



South Plains
Financial, Inc.

**SOUTH PLAINS FINANCIAL, INC.
RELATED PERSON TRANSACTIONS POLICY**

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Introduction

The Board of Directors (“Board”) of South Plains Financial, Inc. (“Company”) has adopted this Related Person Transactions Policy (“Policy”) and the related procedures for the evaluation and approval, disapproval or ratification of Related Person Transactions (as defined below). This Policy is intended to establish a framework whereby such Related Person Transactions will be reviewed and approved or ratified by the Audit Committee of the Company (“Committee”). The Company is required to disclose each year in its proxy statement certain Related Person Transactions between the Company and Related Persons (as defined below), as well as its policies concerning Related Person Transactions. In addition, the Committee and the Board review Related Person Transactions involving non-employee directors as part of the annual determination of their independence.

Under this Policy, a Related Person Transaction may be consummated or continued only if the Committee approves or ratifies such transaction as in, or not inconsistent with, the best interests of the Company and its shareholders. This Policy is intended to augment and work in conjunction with other policies of the Company that contain code of conduct or conflict of interest provisions.

The Committee will periodically review this Policy and may recommend to the Board amendments to this Policy from time to time as it deems appropriate. Unless the context requires otherwise, all references to the Company in this Policy include the subsidiaries and affiliates of the Company.

Definitions

For purposes of this Policy, a “Related Person” is:

- (1) Any Director or Executive Officer (as such terms are defined below), and any individual who was a Director or Executive Officer at any time since the beginning of the last fiscal year.
- (2) Any nominee for election as a Director.
- (3) Any individual or entity (including any “group,” as that term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) known to the Company to be the beneficial owner of five percent (5%) or more of any class of the Company’s voting securities.
- (4) Any immediate family member of an individual identified in Items (1) through (3) above. An “immediate family member” is any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of such individual, and any individual (other than a tenant or employee) sharing the household of such individual.

For purposes of this Policy, a “Director” is a member of the Board, and an “Executive Officer” is an employee of the Company that is covered by Section 16a-l(f) of the Securities Exchange Act of 1934, as amended and in effect from time to time.

For purposes of this Policy, a “Related Person Transaction” is any transaction, arrangement or relationship (or series of similar transactions, arrangements or relationships) in which the Company (or any of its subsidiaries) is, was or will be a participant and the amount involved exceeds \$120,000, and in which the Related Person had, has or will have a direct or indirect material interest, other than:

- (1) Employment relationships or transactions involving an Executive Officer and any related compensation solely resulting from such employment if (i) the compensation is required to be reported in the Company’s proxy statement pursuant to Item 402 of Regulation S-K (“Item 402”) promulgated by the Securities and Exchange Commission (“SEC”), or (ii) (a) the Executive Officer is not an immediate family member specified in subparagraph (4) in the definitions above, (b) such compensation would have been reported pursuant to Item 402 as compensation if the Executive Officer was a “named executive officer” as defined by Item 402, and (c) such compensation was approved by a majority of the independent directors serving on the Board.
- (2) Compensation for serving as a Director of the Company, if such compensation is reported in the Company’s proxy statement pursuant to Item 402.
- (3) Payments arising solely from the ownership of the Company’s equity securities in which all holders of that class of equity securities received the same benefit on a *pro rata* basis.
- (4) Transactions where the rates or charges are fixed in conformity with law or governmental authority in connection with the provision of services as a common or contract carrier or public utility.
- (5) Ordinary course transactions involving the provision of certain financial services, including loan and deposit relationships with the Company’s wholly-owned banking subsidiary, City Bank, and transactions involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- (6) Any transaction with another company at which a Related Person’s only relationship is as an employee (other than an executive officer), director or beneficial owner of less than ten percent (10%) of that company’s shares, if the aggregate amount involved does not exceed the greater of \$1,000,000, or two percent (2%) of that company’s total annual revenues.
- (7) Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Person’s only relationship is as an employee (other than an executive officer) or a director, if the aggregate

amount involved does not exceed the lesser of \$1,000,000, or two percent (2%) of the charitable organization's total annual receipts.

The Committee has reviewed the transactions described above and has determined that such transactions are pre-approved or ratified (as applicable) by the Committee under the terms of this Policy, even if the aggregate amount involved will exceed \$120,000, unless specifically determined otherwise by the Committee.

Review and Approval of Related Person Transactions

Each Director, director nominee and Executive Officer must promptly notify the Committee in writing of any interest that such person or an immediate family member of such person had, has or may have, in a Related Person Transaction. The Director, director nominee or Executive Officer must timely provide the following information, to the extent relevant, to the Committee related to the potential Related Party Transaction:

- (1) A general description of the transaction(s), including all material terms and conditions.
- (2) The name of the Related Person and the basis on which such individual or entity is a Related Person.
- (3) The Related Person's interest in the transaction(s), including the Related Person's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
- (4) The approximate dollar value of the transaction(s), and the approximate dollar value of the Related Person's interest in the transaction(s) without regard to amount of profit or loss.
- (5) In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made.
- (6) In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.
- (7) Any other material information regarding the transaction(s) or the Related Person's interest in the transaction(s).
- (8) Any other information the Committee, in its sole discretion, determines is necessary to evaluate the transaction.

After reviewing all relevant information pertinent to the transaction and making an initial materiality determination, the disinterested members of the Committee will approve or disapprove such transaction. No member of the Committee will participate in the review, consideration or approval of any Related Person Transaction with respect to which such member or any member of his or her immediate family is a Related Person, except that such member will provide all material

information concerning the Related Party Transaction to the Committee. Approval of such transaction will be given only if it is determined by the Committee that such transaction is in, or not inconsistent with, the best interests of the Company and its shareholders.

In determining whether to approve or ratify a Related Person Transaction, the Committee will take into account, among other factors it deems appropriate, whether the Related Person Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction. Approval of such transaction will be given only if it is determined by the Committee that such transaction is in, or not inconsistent with, the best interests of the Company and its shareholders. The Committee, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Person in connection with approval of the transaction. If a Related Person Transaction will be ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Person. Thereafter, the Committee, on at least an annual basis, will review and assess ongoing relationships with the Related Person to ensure that they are in compliance with the Committee's guidelines and that the Related Person Transaction remains appropriate.

If management becomes aware of a Related Person Transaction that has not been previously approved or ratified under this Policy, such transaction must be submitted to the Committee promptly, and the Committee must review the Related Person Transaction in accordance with the criteria set forth in this Policy, taking into account all of the relevant facts and circumstances available to the Committee. If management becomes aware of material changes to the information on which the Committee previously approved or ratified a Related Person Transaction pursuant to this Policy, management must provide the Committee with such updated information before the Committee's next scheduled meeting. Based on the conclusions reached, the Committee will evaluate all options, including, without limitation, approval, ratification, amendment or termination of the Related Person Transaction or, with respect to any Related Person Transaction that is no longer pending or ongoing, rescission or disciplinary action. Any such determination by the Committee will be reported to the full Board.

If management determines it is impractical or undesirable to wait until the next meeting of the Committee to approve a Related Person Transaction, the Chair of the Committee may review and approve the Related Person Transaction in accordance with the criteria set forth herein. The Chair of the Committee will report any such approval to the Committee at its next regularly scheduled meeting.

The Committee must report all material Related Person Transactions it has reviewed to the full Board.

Disclosure

All Related Person Transactions that are required to be disclosed in the Company's filings with the SEC, as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations, will be so disclosed in accordance with such laws, rules and regulations. The review, approval or ratification of a transaction, arrangement

or relationship pursuant to this Policy does not necessarily imply that such transaction, arrangement or relationship is required to be disclosed.