for which the fair value option has been elected, the earned current contractual interest payment is recognized in interest income, loan origination costs and fees on fair value option loans are recognized in earnings as incurred and not deferred. At September 30, 2026, and December 31, 2025, there were no gains or losses recorded attributable to changes in instrument-specific credit risk. Fair value is determined using quoted prices for similar assets, adjusted for specific attributes of that loan. At September 30, 2026 and December 31, 2025, the aggregate fair value of loans held for sale for mandatory delivery was $8.0 million and $7.8 million, respectively. The aggregate unpaid principal balance as of the same dates was $8.1 million and $7.6 million, respectively, representing differences between fair value and unpaid principal balance of $(89) thousand and $152 thousand, respectively. The Company had no loans held for sale for mandatory delivery designated as nonaccrual or 90 days or more past due at each of September 30, 2026 and December 31, 2025.

The total fair value option impact on noninterest income for loans held for sale for mandatory delivery is included in Net gain on sales of loans in the consolidated statements of comprehensive income (loss). For each of the three months ended September 30, 2026 and 2025, the net (gain) loss amount totaled $433 thousand and $181 thousand, respectively. For each of the nine months ended September 30, 2026 and 2025, the net (gain) loss amount totaled $310 thousand and $18 thousand, respectively.

The following table presents quantitative information about recurring and non-recurring Level 3 fair value measurements at the dates indicated (dollars in thousands):

	Fair Value	Valuation Techniques	Unobservable Inputs	Range of Discounts
September 30, 2026				
Non-recurring:				
Loans held for investment	$ 10,319	Third party appraisals or inspections	Collateral discounts and selling costs	20% to 55%
Recurring:				
Mortgage servicing rights	27,616	Discounted cash flows	Constant prepayment rate	6.04%
			Discount rate	10.23%
December 31, 2025				
Non-recurring:				
Loans held for investment	$ 5,515	Third party appraisals or inspections	Collateral discounts and selling costs	20% to 60%
Recurring:				
Mortgage servicing rights	24,041	Discounted cash flows	Constant prepayment rate	8.81%
			Discount rate	9.70%

The estimated fair values, and related carrying amounts, of the Company's financial instruments that are not previously disclosed in the recurring fair values section are as follows (dollars in thousands):

	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
September 30, 2026					
Financial assets:					
Cash and cash equivalents	$ 776,735	$ 776,735	$ -	$ -	$ 776,735
Loans held for investment, net	3,778,370	-	-	3,747,461	3,747,461
Loans held for sale (best efforts)	2,471	-	2,521	-	2,521
Accrued interest receivable	20,711	-	20,711	-	20,711
Financial liabilities:					
Deposits	4,660,691	-	4,660,204	-	4,660,204
Accrued interest payable	5,450	-	5,450	-	5,450
Junior subordinated deferrable interest debentures	46,393	-	36,346	-	36,346
Subordinated debt	14,100	-	13,113	-	13,113
December 31, 2025					
Financial assets:					
Cash and cash equivalents	$ 552,439	$ 552,439	$ -	$ -	$ 552,439
Loans held for investment, net	3,099,371	-	-	3,082,072	3,082,072
Loans held for sale (best efforts)	2,197	-	2,237	-	2,237
Accrued interest receivable	20,931	-	20,931	-	20,931
Financial liabilities:					
Deposits	3,874,077	-	3,873,806	-	3,873,806
Accrued interest payable	5,014	-	5,014	-	5,014
Junior subordinated deferrable interest debentures	46,393	-	35,213	-	35,213
Subordinated debt	14,100	-	13,907	-	13,907

15. SUBSEQUENT EVENTS

Dividend Declaration

On October 22, 2026, the Company declared a cash dividend of $0.19 per share of common stock to be paid on November 16, 2026 to all shareholders of record as of the close of business on November 2, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations for the periods covered by this Quarterly Report on Form 10-Q (this "Form 10-Q") and should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included in this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Annual Report on Form 10-K") filed with the U.S. Securities and Exchange Commission (the "SEC") pursuant to Rule 424(b) of the Securities Act of 1933, as amended (the "Securities Act"), on March 5, 2026. Unless we state otherwise or the context otherwise requires, references in this Form 10-Q to "we," "our," "us" and "the Company" refer to South Plains Financial, Inc., a Texas corporation, our wholly-owned banking subsidiary, City Bank, a Texas banking association, and our other consolidated subsidiaries. References in this Form 10-Q to the "Bank" refer to City Bank.

Cautionary Notice Regarding Forward-Looking Statements

This Form 10-Q contains statements that we believe are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "strive," "projection," "goal," "target," "outlook," "aim," "would," "annualized" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

- risks relating to the acquisition of BOH Holdings, Inc. ("BOH") and acquisitions generally, including disruption to current plans and operations, our ability to recognize the expected benefits and synergies of completed acquisitions, and our ability to successfully make and integrate acquisitions, which may include regulatory approvals and conditions;
- risks related to the integration of any other acquired businesses, including exposure to potential asset quality and credit quality risks and unknown or contingent liabilities, risks related to entering a new geographic market, the time and costs associated with integrating systems, technology platforms, procedures and personnel, the ability to retain key employees and maintain relationships with significant customers, the need for additional capital to finance such transactions, and possible failures in realizing the anticipated benefits from acquisitions;
- potential recession in the United States and our market areas;
- uncertainty or perceived instability in the banking industry as a whole;
- increased competition for deposits and related changes in deposit customer behavior;
- the persistent inflationary pressures in the United States, and its impact on market interest rates, the economy and credit quality;
- adverse changes in customer sentiment, spending, borrowing and savings habits;
- elevated asset prices;
- business and economic conditions, particularly those affecting our market areas, as well as the concentration of our business in such market areas;
- a deterioration of credit quality;
- the impact of pandemics, epidemics, or any other health-related crisis;
- high concentrations of loans secured by real estate located in our market areas;
- increases in unemployment rates in the United States and our market areas;
- risks associated with our commercial loan portfolio, including the risk for deterioration in value of the general business assets that secure such loans;
- potential changes in the prices, values and sales volumes of commercial and residential real estate securing our real estate loans;

- risks associated with our agricultural loan portfolio, including the heightened sensitivity to weather conditions, commodity prices, and other factors generally outside the borrowers and our control;
- risks related to the significant amount of credit that we have extended to a limited number of borrowers and in a limited geographic area;
- public funds deposits comprising a relatively high percentage of our deposits;
- potential impairment on the goodwill we have recorded or may record in connection with business acquisitions;
- our ability to maintain our reputation;
- our ability to successfully manage our credit risk and the sufficiency of our allowance for credit losses;
- our ability to attract, hire and retain qualified management personnel;
- our dependence on our management team, including our ability to retain executive officers and key employees and their customer and community relationships;
- interest rate fluctuations, which could have an adverse effect on our profitability;
- competition from banks, credit unions and other financial services providers;
- our ability to keep pace with technological change or difficulties we may experience when implementing new technologies;
- cybersecurity risk, including 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 a cyber attack, could impact the Company's reputation, increase regulatory oversight, and impact the financial results of the Company;
- our ability to maintain effective internal control over financial reporting;
- employee error, fraudulent activity by employees or customers and inaccurate or incomplete information about our customers and counterparties;
- increased capital requirements imposed by banking regulators, which may require us to raise capital at a time when capital is not available on favorable terms or at all;
- our ability to maintain adequate liquidity and to raise necessary capital to fund our acquisition strategy and operations or to meet increased minimum regulatory capital levels;
- costs and effects of litigation, investigations or similar matters to which we may be subject, including any effect on our reputation;
- severe weather, natural disasters, military conflicts (including the conflicts in the Middle East, the possible expansion of such conflicts and potential geopolitical and economic consequences), acts of terrorism, geopolitical instability, domestic civil unrest or other external events, including as a result of the impact of the policies of the current U.S. presidential administration or Congress;
- uncertainty regarding United States fiscal debt, deficit and budget matters;
- 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;
- our ability to keep pace with changes in, and the risks related to the development, implementation, use and management of, emerging technologies, including digital assets, artificial intelligence and machine learning;
- compliance with governmental and regulatory requirements, including the Dodd-Frank Act Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 ("EGRRCPA"), and others relating to banking, consumer protection, securities and tax matters;
- changes in accounting principles and standards, including those related to loan loss recognition under the current expected credit loss, or CECL, methodology;
- changes in the laws, rules, regulations, interpretations or policies that apply to the Company's business and operations, and any additional regulations, or repeals that may be forthcoming as a result thereof, which could cause the Company to incur additional costs and adversely affect the Company's business environment, operations and financial results; and

- our ability to navigate the uncertain impacts of current and future governmental monetary and fiscal policies, including the current and future policies of the Board of Governors of the Federal Reserve System ("Federal Reserve") and as a result of initiatives of the Trump administration.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this Form 10-Q and the risk factors set forth in our 2025 Annual Report on Form 10-K. Because of these risks and other uncertainties, our actual future results, performance or achievements, or industry results, may be materially different from the results indicated by the forward-looking statements in this Form 10-Q. In addition, our past results of operations are not necessarily indicative of our future results. Accordingly, you should not rely on any forward-looking statements, which represent our beliefs, assumptions and estimates only as of the dates on which such forward-looking statements were made. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Available Information

The Company maintains an Internet web site at *www.spfi.bank*. The Company makes available, free of charge, on its web site (under *www.spfi.bank/financials-filings/sec-filings*) the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Exchange Act as soon as reasonably practicable after the Company files such material with, or furnishes it to, the SEC. The Company also makes available, free of charge, through its web site (under *www.spfi.bank/corporate-governance/documents-charters*) links to the Company's Code of Conduct and the charters for its board committees. In addition, the SEC maintains an Internet site (at *www.sec.gov*) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

The Company routinely posts important information for investors on its web site (under *www.spfi.bank* and, more specifically, under the News & Events tab at *www.spfi.bank/news-events/press-releases*). The Company intends to use its web site as a means of disclosing material non-public information and for complying with its disclosure obligations under SEC Regulation FD (Fair Disclosure). 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 Form 10-Q.

Overview

We are a bank holding company headquartered in Lubbock, Texas, and our wholly-owned subsidiary, 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. Through City Bank, we provide a wide range of commercial and consumer financial services to small and medium-sized businesses and individuals in our market areas. Our principal business activities include commercial and retail banking, along with investment, trust and mortgage services.

Recent Developments

Mergers and Acquisitions

On April 1, 2026, SPFI acquired BOH in an all-stock transaction through the merger of BOH with and into SPFI, with SPFI surviving the merger (the "Merger"). Immediately after the Merger, Bank of Houston, a Texas state banking association and wholly-owned subsidiary of BOH, merged with and into City Bank, with City Bank surviving the merger. At March 31, 2026, BOH had approximately $685.0 million in assets, $631.9 million in total gross loans, and $595.6 million in deposits. The total aggregate consideration delivered to holders of BOH common stock was approximately 2.8 million shares of SPFI common stock.

For further information regarding the BOH acquisition, see Note 2 in the Notes to the Company's consolidated financial statements included in Item 1 of this Report.

Results of Operations

We had net income of $20.8 million, or $1.06 per diluted common share, for the three months ended September 30, 2026, compared to net income of $16.3 million, or $0.96 per diluted common share for the three months ended September 30, 2025. Return on average equity (annualized) was 13.15% and return on average assets (annualized) was 1.53% for the three months ended September 30, 2026, compared to 13.89% and 1.47%, respectively, for the three months ended September 30, 2025. Details of the changes in the various components are further discussed below.

We had net income of $54.3 million, or $2.89 per diluted common share for the nine months ended September 30, 2026, compared to net income of $43.2 million, or $2.55 per diluted common share for the nine months ended September 30, 2025. Return on average equity (annualized) was 12.43% and return on average assets (annualized) was 1.43% for the nine months ended September 30, 2026, compared to 12.78% and 1.33%, respectively, for the nine months ended September 30, 2025. Details of the changes in the various components are further discussed below.

Net Interest Income

Net interest income is the principal source of the Company's net income and represents the difference between interest income (interest and fees earned on assets, primarily loans and investment securities) and interest expense (interest paid on deposits and borrowed funds). We generate interest income from interest-earning assets that we own, including loans and investment securities. We incur interest expense from interest-bearing liabilities, including interest-bearing deposits and other borrowings, notably Federal Home Loan Bank of Dallas ("FHLB") advances and subordinated notes. To evaluate net interest income, we measure and monitor (i) yields on our loans and other interest-earning assets, (ii) the costs of our deposits and other funding sources, (iii) our net interest spread and (iv) our net interest margin. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is calculated as the annualized net interest income on a fully tax-equivalent basis divided by average interest-earning assets.

Changes in the market interest rates and interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income.

The following tables present, for the periods indicated, information about: (i) weighted average balances, the total dollar amount of interest income from interest-earning assets and the resultant average yields; (ii) average balances, the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates; (iii) net interest income; (iv) the interest rate spread; and (v) the net interest margin. For purposes of this table, interest income, net interest margin and net interest spread are shown on a fully tax-equivalent basis.

	Three Months Ended September 30,					
	2026			2025		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
	(Dollars in thousands)					
Assets:						
Interest-earning assets:						
Loans[1]	$ 3,847,368	$ 65,502	6.75%	$ 3,093,465	$ 53,935	6.92%
Investment securities – taxable	468,562	4,166	3.53%	498,302	4,638	3.69%
Investment securities – non-taxable	151,800	1,075	2.81%	155,028	1,080	2.76%
Other interest-earning assets[2]	658,298	5,900	3.56%	489,621	5,101	4.13%
Total interest-earning assets	5,126,028	76,643	5.93%	4,236,416	64,754	6.06%
Noninterest-earning assets	243,848			169,345		
Total assets	$ 5,369,876			$ 4,405,761		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
NOW, savings and money market deposits	$ 2,899,510	$ 18,784	2.57%	$ 2,325,281	$ 16,007	2.73%
Time deposits	594,664	5,254	3.51%	424,788	3,918	3.66%
Short-term borrowings	7	-	0%	7	-	0.00%
Subordinated debt	14,100	238	6.7%	63,534	835	5.21%
Junior subordinated deferrable interest debentures	46,393	673	5.76%	46,393	741	6.34%
Total interest-bearing liabilities	3,554,674	24,949	2.78%	2,860,003	21,501	2.98%
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	1,109,748			1,010,159		
Other liabilities	79,193			69,661		
Total noninterest-bearing liabilities	1,188,941			1,079,820		
Stockholders' equity	626,261			465,938		
Total liabilities and stockholders' equity	$ 5,369,876			$ 4,405,761		
Net interest income		$ 51,694			$ 43,253	
Net interest spread			3.15%			3.08%
Net interest margin[3]			4.00%			4.05%

	Nine Months Ended September 30,					
	2026			2025		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
	(Dollars in thousands)					
Assets:						
Interest-earning assets:						
Loans[1]	$ 3,585,041	$ 182,298	6.80%	$ 3,087,530	$ 158,406	6.86%
Investment securities – taxable	480,312	12,689	3.53%	505,721	14,030	3.71%
Investment securities – non-taxable	152,488	3,232	2.83%	153,486	3,109	2.71%
Other interest-earning assets[2]	625,077	16,525	3.53%	444,473	13,707	4.12%
Total interest-earning assets	4,842,918	214,744	5.93%	4,191,210	189,252	6.04%
Noninterest-earning assets	218,662			169,264		
Total assets	$ 5,061,580			$ 4,360,474		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
NOW, savings and money market deposits	$ 2,746,269	$ 52,191	2.54%	$ 2,318,134	$ 47,408	2.73%
Time deposits	544,710	14,441	3.54%	435,127	12,406	3.81%
Short-term borrowings	1,250	38	4.06%	9	-	0.00%
Subordinated debt	14,100	719	6.82%	63,850	2,505	5.25%
Junior subordinated deferrable interest debentures	46,393	1,994	5.75%	46,393	2,209	6.37%
Total interest-bearing liabilities	3,352,722	69,383	2.77%	2,863,513	64,528	3.01%
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	1,067,204			978,426		
Other liabilities	57,696			66,471		
Total noninterest-bearing liabilities	1,124,900			1,044,897		
Stockholders' equity	583,958			452,064		
Total liabilities and stockholders' equity	$ 5,061,580			$ 4,360,474		
Net interest income		$ 145,361			$ 124,724	
Net interest spread			3.16%			3.02%
Net interest margin[3]			4.01%			3.98%

(1) Average loan balances include nonaccrual loans and loans held for sale.
(2) Includes income and average balances for interest-earning deposits at other banks, nonmarketable securities, federal funds sold, and other miscellaneous interest-earning assets.
(3) Net interest margin is calculated as the annualized net interest income, on a fully tax-equivalent basis, divided by average interest-earning assets.

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following tables set forth the effects of changing rates and volumes on our net interest income during the period shown. Information is provided with respect to (i) effects on interest income attributable to changes in volume (change in volume multiplied by prior rate) and (ii) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume). Change applicable to both volume and rate have been allocated to volume.

	Three Months Ended September 30, 2026 over 2025		
	Change due to:		
	Volume	Rate	Total Variance
	(Dollars in thousands)		
Interest-earning assets:			
Loans	$ 13,144	$ (1,577)	$ 11,567
Investment securities – taxable	(277)	(195)	(472)
Investment securities – non-taxable	(22)	17	(5)
Other interest-earning assets	1,757	(958)	799
Total interest-earning assets	14,602	(2,713)	11,889
Interest-bearing liabilities:			
NOW, Savings, MMDAs	3,953	(1,176)	2,777
Time deposits	1,567	(231)	1,336
Short-term borrowings	-	-	-
Subordinated debt	(650)	53	(597)
Junior subordinated deferrable interest debentures	-	(68)	(68)
Total interest-bearing liabilities	4,870	(1,422)	3,448
Net change	$ 9,732	$ (1,291)	$ 8,441

	Nine Months Ended September 30, 2026 over 2025		
	Change due to:		
	Volume	Rate	Total Variance
	(Dollars in thousands)		
Interest-earning assets:			
Loans	$ 25,525	$ (1,633)	$ 23,892
Investment securities – taxable	(705)	(636)	(1,341)
Investment securities – non-taxable	(20)	143	123
Other interest-earning assets	5,570	(2,752)	2,818
Total interest-earning assets	30,370	(4,878)	25,492
Interest-bearing liabilities:			
NOW, Savings, MMDAs	8,756	(3,973)	4,783
Time deposits	3,124	(1,089)	2,035
Short-term borrowings	-	38	38
Subordinated debt	(1,952)	166	(1,786)
Junior subordinated deferrable interest debentures	-	(215)	(215)
Total interest-bearing liabilities	9,928	(5,073)	4,855
Net change	$ 20,442	$ 195	$ 20,637

Net interest income for the three months ended September 30, 2026 was $51.5 million, compared to $43.0 million for the three months ended September 30, 2025, an increase of $8.4 million, or 19.6%, and was comprised of an increase of $11.9 million in interest income, partially offset by an increase of $3.4 million in interest expense. The growth in interest income was primarily attributable to an increase of $11.6 million in loan interest income, which was a result of growth of $753.9 million in average loans outstanding, partially offset by a decrease of 17 basis points in the yield on loans due to a decline in market interest rates. The $3.4 million increase in interest expense was primarily related to an increase of $744.1 million in average interest-bearing deposits, partially offset by a decrease of 14 basis points in the interest rate paid on these deposits over the same period in 2025. Additionally, average noninterest-bearing demand deposits increased $99.6 million for the three months ended September 30, 2026 as compared to the three months ended September 30, 2025. The increase in loans and deposits was largely attributable to the BOH acquisition as well as organic growth.

For the three months ended September 30, 2026, net interest margin and net interest spread were 4.00% and 3.15%, respectively, compared to 4.05% and 3.08%, respectively, for the same period in 2025, which reflects the changes in interest income and interest expense discussed above.

Net interest income for the nine months ended September 30, 2026 was $144.7 million, compared to $124.0 million for the nine months ended September 30, 2025, an increase of $20.6 million, or 16.6%, and was comprised of an increase of $25.5 million in interest income, partially offset by an increase of $4.9 million in interest expense. The growth in interest income was largely attributable to increases of $23.9 million in loan interest income and $2.8 million in interest income on other interest-earning assets. The increase in loan interest income resulted from growth of $497.5 million in average loans outstanding, partially offset by a decrease of 6 basis points in the yield on loans. The increase in interest income on other interest-earning assets was primarily due to an increase of $180.6 million in average other interest-bearing assets, partially offset by a decline of 59 basis points in the interest rate paid on those assets based on a reduction in market interest rates during the compared periods. The $4.9 million increase in interest expense was primarily related to an increase of $537.7 million in average interest-bearing deposits, partially offset by a 19 basis point decrease in the rate paid on these deposits over the same period in 2025. The increase in interest expense on deposits was partially offset by a reduction of $1.8 million in interest expense as a result of the redemption of $50 million in subordinated debt securities on September 30, 2025. The increase in loans and deposits was largely attributable to the BOH acquisition as well as organic growth.

For the nine months ended September 30, 2026, net interest margin and net interest spread were 4.01% and 3.16%, respectively, compared to 3.98% and 3.02%, respectively, for the same period in 2025, which reflects the changes in interest income and interest expense discussed above.

Provision for Credit Losses

Credit risk is inherent in the business of making loans. We establish an allowance for credit losses (“ACL”) through charges to earnings, which are shown in the consolidated statements of comprehensive income (loss) as the provision for credit losses. Credit losses on loans are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. The provision for credit losses is determined by conducting a quarterly evaluation of the adequacy of our ACL and charging the shortfall or excess, if any, to the current quarter’s expense. This has the effect of creating variability in the amount and frequency of charges to our earnings. The provision for credit losses and the amount of allowance for each period are dependent upon many factors, including loan growth, net charge offs, changes in the composition of the loan portfolio, delinquencies, management’s assessment of the quality of the loan portfolio, the valuation of problem loans and the general economic conditions in our market areas.

The provision for credit losses for the three months ended September 30, 2026 was $830 thousand, compared to $500 thousand for the three months ended September 30, 2025. The increase in provision was primarily attributable to loan growth that occurred during the third quarter of 2026 compared to loan contraction experienced in the third quarter of 2025.

The provision for credit losses for the nine months ended September 30, 2026 was $1.4 million, compared to $3.4 million for the nine months ended September 30, 2025. The decrease in provision was largely attributable to several credit quality downgrades that occurred during the first two quarters of 2025.

The provision for credit losses is a significant factor in the Company’s operating results. For further discussion regarding the provision for credit losses and management’s assessment of the adequacy of the ACL for loans, see “Allowance for Credit Losses for Loans” and “Asset Quality” under “Financial Condition” in this Item 2, below.

Noninterest Income

While interest income remains the largest single component of total revenues, noninterest income is an important contributing component. The largest portion of our noninterest income is associated with our mortgage banking activities. Other sources of noninterest income include service charges on deposit accounts, and bank card services and interchange fees.

The following table sets forth the major components of our noninterest income for the periods indicated:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Increase (decrease)	2026	2025	Increase (decrease)
	(Dollars in thousands)					
Noninterest income:						
Service charges on deposit accounts	$ 2,531	$ 2,266	$ 265	$ 7,152	$ 6,505	$ 647
Bank card services and interchange fees	3,542	3,403	139	10,868	10,553	315
Mortgage banking activities	4,878	2,575	2,303	13,643	8,294	5,349
Investment commissions	593	428	165	1,614	1,288	326
Fiduciary income	855	729	126	2,446	2,161	285
Other income and fees[(1)]	1,411	1,764	(353)	3,525	5,154	(1,629)
Total noninterest income	$ 13,810	$ 11,165	$ 2,645	$ 39,248	$ 33,955	$ 5,293

(1) Other income and fees includes income and fees associated with the increase in the cash surrender value of life insurance, safe deposit box rental, check printing, collections, legal settlements, wire transfer, Small Business Investment Company ("SBIC") investments, income from sweep accounts, and other miscellaneous services.

Noninterest income for the three months ended September 30, 2026 was $13.8 million, compared to $11.2 million for the three months ended September 30, 2025, an increase of $2.6 million, or 23.7%. Significant changes in the components of noninterest income are detailed below.

Service charges on deposit accounts - Income from service charges on deposit accounts increased $265 thousand, or 11.7%, for the three months ended September 30, 2026 as compared to the same period in 2025. The increase was largely attributable to continued focus on treasury management, deposit growth, and the BOH acquisition.

Mortgage banking activities - Income from mortgage banking activities increased $2.3 million, or 89.4%, to $4.9 million for the three months ended September 30, 2026 from $2.6 million for the three months ended September 30, 2025. This increase was partially the result of a $1.6 million positive fair value adjustment to our mortgage servicing rights portfolio in the third quarter of 2026 compared to a negative fair value adjustment of $925 thousand in the third quarter of 2025. The fair value of the mortgage servicing rights portfolio is affected by movements in market interest rates, which increased during the third quarter of 2026 as compared to decreasing during the third quarter of 2025. The increase was partially offset by a decrease in other mortgage income related to a decrease in originations of loans held for sale in the third quarter of 2026 as compared to the same period of 2025.

Other income and fees - Other income and fees decreased $353 thousand, or 20.0%, for the three months ended September 30, 2026 as compared to the same period in 2025. The decrease was primarily the result of decreases of $103 thousand in income on sweep accounts and $62 thousand in income from SBIC investments in the third quarter of 2026.

Noninterest income for the nine months ended September 30, 2026 was $39.2 million, compared to $34.0 million for the nine months ended September 30, 2025, an increase of $5.3 million, or 15.6%. Significant changes in the components of noninterest income are detailed below.

Service charges on deposit accounts - Income from service charges on deposit accounts increased $647 thousand, or 9.9%, to $7.2 million for the nine months ended September 30, 2026 as compared to the same period in 2025. The increase was largely attributable to continued focus on treasury management, deposit growth, and the BOH acquisition.

Mortgage banking activities - Income from mortgage banking activities increased $5.3 million, or 64.5%, to $13.6 million for the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025. This increase was mainly the result of a $2.3 million positive fair value adjustment to our mortgage servicing rights portfolio for the nine months ended September 30, 2026 compared to a negative fair value adjustment of $2.7 million for the same period in 2025. The fair value of the mortgage servicing rights portfolio is affected by movements in market interest rates, which increased during the first three quarters of 2026 as compared to decreases in the same period within 2025.

Other income and fees - Other income and fees decreased $1.6 million, or 31.6%, for the nine months ended September 30, 2026 as compared to the same period in 2025. The decrease was primarily the result of a decreases of $559 thousand in income from SBIC investments, $244 thousand in income on sweep accounts, and $165 thousand on gains on sales of fixed assets in the nine months ended September 30, 2026.

Noninterest Expense

The following table sets forth the major components of our noninterest expense for the periods indicated:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	Increase (decrease)	2026	2025	Increase (decrease)
	(Dollars in thousands)					
Noninterest expense:						
Salaries and employee benefits	$ 22,388	$ 19,413	$ 2,975	$ 66,059	$ 58,562	$ 7,497
Occupancy and equipment, net	4,390	4,046	344	12,673	12,045	628
Professional services	1,940	1,293	647	6,745	4,897	1,848
Marketing and development	1,028	979	49	3,061	2,803	258
IT and data services	1,635	1,184	451	4,984	3,529	1,455
Bankcard expenses	1,805	1,637	168	5,029	4,670	359
Other expenses[(1)]	4,888	4,472	416	14,913	13,091	1,822
Total noninterest expense	$ 38,074	$ 33,024	$ 5,050	$ 113,464	$ 99,597	$ 13,867

(1) Other expenses include items such as banking regulatory assessments, intangible asset amortization, data conversion expenses, appraisal expenses, telephone expenses, postage, courier fees, directors' fees, and insurance.

Noninterest expense for the three months ended September 30, 2026 was $38.1 million compared to $33.0 million for the three months ended September 30, 2025, an increase of $5.0 million, or 15.3%. Significant changes in the components of noninterest expense are detailed below.

Salaries and employee benefits - Salaries and employee benefits increased $3.0 million, or 15.3%, from $19.4 million for the three months ended September 30, 2025 to $22.4 million for the three months ended September 30, 2026. This increase was primarily driven by recurring core personnel expenses related to the BOH acquisition and annual salary adjustments.

Occupancy and equipment, net - Occupancy expenses increased $344 thousand or 8.5%, from $4.0 million for the three months ended September 30, 2025 to $4.4 million for the three months ended September 30, 2026. This increase was primarily related to new core costs related to the BOH acquisition.

Professional services - Professional services increased $647 thousand, or 50.0% from $1.3 million for the three months ended September 30, 2025 to $1.9 million for the three months ended September 30, 2026. This increase was driven by an increase of $276 thousand in legal fees during the third quarter of 2026, mainly related to collection efforts on problem loans. The remaining increase was primarily related to consulting services for technology initiatives and new core costs related to the BOH acquisition.

IT and data services - IT and data services increased $451 thousand or 38.1%, to $1.6 million for the three months ended September 30, 2026 from $1.2 million for the three months ended September 30, 2025. This increase was largely related to rising software costs, costs related to the implementation of a new loan origination system, and new core costs related to the BOH acquisition.

Other expenses - Other expenses increased $416 thousand, or 9.3%, from $4.5 million for the three months ended September 30, 2025 to $4.9 million for the three months ended September 30, 2026. This was primarily the result of new core expenses after the BOH acquisition.

Noninterest expense for the nine months ended September 30, 2026 was $113.5 million, compared to $99.6 million for the nine months ended September 30, 2025, an increase of $13.9 million, or 13.9%. Significant changes in the components of noninterest expense are detailed below. There was a total of $2.6 million of acquisition related expenses recorded in the nine months ended September 30, 2026. This total was comprised of $708 thousand in personnel expenses, $1.2 million in professional services expense, and $693 thousand in data conversion expenses.

Salaries and employee benefits - Salaries and employee benefits increased $7.5 million, or 12.8%, from $58.6 million for the nine months ended September 30, 2025 to $66.1 million for the nine months ended September 30, 2026. This increase was primarily driven by personnel expenses related to the BOH acquisition - both recurring core and one-time expenses, annual salary adjustments and new lender hires during the last twelve months.

Occupancy and equipment, net - Occupancy expenses increased $628 thousand, or 5.2%, from $12.0 million for the nine months ended September 30, 2025 to $12.7 million for the nine months ended September 30, 2026. This increase was primarily related to new costs related to the BOH acquisition.

Professional services - Professional services increased $1.8 million, or 37.7% from $4.9 million for the nine months ended September 30, 2025 to $6.7 million for the nine months ended September 30, 2026. This increase was primarily driven by $1.2 million of BOH acquisition-related expenses in the first quarter of 2026 and an increase in legal fees related to collection efforts on problem loans in the third quarter of 2026.

IT and data services - IT and data services increased $1.5 million, or 41.2%, from $3.5 million for nine months ended September 30, 2025 to $5.0 million for the nine months ended September 30, 2026. The increase is primarily a result of new core costs related to the BOH acquisition. Additionally, there has been continued rising cost of technology services and new costs related to the implementation of a new loan origination system.

Other expenses - Other expenses increased $1.8 million, or 13.9%, from $13.1 million for the nine months ended September 30, 2025 to $14.9 million for the nine months ended September 30, 2026. This was primarily the result of increases for data conversion expenses related to the BOH acquisition and new core expenses related to the BOH acquisition.

Financial Condition

Our total assets increased $930.4 million, or 20.8%, to $5.41 billion at September 30, 2026, compared to $4.48 billion at December 31, 2025. Our loans held for investment increased $686.6 million, or 21.8%, to $3.83 billion at September 30, 2026, compared to $3.14 billion at December 31, 2025. Our securities portfolio decreased $49.2 million, or 8.7%, to $518.3 million at September 30, 2026, compared to $567.5 million at December 31, 2025. Total deposits increased $786.6 million, or 20.3%, to $4.66 billion at September 30, 2026, compared to $3.87 billion at December 31, 2025.

Loan Portfolio

Our loans represent the largest portion of earning assets, greater than our securities portfolio or any other asset category, and the quality and diversification of the loan portfolio is an important consideration when reviewing the Company's financial condition. We originate substantially all of the loans in our portfolio, except certain loan participations that are independently underwritten by the Company prior to purchase.

Loans held for investment increased $686.6 million, or 21.8%, to $3.83 billion at September 30, 2026, compared to $3.14 billion at December 31, 2025. The increase in loans was primarily a result of an increase of $631.9 million in loans from the BOH acquisition and from organic loan growth.

The following table shows the contractual maturities of our loans held for investment portfolio at September 30, 2026:

	Due in One Year or Less	Due after One Year Through Five Years	Due after Five Years Through Fifteen Years	Due after Fifteen Years	Total
	(Dollars in thousands)				
Commercial real estate	$ 310,135	$ 740,350	$ 263,594	$ 50,317	$ 1,364,396
Commercial - specialized	129,858	203,149	66,838	35,206	435,051
Commercial - general	172,339	411,766	172,114	79,109	835,328
Consumer:					
1-4 family residential	70,929	167,186	115,236	358,349	711,700
Auto loans	3,898	160,940	105,850	-	270,688
Other consumer	8,204	39,319	12,739	-	60,262
Construction	108,017	39,660	2,807	3,229	153,713
Total loans	$ 803,380	$ 1,762,370	$ 739,178	$ 526,210	$ 3,831,138

The following table shows the distribution between fixed and adjustable interest rate loans for maturities greater than one year as of September 30, 2026:

	Fixed Rate	Adjustable Rate
	(Dollars in thousands)	
Commercial real estate	$ 346,168	$ 708,093
Commercial - specialized	116,674	188,519
Commercial - general	255,444	407,545
Consumer:		
1-4 family residential	371,810	268,961
Auto loans	266,790	-
Other consumer	52,058	-
Construction	19,141	26,555
Total loans	$ 1,428,085	$ 1,599,673

At September 30, 2026, there was $2.03 billion in adjustable rate loans, with $839.0 million of these loans that mature or reprice in the next twelve months. Of these loans that mature or reprice in the next twelve months, $787.9 million will reprice immediately upon changes in the underlying index rate, with the remaining $51.1 million being subject to rate ceilings, floors above the current index or a future repricing date. The *Wall Street Journal* prime rate is the predominate index used by the Bank.

The Bank is primarily involved in real estate, commercial, agricultural and consumer lending activities with customers throughout Texas and Eastern New Mexico. We have a collateral concentration, as 74.8% of our loans were secured by real property as of September 30, 2026, compared to 71.6% as of December 31, 2025. We believe that these loans are not concentrated in any one single property type and that they are geographically dispersed throughout the areas we serve. Although the Bank has diversified portfolios, its debtors' ability to honor their contracts is substantially dependent upon the general economic conditions of the markets in which it operates, which consist primarily of agribusiness, wholesale/retail, oil and gas and related businesses, healthcare industries and institutions of higher education. Commercial real estate loans and residential construction loans represent 39.7% of loans held for investment as of September 30, 2026 and represented 37.0% of loans held for investment as of December 31, 2025. Further, 96% of the total dollar amount of these loans are secured by collateral located in the State of Texas.

We have established concentration limits in the loan portfolio for commercial real estate loans and unsecured lending, among other loan types. All loan types are within established limits. We use underwriting guidelines to assess the borrowers' historical cash flow to determine debt service, and we further stress test the debt service under higher interest rate scenarios. Financial and performance covenants are used in commercial lending to allow us to react to a borrower's deteriorating financial condition, should that occur.

Commercial Real Estate. Our commercial real estate portfolio includes loans for commercial property that is owned by real estate investors, construction loans to build owner-occupied properties, and loans to developers of commercial real estate investment properties and residential developments. Residential construction loans are broken out separately below. Commercial real estate loans are subject to underwriting standards and processes similar to our commercial loans. These loans are underwritten primarily based on projected cash flows for income-producing properties and collateral values for non-income-producing properties. The repayment of these loans is generally dependent on the successful operation of the property securing the loans or the sale or refinancing of the property. Real estate loans may be adversely affected by conditions in the real estate markets or in the general economy. The properties securing our real estate portfolio are diversified by type and geographic location. This diversity helps reduce the exposure to adverse economic events that affect any single market or industry.

Commercial real estate loans increased $299.8 million, or 28.2%, to $1.36 billion as of September 30, 2026 from $1.06 billion as of December 31, 2025. The increase was primarily due to increases broadly across this segment related to the BOH acquisition.

Commercial – General and Specialized. Commercial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably. Underwriting standards have been designed to determine whether the borrower possesses sound business ethics and practices, to evaluate current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed, and to ensure appropriate collateral is obtained to secure the loan. Commercial loans are primarily made based on the identified cash flows of the borrower and, secondarily, on the underlying collateral provided by the borrower. Most commercial loans are secured by the assets being financed or other business assets, such as real estate, accounts receivable, or inventory, and typically include personal guarantees. Owner-occupied real estate is included in commercial loans, as the repayment of these loans is generally dependent on the operations of the commercial borrower's business rather than on income-producing properties or the sale of the properties. Commercial loans are grouped into two distinct sub-categories: specialized and general. Commercial related loans that are considered "specialized" include agricultural production and real estate loans, energy loans, and finance, investment, and insurance loans. Commercial related loans that contain a broader diversity of borrowers, sub-industries, or serviced industries are grouped into the "general category." These include goods, services, restaurant & retail, construction, and other industries. Performance of these loans is subject to operating and cash flow results of the borrower, with risk in the volatility of operating results for particular industries.

Commercial specialized loans increased $25.7 million, or 6.3%, to $435.1 million as of September 30, 2026 from $409.4 million as of December 31, 2025. The increase was primarily due to increases in loans to finance and investment companies as a result of the BOH acquisition.

Commercial general loans increased $176.0 million, or 26.7%, to $835.3 million as of September 30, 2026 from $659.3 million as of December 31, 2025. The increase was primarily due to increases broadly across this segment related to the BOH acquisition.

Consumer. We utilize a computer-based credit scoring analysis to supplement our policies and procedures in underwriting consumer loans. Our loan policy addresses types of consumer loans that may be originated and the collateral, if secured, which must be perfected. The relatively smaller individual dollar amounts of consumer loans that are spread over numerous individual borrowers also minimize our risk. Residential real estate loans are included in consumer loans. We generally require mortgage title insurance and hazard insurance on these residential real estate loans. All consumer loans are generally dependent on the risk characteristics of the borrower's ability to repay the loan, a consideration of the debt-to-income ratio, employment and income stability, the loan-to-value ratio, and the age, condition and marketability of the collateral.

Consumer and other loans increased $131.6 million, or 14.4%, to $1.04 billion as of September 30, 2026, from $911.1 million as of December 31, 2025. The growth in these loans was primarily a result of an increase of $121.8 million in residential mortgage loans, mostly related to the BOH acquisition. In addition, there was an $11.5 million increase in auto loans. As of September 30, 2026, our consumer loan portfolio was comprised of $711.7 million in 1-4 family residential loans, $270.7 million in auto loans, and $60.3 million in other consumer loans.

Construction. Loans for residential construction are for single-family properties to developers, builders, or end-users. These loans are underwritten based on estimates of costs and completed value of the project. Funds are advanced based on estimated percentage of completion for the project. Performance of these loans is affected by economic conditions as well as the ability to control costs of the projects.

Construction loans increased $53.6 million, or 53.6%, to $153.7 million as of September 30, 2026 from $100.1 million as of December 31, 2025. This increase was primarily due to the BOH acquisition.

The commercial real estate and construction categories comprise the Company's nonowner-occupied real estate loans. Total nonowner-occupied real estate loans were $1.52 billion at September 30, 2026 and $1.16 billion at December 31, 2025. Nonowner-occupied commercial real estate loans are made up of income-producing commercial real estate property loans and construction, acquisition, and development property loans. As of September 30, 2026, total income-producing commercial real estate property loans totaled $1.04 billion and was comprised of $212.8 million of multi-family property loans, $286.7 million of retail property loans, $186.9 million of office property loans, $194.0 in industrial and warehouse loans, $64.2 million in storage facilities loans, $42.8 million in hospitality loans, and $53.2 million in other property loans. Other property loans include types such as RV parks and convenience stores. As of September 30, 2026, total construction, acquisition, and development property loans totaled $477.4 million and was comprised of $153.7 million in residential construction property loans and $323.6 million of commercial construction and other land development loans. The weighted average loan-to-value of income-producing nonowner-occupied commercial real estate loans was approximately 57% at September 30, 2026. The weighted average loan-to-value of nonowner-occupied office commercial real estate loans was approximately 55% at September 30, 2026.

Owner-occupied commercial real estate loans totaled $557.9 million at September 30, 2026 and $419.0 million at December 31, 2025.

We are a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit to our customers is represented by the contractual or notional amount of those instruments. Commitments to extend credit and standby letters of credit are not recorded as an asset or liability by the Company until the instrument is exercised. The contractual or notional amounts of those instruments reflect the extent of involvement we have in particular classes of financial instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company uses the same credit policies in making commitments and conditional obligations as they do for on-balance sheet instruments. The amount and nature of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the potential borrower.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private short-term borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral supporting those commitments for which collateral is deemed necessary.

The following table summarizes commitments we have made as of the dates presented.

	September 30, 2026	December 31, 2025
	(Dollars in thousands)	
Commitments to grant loans and unfunded commitments under lines of credit	$ 721,322	$ 554,286
Standby letters of credit	38,116	30,681
Total	$ 759,438	$ 584,967

Allowance for Credit Losses for Loans

The ACL for loans is established for future expected credit losses through a provision for credit losses charged to earnings. Management evaluates the appropriate level of the ACL on a quarterly basis. The analysis takes into consideration the results of an ongoing loan review process, the purpose of which is to determine the level of credit risk within the portfolio and to ensure proper adherence to underwriting and documentation standards. Additional allowances are provided to those loans which appear to represent a greater than normal exposure to risk. The quality of the loan portfolio and the adequacy of the ACL is assessed by regulatory examinations and the Company's internal and external loan reviews. The ACL consists of two elements: (1) specific valuation allowances established for expected losses on specifically analyzed loans and (2) collective valuation allowances calculated using comparable and quantifiable information from both internal and external sources about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Expected credit losses are estimated over the contractual term of the loans and adjusted for expected prepayments.

To determine the adequacy of the ACL on loans, the Company applied a dual credit risk rating ("DCRR") methodology that estimates each loan's probability of default and loss given default to calculate the expected credit loss to non-analyzed loans. The DCRR process quantifies the expected credit loss at the loan level for the entire loan portfolio. Loan grades are assigned by a customized scorecard that risk rates each loan based on multiple probability of default and loss given default elements to measure the risk of the loan portfolio. The ACL estimate incorporates the Company's DCRR loan level risk rating methodology and the expected default rate frequency term structure to derive loan level life of loan estimates of credit losses for every loan in the portfolio. The estimated credit loss for each loan is adjusted based on one-year through the cycle estimate of expected credit loss to a life of loan measurement that reflects current conditions and forecasts. The life of loan expected loss is determined using the contractual weighted average life of the loan adjusted for prepayments. Prepayment speeds are determined by grouping the loans into pools based on segments and risk rating. After the life of loan expected losses are determined, they are adjusted to reflect the Company's reasonable and supportable economic forecast over a selected range of a one to two years. The Company has developed regression models to project net charge-off rates based on macroeconomic variables ("MEVs"), typically a one-year period is used. MEV's considered in the analysis consist of data gathered from the St. Louis Federal Reserve Research Database ("FRED"), such as, federal funds rate, 10-year treasury rates, 30-year mortgage rates, crude oil prices, consumer price index, housing price index, unemployment rates, housing starts, gross domestic product, and disposable personal income. These regression models are applied to the Company's economic forecast to determine the corresponding net charge-off rates. The projected net charge-off rates for the given economic scenario are used to adjust the through the cycle expected losses. Qualitative adjustments are also made to ACL results for additional risk factors that are relevant in assessing the expected credit losses within our loan segments. These qualitative factor ("Q-Factor") adjustments may increase or decrease management's estimate of the ACL by a calculated percentage based upon the estimated level of perceived risk within a particular segment. Q-Factor risk decisions consider concentrations of the loan portfolio, expected changes to the economic forecasts, large relationships, and other factors related to credit administration, such as borrower's risk rating and the potential effect of delayed credit score migrations. Management quantifiably identifies segment percentage Q-Factor adjustments using a scorecard risk rating system scaled to historical loss experience within a segment and management's perceived risk for that particular segment. In addition to the loan level evaluations, nonaccrual loans with a balance of $250 thousand or more are individually analyzed based on facts and circumstances of the loan to determine if a specific allowance amount may be necessary. Specific allowances may also be established for loans whose outstanding balances are below the above threshold when it is determined that the risk associated with the loan differs significantly from the risk factor amounts established for its loan category.

The ACL for loans was $52.8 million at September 30, 2026, compared to $45.1 million at December 31, 2025, an increase of $7.6 million, or 16.9%. The increase was largely driven by $8.5 million of ACL recorded for loans acquired in the BOH acquisition and a $1.4 million provision for ACL being recorded during the nine months ended September 30, 2026, partially offset by net charge-offs of $2.2 million during the period. The Company continues to closely monitor asset quality in light of the current economic environment in the U.S. and our market areas including, among other things, the rising market interest rate environment, the lingering inflationary pressures in the United States, evolving U.S. trade and tariff policies, ongoing military conflicts and geopolitical instability. Accordingly, additional provisions for credit losses may be necessary in future periods.

The following table provides an analysis of the ACL for loans and other data during the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in thousands)			
Average loans outstanding during periods				
Commercial real estate	$ 1,363,960	$ 1,060,233	$ 1,302,668	$ 1,095,168
Commercial – specialized	438,541	385,587	417,977	381,360
Commercial – general	838,258	624,551	745,059	594,860
Consumer:				
1-4 family residential	720,239	590,700	658,550	580,062
Auto loans	266,968	257,352	261,287	259,124
Other consumer	60,770	63,362	61,592	63,972
Construction	148,053	97,021	125,209	99,865
Loans held for sale	10,579	14,659	12,699	13,119
Total average loans outstanding during the periods	$ 3,847,368	$ 3,093,465	$ 3,585,041	$ 3,087,530
Net charge-offs (recoveries) during the periods				
Commercial real estate	$ 898	$ 541	$ 961	$ 541
Commercial – specialized	162	(9)	172	(90)
Commercial – general	(52)	67	345	152
Consumer:				
1-4 family residential	18	304	(281)	256
Auto loans	108	161	434	765
Other consumer	174	221	555	643
Construction	-	-	-	(5)
Total net charge-offs (recoveries) during the periods	$ 1,308	$ 1,285	$ 2,186	$ 2,262
Ratio of net charge-offs (recoveries) to average loans during the periods				
Commercial real estate	0.07%	0.05%	0.07%	0.05%
Commercial – specialized	0.04%	0.00%	0.04%	(0.02)%
Commercial – general	(0.01)%	0.01%	0.05%	0.03%
Consumer:				
1-4 family residential	0.00%	0.05%	(0.04)%	0.04%
Auto loans	0.04%	0.06%	0.17%	0.30%
Other consumer	0.29%	0.35%	0.90%	1.01%
Construction	0.00%	0.00%	0.00%	(0.01)%
Total ratio of net charge-offs (recoveries) to average loans during the periods	0.03%	0.04%	0.06%	0.07%

The following table provides other loan data as of the dates indicated.

	September 30, 2026	December 31, 2025
	(Dollars in thousands)	
Total loans held for investment outstanding	$ 3,831,138	$ 3,144,502
Nonaccrual loans	$ 13,396	$ 7,070
Allowance for credit losses on loans	$ 52,768	$ 45,131
Ratio of allowance to total loans held for investment	1.38%	1.44%
Ratio of allowance to nonaccrual loans	393.91%	638.35%
Ratio of nonaccrual loans to total loans held for investment	0.35%	0.22%

Net charge-offs totaled $1.3 million and were 0.13% (annualized) of average loans outstanding for the three months ended September 30, 2026, which is comparable to $1.3 million and 0.16% (annualized) for the three months ended September 30, 2025. Net charge-offs totaled $2.2 million and were 0.08% (annualized) of average loans outstanding for the nine months ended September 30, 2026, which is comparable to $2.3 million and 0.10% (annualized) for the nine months ended September 30, 2025. The allowance for credit losses on loans as a percentage of loans held for investment was 1.38% at September 30, 2026 and 1.44% at December 31, 2025.

While the entire ACL for loans is available to absorb losses from any part of our loan portfolio, the following table sets forth the allocation of the ACL for loans for the periods presented and the percentage of allowance in each classification to total allowance:

	September 30, 2026		December 31 2025	
	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)			
Commercial real estate	$ 18,200	34.5%	$ 15,214	33.8%
Commercial – specialized	5,703	10.8%	5,231	11.6%
Commercial – general	8,761	16.6%	7,448	16.5%
Consumer:				
1-4 family residential	12,859	24.4%	11,103	24.6%
Auto loans	3,495	6.6%	3,033	6.7%
Other consumer	1,102	2.1%	1,150	2.5%
Construction	2,648	5.0%	1,952	4.3%
Total allowance for credit losses	$ 52,768	100.0%	$ 45,131	100.0%

Asset Quality

Loans are considered delinquent when principal or interest payments are past due 30 days or more. Delinquent loans may remain on accrual status between 30 days and 90 days past due. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Typically, the accrual of interest on loans is discontinued when principal or interest payments are past due 90 days or when, in the opinion of management, there is a reasonable doubt as to collectability in the normal course of business. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Loans are restored to accrual status when loans become well-secured and management believes full collectability of principal and interest is probable.

Loans that exhibit characteristics different from their pool characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the collective ACL evaluation. Income from loans on nonaccrual status is recognized to the extent cash is received and when the loan's principal balance is deemed collectible. Depending on a particular loan's circumstances, we analyze loans for specific allowance based upon either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral less estimated costs to sell if the loan is collateral dependent. A loan is considered collateral dependent when repayment of the loan is based solely on the liquidation of the collateral. Fair value, where possible, is determined by independent appraisals, typically on an annual basis. Between appraisal periods, the fair value may be adjusted based on specific events, such as if deterioration of quality of the collateral comes to our attention as part of our problem loan monitoring process, or if discussions with the borrower lead us to believe the last appraised value no longer reflects the actual market for the collateral. The specific allowance amount on a collateral-dependent loan is charged-off to the allowance if deemed not collectible and the impairment amount on a loan that is not collateral-dependent is set up as a specific reserve.

Real estate we acquire as a result of foreclosure or by deed-in-lieu of foreclosure is classified as other real estate owned ("OREO") until sold and is initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. OREO and repossessed assets are reported as foreclosed assets.

Nonperforming loans include nonaccrual loans and loans past due 90 days or more. Nonperforming assets consist of nonperforming loans plus foreclosed assets.

At September 30, 2026, our total nonaccrual loans were $13.4 million, or 0.35% of total loans held for investment, as compared to $7.1 million, or 0.22% of total loans held for investment, at December 31, 2025. Any loans within this amount that exceeded $250 thousand were specifically analyzed and specific valuation allowances were established as necessary and included in the ACL for loans to cover any probable loss. This increase of $6.3 million was predominantly due to two loan relationships totaling $7.3 million being placed on nonaccrual status during the third quarter of 2026. The largest of these relationships returned to performing status in October 2026.

Nonperforming loans were $15.3 million at September 30, 2026, as compared to $9.8 million at December 31, 2025. This increase is largely due to the nonaccrual changes noted above.

Occasionally, the Company modifies loans to borrowers in financial distress by providing principal forgiveness, term extensions, an other than insignificant payment delay, or interest rate reduction. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL for loans. Typically, one type of concession, such as term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. In some cases, the Company provides multiple types of concessions on one loan. The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. Upon the Company's determination that a modified loan has subsequently been deemed to not be fully collectible, the uncollectible amount is written off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL for loans is adjusted by the same amount.

If a borrower on a modified accruing loan has demonstrated performance under the previous terms, is not experiencing financial difficulty and shows the capacity to continue to perform under the restructured terms, the loan will remain on accrual status. Otherwise, the loan will be placed on nonaccrual status until the borrower demonstrates a sustained period of performance, which generally requires six consecutive months of payments.

Securities Portfolio

The securities portfolio is the second largest component of the Company's interest-earning assets, and the structure and composition of this portfolio is important to an analysis of the financial condition of the Company. The securities portfolio serves the following purposes: (i) it provides a source of pledged assets for securing certain deposits and borrowed funds, as may be required by law or by specific agreement with a depositor or lender; (ii) it provides liquidity to even out cash flows from the loan and deposit activities of customers; (iii) it can be used as an interest rate risk management tool, since it provides a large base of assets, the maturity and interest rate characteristics of which can be changed more readily than the loan portfolio to better match changes in the deposit base and other funding sources of the Company; and (iv) it is an alternative interest-earning asset when loan demand is weak or when deposits grow more rapidly than loans.

The securities portfolio consists of securities classified as either held-to-maturity or available-for-sale. Securities consist primarily of state and municipal securities, mortgage-backed securities and U.S. government sponsored agency securities. We determine the appropriate classification at the time of purchase. All held-to-maturity securities are reported at amortized cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity. All available-for-sale securities are reported at fair value.

Total securities at September 30, 2026 were $518.3 million, representing a decrease of $49.2 million, or 8.7%, compared to $567.5 million at December 31, 2025. The decrease was primarily due to $24.2 million in maturities, net of purchases, prepayments and calls, partially offset by $6.8 million in securities acquired from BOH, and a $30.0 million decrease in the fair value of securities available for sale at September 30, 2026 as compared to December 31, 2025. The $30.0 million decrease resulted from increased longer-term interest rates primarily in the third quarter of 2026.

Certain securities have fair values less than amortized cost and, therefore, contain unrealized losses. At September 30, 2026, the fair value of the Company's securities available for sale was $100.0 million lower than the amortized cost. At September 30, 2026, the Company evaluated whether the decline in fair value has resulted from credit losses or other factors. Within this evaluation, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by rating agency, and adverse conditions specifically related to the security, among other factors. Based on management's evaluation no unrealized losses on securities were determined to be due to credit loss. Additionally, we anticipate full recovery of amortized cost with respect to these securities by maturity, or sooner in the event of a more favorable market interest rate environment. We do not intend to sell these securities and it is not probable that we will be required to sell them before recovery of the amortized cost basis, which may be at maturity, thus no ACL or losses have been recognized or realized in the consolidated financial statements for securities in the portfolio.

The following table sets forth certain information regarding contractual maturities and the weighted average yields of our investment securities as of the dates presented. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay an obligation with or without call or prepayment penalties.

	Due in One Year or Less		Due after One Year Through Five Years		Due after Five Years Through Ten Years		Due after Ten Years	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
September 30, 2026				(Dollars in thousands)				
Available-for-sale								
State and municipal	$ 490	5.00%	$ 4,129	3.04%	$ 13,855	2.53%	$ 178,160	2.37%
Mortgage-backed securities - residential	80	1.93%	904	2.40%	88	4.36%	282,923	2.31%
Mortgage-backed securities - commercial	-	0.00%	49,783	2.48%	1,986	4.13%	1,495	4.55%
Collateralized mortgage obligations	-	0.00%	62,615	4.30%	-	0.00%	3,618	5.15%
Asset-backed and other amortizing securities	-	0.00%	732	3.02%	1,144	3.29%	10,753	2.75%
Other securities	-	0.00%	-	0.00%	5,612	7.77%	-	0.00%
Total available-for-sale	$ 570	4.57%	$ 118,163	3.46%	$ 22,685	4.01%	$ 476,949	2.37%
December 31 2025								
Available-for-sale								
State and municipal	$ 545	3.46%	$ 5,079	2.72%	$ 12,841	2.40%	$ 180,951	2.38%
Mortgage-backed securities - residential	41	1.33%	1,040	2.06%	518	2.97%	301,112	2.29%
Mortgage-backed securities - commercial	-	0.00%	1,525	4.03%	47,244	2.31%	-	0.00%
Collateralized mortgage obligations	-	0.00%	-	0.00%	63,398	4.56%	4,310	5.30%
Asset-backed and other amortizing securities	-	0.00%	254	2.99%	2,069	3.19%	11,649	2.75%
Other securities	-	0.00%	5,000	7.53%	-	0.00%	-	0.00%
Total available-for-sale	$ 586	3.31%	$ 12,898	4.69%	$ 126,070	3.47%	$ 498,022	2.36%

Deposits

Deposits represent the Company's primary and most vital source of funds. We offer a variety of deposit products including demand deposits accounts, interest-bearing products, savings accounts and certificate of deposits. We put continued effort into gathering noninterest-bearing demand deposit accounts through loan production, customer referrals, marketing staffs, mobile and online banking and various involvements with community networks.

Total deposits at September 30, 2026 were $4.66 billion, representing an increase of $786.6 million, or 20.3%, compared to $3.87 billion at December 31, 2025. The increase since December 31, 2025 was largely due to $595.8 million of deposits acquired from BOH with additional organic growth and a seasonal increase in public fund deposits in both noninterest-bearing and interest-bearing deposits occurring broadly across retail and commercial deposits. As of September 30, 2026, 25.3% of total deposits were comprised of noninterest-bearing demand accounts, 62.6% of interest-bearing non-maturity accounts and 12.1% of time deposits.

The following table shows the deposit mix as of the dates presented:

	September 30, 2026		December 31 2025	
	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)			
Noninterest-bearing deposits	$ 1,179,107	25.3%	$ 1,023,517	26.4%
NOW and other transaction accounts	1,453,376	31.2%	1,307,596	33.8%
Money market and other savings	1,462,222	31.4%	1,111,529	28.7%
Time deposits	565,986	12.1%	431,435	11.1%
Total deposits	$ 4,660,691	100.0%	$ 3,874,077	100.0%

The following table summarizes our average deposit balances and weighted average rates paid on deposits, on an annualized basis, for the periods indicated.

	Three Months Ended September 30,			
	2026		2025	
	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate
	(Dollars in thousands)			
Noninterest-bearing deposits	$ 1,109,748	0.00%	$ 1,010,159	0.00%
Interest-bearing deposits:				
NOW and interest-bearing demand accounts	1,401,695	2.05%	1,234,936	2.65%
Savings accounts	133,532	0.70%	133,459	0.81%
Money market accounts	1,364,283	3.29%	956,886	3.10%
Time deposits	594,664	3.51%	424,788	3.66%
Total interest-bearing deposits	3,494,174	2.73%	2,750,069	2.87%
Total deposits	$ 4,603,922	2.07%	$ 3,760,228	2.10%

	Nine Months Ended September 30,			
	2026		2025	
	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate
	(Dollars in thousands)			
Noninterest-bearing deposits	$ 1,067,204	0.00%	$ 978,426	0.00%
Interest-bearing deposits:				
NOW and interest-bearing demand accounts	1,357,503	2.19%	1,136,140	2.74%
Savings accounts	134,334	0.69%	133,390	0.81%
Money market accounts	1,254,432	3.12%	1,048,605	2.98%
Time deposits	544,710	3.54%	435,127	3.81%
Total interest-bearing deposits	3,290,979	2.71%	2,753,262	2.90%
Total deposits	$ 4,358,183	2.04%	$ 3,731,688	2.14%

Time deposits issued in amounts of more than $250 thousand represent the type of deposit most likely to affect the Company's future earnings because of interest rate sensitivity. The effective cost of these funds is generally higher than other time deposits because the funds are usually obtained at premium rates of interest.

The scheduled maturities of time deposits of more than $250 thousand as of September 30, 2026 follows:

	Three Months	Three to Six Months	Six to 12 Months	After 12 Months	Total
	(Dollars in thousands)				
	$ 58,829	$ 54,130	$ 35,135	$ 8,796	$ 156,890

The estimated amount of uninsured deposits as of September 30, 2026 was $1.83 billion. This represented approximately 39% of total deposits and excludes $437.5 million of collateralized public fund deposits.

Borrowed Funds

In addition to deposits, we may utilize advances from the FHLB and other borrowings as a supplementary funding source to finance our operations.

FHLB Advances. The FHLB allows us to borrow, both short and long-term, on a blanket floating lien status collateralized by first mortgage loans and commercial real estate loans as well as FHLB stock. At September 30, 2026 and December 31, 2025, we had total remaining borrowing capacity from the FHLB of $1.64 billion and $1.27 billion, respectively, with no outstanding balance. There were $15 million in FHLB advances assumed in the BOH acquisition. These advances had a weighted-average interest rate of 3.89% and were repaid in May of 2026. We had no other FHLB borrowings during the three and nine months ended September 30, 2026 or 2025.

The Company may use FHLB letters of credit to pledge to certain public deposits. There was no outstanding balance of FHLB letters of credit at September 30, 2026 and December 31, 2025.

Federal Reserve Bank of Dallas. The Bank has a line of credit with the Federal Reserve Bank of Dallas (the "FRB"). The amount of the line is determined on a monthly basis by the FRB. The line is collateralized by a blanket floating lien on all agriculture, commercial and consumer loans. The amount of the line was $807.6 million and $659.7 million at September 30, 2026 and December 31, 2025, respectively, with no outstanding balance. We had no FRB borrowings during the three and nine months ended September 30, 2026 or 2025.

Lines of Credit. The Bank has uncollateralized lines of credit with multiple banks as a source of funding for liquidity management. The total amount of the lines was $140.0 million as of September 30, 2026 and December 31, 2025, with no outstanding balance. The lines were not used, other than overnight testing, during the three and nine months ended September 30, 2026 or 2025.

Subordinated Debt. In December 2018, the Company issued $14.1 million of subordinated notes that have a maturity date of December 2030 and a weighted-average fixed rate of 6.41% for the first seven years. After the fixed rate period expired, these notes began floating at the *Wall Street Journal* prime rate, with a floor of 4.0% and a ceiling of 7.5%, resulting in a rate of 6.75% as of September 30, 2026. These notes pay interest quarterly, are unsecured, and may be called by the Company at any time after the remaining maturity is five years or less. Additionally, these notes are intended to qualify for Tier 2 capital treatment, subject to regulatory limitations. As of September 30, 2026, the total amount of subordinated debt outstanding was $14.1 million.

Junior Subordinated Deferrable Interest Debentures and Trust Preferred Securities. Between March 2004 and June 2007, the Company formed three wholly-owned statutory business trusts solely for the purpose of issuing trust preferred securities, the proceeds of which were invested in junior subordinated deferrable interest debentures. The trusts are not consolidated and the debentures issued by the Company to the trusts are reflected in the consolidated balance sheets. The Company records interest expense on the debentures in its consolidated financial statements. The amount of debentures outstanding was $46.4 million at September 30, 2026 and December 31, 2025. The Company has the right, as has been exercised in the past, to defer payments of interest on the securities for up to twenty consecutive quarters. During such time, corporate dividends may not be paid. The Company is current in its interest payments on the debentures.

The chart below indicates certain information, as of September 30, 2026, about each of the statutory trusts and the junior subordinated deferrable interest debentures, including the date the junior subordinated deferrable interest debentures were issued, outstanding amounts of trust preferred securities and junior subordinated deferrable interest debentures, the maturity date of the junior subordinated deferrable interest debentures, and the interest rates on the junior subordinated deferrable interest debentures.

Name of Trust	Issue Date	Amount of Trust Preferred Securities	Amount of Debentures	Stated Maturity Date of Trust Preferred Securities and Debentures(1)	Interest Rate of Trust Preferred Securities and Debentures(2)(3)
		(Dollars in thousands)			
SPFCT III	2004	$ 10,000	$ 10,310	2034	3-mo. CME Term SOFR + 291 bps; 6.66%
SPFCT IV	2005	20,000	20,619	2035	3-mo. CME Term SOFR + 291 bps; 5.55%
SPFCT V	2007	15,000	15,464	2037	3-mo. CME Term SOFR + 291 bps; 5.66%
Total		$ 45,000	$ 46,393		

(1) May be redeemed at the Company's option.
(2) Interest payable quarterly with principal due at maturity.
(3) Rate as of last reset date, prior to September 30, 2026.

Liquidity and Capital Resources

Liquidity

Liquidity refers to the measure of our ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting our operating, capital and strategic cash flow needs, all at a reasonable cost. We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements. We manage our liquidity position to meet the daily cash flow needs of customers, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our shareholders.

Our liquidity position is supported by management of liquid assets and access to alternative sources of funds. Our liquid assets include cash, interest-bearing deposits in correspondent banks, federal funds sold, and fair value of unpledged investment securities. Other available sources of liquidity include wholesale deposits, and additional borrowings from correspondent banks, FHLB advances, and the Federal Reserve discount window. At September 30, 2026, the Bank had the capacity to borrow funds from the FHLB and the Federal Reserve discount window of up to approximately $1.6 billion and $807.6 million, respectively.

Our short-term and long-term liquidity requirements are primarily met through cash flow from operations, redeployment of prepaying and maturing balances in our loan and investment portfolios, and increases in customer deposits. Other alternative sources of funds will supplement these primary sources to the extent necessary to meet additional liquidity requirements on either a short-term or long-term basis.

Capital

Total stockholders' equity was $622.8 million as of September 30, 2026, compared to $493.8 million as of December 31, 2025, an increase of $128.9 million, or 26.1%. The increase from December 31, 2025 was primarily the result of $117.5 million in common stock issued related to the BOH acquisition and $54.3 million in net income for the nine months ended September 30, 2026, partially offset by a decrease in accumulated other comprehensive income ("AOCI") of $22.8 million related to fair value changes in available for sale securities and related fair value hedges, $9.4 million of dividends paid and $12.8 million in repurchases of common stock for the nine months ended September 30, 2026.

We are subject to various regulatory capital requirements administered by the federal and state banking regulators. Failure to meet regulatory capital requirements may result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for "prompt corrective action" (described below), we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting policies. The capital amounts and classifications are subject to qualitative judgments by the federal banking regulators about components, risk weightings and other factors. Qualitative measures established by regulation to ensure capital adequacy required us to maintain minimum amounts and ratio of common equity tier 1 ("CET1") capital, tier 1 capital and total capital to risk-weighted assets and of tier 1 capital to average consolidated assets, referred to as the "leverage ratio."

The risk-based capital ratios measure the adequacy of a bank's capital against the riskiness of its assets and off-balance sheet activities. Failure to maintain adequate capital is a basis for "prompt corrective action" or other regulatory enforcement action. In assessing a bank's capital adequacy, regulators also consider other factors such as interest rate risk exposure; liquidity, funding and market risks; quality and level of earnings; concentrations of credit, quality of loans and investments; risks of any nontraditional activities; effectiveness of bank policies; and management's overall ability to monitor and control risks.

As of September 30, 2026 and December 31, 2025, both SPFI and City Bank met all the capital adequacy requirements to which each was subject. At September 30, 2026, SPFI and City Bank were "well capitalized" under the regulatory framework for prompt corrective action. Management believes that no conditions or events have occurred since September 30, 2026 that would materially adversely change such capital classifications. From time to time, we may need to raise additional capital to support our and City Bank's further growth and to maintain our "well capitalized" status.

The table below summarizes the capital requirements applicable to SPFI, on a consolidated basis, and City Bank in order to be considered "well capitalized" from a regulatory perspective, as well as SPFI and the Bank's capital ratios as of the dates indicated.

	September 30, 2026		December 31 2025	
	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)			
SPFI:				
Total capital (to risk-weighted assets)	$ 726,519	16.61%	$ 622,485	17.26%
Tier 1 capital (to risk-weighted assets)	666,380	15.23%	566,107	15.70%
CET 1 capital (to risk-weighted assets)	621,380	14.20%	521,107	14.45%
Tier 1 capital (to average assets)	666,380	12.42%	566,107	12.53%
City Bank:				
Total capital (to risk-weighted assets)	$ 632,884	14.47%	$ 537,444	14.91%
Tier 1 capital (to risk-weighted assets)	584,025	13.36%	492,355	13.66%
CET 1 capital (to risk-weighted assets)	584,025	13.36%	492,355	13.66%
Tier 1 capital (to average assets)	584,025	10.89%	492,355	10.90%

Community Bank Leverage Ratio

On September 17, 2019, the federal banking agencies jointly finalized a rule to be effective January 1, 2020 and intended to simplify the regulatory capital requirements described above for qualifying community banking organizations that opt into the Community Bank Leverage Ratio ("CBLR") framework, as required by Section 201 of the EGRRCPA. The final rule became effective on January 1, 2020, and the CBLR framework became available for banks to use beginning with their March 31, 2020 Call Reports. Under the final rule, if a qualifying community banking organization opts into the CBLR framework and meets all requirements under the framework, it will be considered to have met the well-capitalized ratio requirements under the "prompt corrective action" regulations described above and will not be required to report or calculate risk-based capital. In order to qualify for the CBLR framework, a community banking organization must have a tier 1 leverage ratio of greater than 9%, less than $10 billion in total consolidated assets, and limited amounts of off-balance-sheet exposures and trading assets and liabilities. On April 23, 2026, the federal banking agencies finalized changes to encourage broader adoption of the framework by reducing the required leverage ratio from 9.0% to 8.0%. This change became effective on July 1, 2026. Although the Company and the Bank are qualifying community banking organizations, the Company and the Bank have elected not to opt in to the CBLR framework at this time and will continue to follow the requirements of the Basel III capital framework as described above.

Treasury Stock

We repurchased stock in accordance with our previously-announced stock repurchase program and also in a privately negotiated transaction during the nine months ended September 30, 2026. We did not repurchase any shares of common stock during the three months ended September 30, 2026. For the nine months ended September 30, 2026, we repurchased 310,965 shares of common stock for a total of $12.8 million. For the three months ended September 30, 2025, we did not repurchase any shares of common stock. For the nine months ended September 30, 2025, we repurchased 259,046 shares of common stock for a total of $8.5 million. These shares were retired immediately upon repurchase and not included in treasury stock. See Part II, Item 2, "Unregistered Sales of Equity Securities and Use of Proceeds," of this Form 10-Q for further information.

Interest Rate Sensitivity and Market Risk

As a financial institution, our primary component of market risk is interest rate volatility. Our interest rate risk policy provides management with the guidelines for effective funds management, and we have established a measurement system for monitoring our net interest rate sensitivity position. We have historically managed our sensitivity position within our established guidelines.

Interest rate sensitivity involves the relationships between rate-sensitive assets and liabilities and is an indication of the probable effects of interest rate fluctuations on the Company's net interest income. Interest rate-sensitive assets and liabilities are those with yields or rates that are subject to change within a future time period due to maturity or changes in market rates. The model is used to project future net interest income under a set of possible interest rate movements. The Company's Investment/Asset Liability Committee ("ALCO Committee") reviews this information to determine compliance with the limits set by the Bank's board of directors.

Fluctuations in interest rates will ultimately impact both the level of income and expense recorded on most of our assets and liabilities, and the market value of all interest-earning assets and interest-bearing liabilities, other than those which have a short term to maturity. Interest rate risk is the potential of economic losses due to future interest rate changes. These economic losses can be reflected as a loss of future net interest income and/or a loss of current fair market values. The objective is to measure the effect on net interest income and to adjust the balance sheet to minimize the inherent risk while at the same time maximizing income.

We manage our exposure to interest rates by structuring our balance sheet in the ordinary course of business. Based upon the nature of our operations, we are not subject to foreign exchange or commodity price risk. We do not own any trading assets.

Our exposure to interest rate risk is managed by the ALCO Committee, in accordance with policies approved by the Bank's board of directors. The ALCO Committee formulates strategies based on appropriate levels of interest rate risk. In determining the appropriate level of interest rate risk, the ALCO Committee considers the impact on earnings and capital on the current outlook on interest rates, potential changes in interest rates, regional economies, liquidity, business strategies and other factors. The ALCO Committee meets regularly to review, among other things, the sensitivity of assets and liabilities to interest rate changes, the book and market values of assets and liabilities, commitments to originate loans and the maturities of investments and borrowings. Additionally, the ALCO Committee reviews liquidity, cash flow flexibility, maturities of deposits and consumer and commercial deposit activity. Management employs methodologies to manage interest rate risk, which include an analysis of relationships between interest-earning assets and interest-bearing liabilities and an interest rate shock simulation model.

We use interest rate risk simulation models and shock analyses to test the interest rate sensitivity of net interest income and fair value of equity, and the impact of changes in interest rates on other financial metrics. Contractual maturities and re-pricing opportunities of loans are incorporated in the model. The average lives of non-maturity deposit accounts are based on decay assumptions and are incorporated into the model. All of the assumptions used in our analyses are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, magnitude and frequency of interest rate changes as well as changes in market conditions and the application and timing of various management strategies.

On a quarterly basis, we run a simulation model for a static balance sheet and other scenarios. These models test the impact on net interest income from changes in market interest rates under various scenarios. Under the static model, rates are shocked instantaneously and ramped rates change over a 12-month and 24-month horizon based upon parallel and non-parallel yield curve shifts. Parallel shock scenarios assume instantaneous parallel movements in the yield curve compared to a flat yield curve scenario. Non-parallel simulation involves analysis of interest income and expense under various changes in the shape of the yield curve. Our internal policy regarding internal rate risk simulations currently specifies that for gradual parallel shifts of the yield curve, estimated net interest income at risk for the subsequent one-year period should not decline by more than 7.5% for a 100 basis point shift, 15% for a 200 basis point shift, and 22.5% for a 300 basis point shift.

The following table summarizes the simulated change in net interest income over a 12-month horizon as of the dates indicated:

	September 30, 2026	December 31, 2025
Change in Interest Rates (Basis Points)	Percent Change in Net Interest Income	Percent Change in Net Interest Income
+300	(0.07)	(3.03)
+200	0.15	(1.91)
+100	0.33	(0.89)
-100	(1.81)	(0.26)
-200	(2.12)	0.27

Impact of Inflation

Our consolidated financial statements and related notes included elsewhere in this Form 10-Q have been prepared in accordance with GAAP. GAAP requires the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative value of money over time due to inflation or recession.

The Company's asset and liability structure is substantially different from that of an industrial company in that virtually all assets and liabilities of the Company are monetary in nature. Management believes the impact of inflation on financial results depends upon the Company's ability to react to changes in interest rates and by such reaction, reduce the inflationary impact on performance. Interest rates do not necessarily move in the same direction, or at the same magnitude, as the prices of other goods and services. However, other operating expenses do reflect general levels of inflation. Management seeks to manage the relationship between interest rate-sensitive assets and liabilities in order to protect against wide net interest income fluctuations, including those resulting from inflation. Various information shown elsewhere in this Report will assist in the understanding of how well the Company is positioned to react to changing interest rates and inflationary trends. In particular, additional information related to the Company's interest rate-sensitive assets and liabilities is contained in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Report under the heading "Interest Rate Sensitivity and Market Risk."

Non-GAAP Financial Measures

Our accounting and reporting policies conform to GAAP and the prevailing practices in the banking industry. However, we also evaluate our performance based on certain additional financial measures discussed in this Report as being non-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 U.S. in our consolidated statements of comprehensive income (loss), balance sheets or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures or ratios or statistical measures calculated using exclusively either financial measures calculated in accordance with GAAP, operating measures or other measures that are not non-GAAP financial measures or both.

The non-GAAP financial measures that we discuss in this Report should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss in this Report may differ from that of other companies reporting measures with similar names. It is important to understand how other banking organizations calculate their financial measures with names similar to the non-GAAP financial measures we have discussed in this Report when comparing such non-GAAP financial measures.

Tangible Book Value Per Common Share. Tangible book value per share is a non-GAAP measure generally used by investors, financial analysts and investment bankers to evaluate financial institutions. The most directly comparable GAAP financial measure for tangible book value per common share is book value per common share. We believe that the tangible book value per common share measure is important to many investors in the marketplace who are interested in changes from period to period in book value per common share exclusive of changes in intangible assets. Goodwill and other intangible assets have the effect of increasing total book value while not increasing our tangible book value.

Tangible Common Equity to Tangible Assets. Tangible common equity to tangible assets is a non-GAAP measure generally used by investors, financial analysts and investment bankers to evaluate financial institutions. We calculate tangible common equity, as described above, and tangible assets as total assets less goodwill, core deposit intangibles and other intangible assets, net of accumulated amortization. The most directly comparable GAAP financial measure for tangible common equity to tangible assets is total common stockholders' equity to total assets. We believe that this measure is important to many investors in the marketplace who are interested in the relative changes from period to period of tangible common equity to tangible assets, each exclusive of changes in intangible assets. Goodwill and other intangible assets have the effect of increasing both total stockholders' equity and assets while not increasing our tangible common equity or tangible assets.

The following table reconciles, as of the dates set forth below, total stockholders' equity to tangible common equity and total assets to tangible assets and then presents book value per common share, tangible book value per common share, total stockholders' equity to total assets, and tangible common equity to tangible assets:

	September 30, 2026	December 31, 2025
	(Dollars in thousands)	
Total stockholders' equity	$ 622,756	$ 493,837
Less: Goodwill and other intangibles	(71,857)	(20,448)
Tangible common equity	$ 550,899	$ 473,389
Total assets	$ 5,410,874	$ 4,480,500
Less: Goodwill and other intangibles	(71,857)	(20,448)
Tangible assets	$ 5,339,017	$ 4,460,052
Shares outstanding	18,847,573	16,293,577
Total stockholders' equity to total assets	11.51%	11.02%
Tangible common equity to tangible assets	10.32%	10.61%
Book value per share	$ 33.04	$ 30.31
Tangible book value per share	$ 29.23	$ 29.05

Critical Accounting Policies and Estimates

Our accounting and reporting policies conform to GAAP and conform to general practices within the industry in which we operate. To prepare consolidated financial statements in conformity with GAAP, management makes estimates, assumptions and judgments based on available information. These estimates, assumptions and judgments affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the consolidated financial statements and, as this information changes, actual results could differ from the estimates, assumptions and judgments reflected in the consolidated financial statements. In particular, management has identified several accounting policies that, due to the estimates, assumptions and judgments inherent in those policies, are critical in understanding our consolidated financial statements. We evaluate our estimates on an ongoing basis.

The following is a discussion of the critical accounting policies and significant estimates that we believe require us to make the most complex or subjective decisions or assessments. Additional information about these policies can be found in Note 1 of the consolidated financial statements as of December 31, 2025.

Allowance for Credit Losses on Loans. The ACL for loans is established for future expected credit losses through a provision for credit losses charged to earnings. Expected losses are calculated using comparable and quantifiable information both internal and external about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Expected credit losses are estimated over the contractual term of the loans and adjusted for expected prepayments when appropriate. The ACL for loans is affected by charge-offs, recoveries and the provision for credit losses on loans.

The ACL for loans is evaluated on a quarterly basis by management and is based upon management's review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The determination of the adequacy of the ACL for loans is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed.

Recently Issued Accounting Pronouncements

See Note 1, Summary of Significant Accounting Policies, in the notes to the consolidated financial statements included elsewhere in this Form 10-Q regarding the impact of new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

The Company manages market risk, which, as a financial institution is primarily interest rate volatility, through the ALCO Committee of the Bank, in accordance with policies approved by its board of directors. The Company uses an interest rate risk simulation model and shock analysis to test the interest rate sensitivity of net interest income and fair value of equity, and the impact of changes in interest rates on other financial metrics. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Interest Rate Sensitivity and Market Risk" herein for a discussion of how we manage market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply judgment in evaluating its controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) were effective as of the end of the period covered by this Form 10-Q.

Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company and its subsidiaries are subject to various legal actions, as described in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Annual Report on Form 10-K") filed with the SEC on March 5, 2026. We are not presently involved in any litigation, nor to our knowledge is any litigation threatened against us, that in management's opinion would result in any material adverse effect on our financial position or results of operations or that is not expected to be covered by insurance.

Item 1A. Risk Factors

In evaluating an investment in any of our securities, investors should consider carefully, among other things, information under the heading "Cautionary Notice Regarding Forward-Looking Statements" in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Form 10-Q and the risk factors previously disclosed under the heading "Risk Factors" in Part I, Item 1A of our 2025 Annual Report on Form 10-K. Management believes there have been no material changes in the risk factors disclosed by the Company in Part I, Item 1A, "Risk Factors," of the 2025 Annual Report on Form 10-K. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On February 23, 2026, the Company's board of directors approved a new stock repurchase program pursuant to which the Company may, from time to time, purchase up to $10.0 million of its outstanding shares of common stock (the "Program").

Under the Program, the Company may repurchase shares of the Company's common stock from time to time through various means, including open market purchases and privately negotiated transactions. Open market repurchases will be conducted in accordance with the limitations set forth in Rule 10b-18 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable legal requirements. Repurchases under the Program may also be made pursuant to a trading plan under Rule 10b5-1 under the Exchange Act, which would permit shares to be repurchased by the Company when the Company might otherwise be precluded from doing so because of self-imposed trading blackout periods or other regulatory restrictions. The extent to which the Company repurchases its shares, and the manner, timing and amount of such repurchases, will depend upon a variety of factors, including the performance of the Company's stock price, general market and economic conditions, regulatory requirements, availability of funds, and other relevant considerations, as determined by the Company. The Company may, in its discretion, begin, suspend or terminate repurchases at any time prior to the Program's expiration, without any prior notice. The Program does not obligate the Company to repurchase any particular number or amount of shares of the Company's common stock and there is no guarantee as to the exact number or value of shares that will be repurchased by the Company under the Program.

The following table summarizes the share repurchase activity under the Program for the three months ended September 30, 2026.

	Total Shares Repurchased	Average Price Paid Per Share	Total Dollar Amount Purchased Pursuant to Publicly-Announced Plans	Maximum Dollar Amount Remaining Available for Repurchase Pursuant to Publicly-Announced Plans
July 2026	-	$ -	$ -	$ 9,573,819
August 2026	-	-	-	9,573,819
September 2026	-	-	-	9,573,819
Total	-			

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended September 30, 2026, no director or officer of the Company adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Formation of South Plains Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed with the SEC on April 12, 2019) (File No. 333-230851).
3.2	Third Amended and Restated Bylaws of South Plains Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on August 26, 2025) (File No. 001-38895).
31.1*	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	Section 1350 Certification of Chief Executive Officer.
32.2**	Section 1350 Certification of Chief Financial Officer.
101*	The following material from South Plains Financial, Inc.'s Form 10-Q for the quarter ended September 30, 2026, formatted in XBRL (eXtensible Business Reporting Language), filed herewith: (i) Consolidated Balance Sheets, (ii) Consolidated Statements Of Comprehensive Income (Loss), (iii) Consolidated Statements of Changes in Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Consolidated Financial Statements.
104*	Cover Page Interactive Data File (formatted as Inline XBRL).

* Filed with this Form 10-Q

** Furnished with this Form 10-Q

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 thereunto duly authorized.

South Plains Financial, Inc.

Date: November 3, 2026

By: /s/ Cory T. Newsom
Cory T. Newsom
President
(Principal Executive Officer)

Date: November 3, 2026

By: /s/ Steven B. Crockett
Steven B. Crockett
Chief Financial Officer and Treasurer

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cory T. Newsom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of South Plains Financial, Inc. (the "registrant") for the quarter ended September 30, 2026 (this "report");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

By: /s/ Cory T. Newsom
Cory T. Newsom
President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven B. Crockett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of South Plains Financial, Inc. (the "registrant") for the quarter ended September 30, 2026 (this "report");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

By: /s/ Steven B. Crockett
Steven B. Crockett
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of South Plains Financial, Inc. (the "Company") for the quarter ended September 30, 2026 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2026

By: /s/ Cory T. Newsom

Cory T. Newsom
President
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of South Plains Financial, Inc. (the "Company") for the quarter ended September 30, 2026 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2026

By: /s/ Steven B. Crockett
Steven B. Crockett
Chief Financial Officer