

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 20, 2022

South Plains Financial, Inc.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of incorporation)

001-38895
(Commission File Number)

75-2453320
(IRS Employer Identification No.)

5219 City Bank Parkway
Lubbock, Texas
(Address of principal executive offices)

79407
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	SPFI	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On October 21, 2022, South Plains Financial, Inc. (the “Company”) issued a press release announcing its financial results for the third quarter ended September 30, 2022. A copy of the Company’s press release covering such announcement and certain other matters is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On October 21, 2022, officers of the Company will have a conference call with respect to the Company’s financial results for the third quarter ended September 30, 2022. An earnings release slide presentation highlighting the Company’s financial results for the third quarter ended September 30, 2022 is furnished as Exhibit 99.2 to this Current Report on Form 8-K. This earnings release slide presentation will also be available on the Company’s website, www.spfi.bank, under the “News & Events” section.

In accordance with General Instruction B.2 of Form 8-K, the information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 hereto, shall not be incorporated by reference into any filing or other document pursuant to the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

Item 8.01 Other Events.

Settlement of Previously-Disclosed Litigation

As previously disclosed, in response to a Notice of Termination received from Kasasa, Ltd. f/k/a Moneyvue Financial, Inc., Bankvue Financial, Inc., and BancVue, Ltd. (“Kasasa”) purporting to terminate a Software License and Maintenance Agreement (the “Software License Agreement”), Trademark License Agreement (the “Trademark License Agreement”), and Addendum to Software License Agreement (“Addendum”) between the Company’s wholly-owned banking subsidiary City Bank (the “Bank”) and Kasasa, the Bank filed suit against Kasasa in Travis County, Texas, styled City Bank v. Kasasa, Ltd., Cause No. D-1-GN-20-003630, 53rd Judicial District, Travis County, Texas.

On or about September 23, 2022, the parties entered into a Settlement Agreement and Mutual Release (the “Settlement Agreement”), pursuant to which the parties agreed to the settlement and release of all claims related to the Software License Agreement, Trademark License Agreement, and Addendum, including all claims and counterclaims in the lawsuit. Thereafter, the parties filed a joint motion to dismiss with prejudice and the court formally dismissed the case by order dated October 7, 2022.

Quarterly Dividend

On July 21, 2022, South Plains Financial, Inc. issued a press release announcing the declaration of a quarterly cash dividend of \$0.12 per share on its outstanding common stock. The dividend will be paid on November 15, 2022 to shareholders of record as of the close of business on October 31, 2022. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

[99.1](#) Press release, dated October 21, 2022, announcing third quarter 2022 financial results of South Plains Financial, Inc.

[99.2](#) Earnings release slide presentation, dated October 21, 2022.

[99.3](#) Press release, dated October 20, 2022, announcing South Plains Financial, Inc. quarterly cash dividend.

104 Cover Page Interactive Data File (formatted as Inline XBRL).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTH PLAINS FINANCIAL, INC.

Dated: October 21, 2022

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



South Plains Financial, Inc. Reports Third Quarter 2022 Financial Results

LUBBOCK, Texas, October 21, 2022 (GLOBE NEWSWIRE) – South Plains Financial, Inc. (NASDAQ:SPFI) (“South Plains” or the “Company”), the parent company of City Bank (“City Bank” or the “Bank”), today reported its financial results for the quarter ended September 30, 2022.

Third Quarter 2022 Highlights

- Net income for the third quarter of 2022 was \$15.5 million, compared to \$15.9 million for the second quarter of 2022 and \$15.2 million for the third quarter of 2021.
- Diluted earnings per share for the third quarter of 2022 was \$0.86, compared to \$0.88 for the second quarter of 2022 and \$0.82 for the third quarter of 2021.
- Loans held for investment grew \$109.9 million, or 17.0% annualized, during the third quarter of 2022 as compared to June 30, 2022.
- Average cost of deposits for the third quarter of 2022 was 52 basis points, compared to 27 basis points for the second quarter of 2022 and 25 basis points for the third quarter of 2021.
- The Company recorded a negative provision for loan losses of \$782,000 in the third quarter of 2022, compared to no provisions for loan losses for the second quarter of 2022 and for the third quarter of 2021.
- Nonperforming assets to total assets were 0.19% at September 30, 2022, compared to 0.20% at June 30, 2022 and 0.32% at September 30, 2021.
- Return on average assets for the third quarter of 2022 was 1.53% annualized, compared to 1.60% annualized for the second quarter of 2022 and 1.61% annualized for the third quarter of 2021.
- Tangible book value (non-GAAP) per share was \$18.61 as of September 30, 2022, compared to \$19.50 per share as of June 30, 2022 and \$20.90 per share as of September 30, 2021.
- The Company repurchased 366 thousand shares of common stock in the third quarter of 2022 as compared to 257 thousand shares in the second quarter of 2022.

Curtis Griffith, South Plains’ Chairman and Chief Executive Officer, commented, “Our business continued to perform well through the third quarter of 2022, highlighted by 17.0% annualized loan growth during the period driven by strength in both our community markets and major metropolitan markets of Dallas, Houston and El Paso. The expansion in our loan portfolio is contributing to strong underlying earnings growth, which has been masked by large recoveries, negative provisions for loan losses, and fair value increases in our mortgage servicing rights portfolio over the last three quarters. These items totaled \$0.24 per share of income, net of tax, in the second quarter of 2022 and \$0.10 per share of income, net of tax, in the third quarter of 2022. The investments that we have made to expand our lending platform and increase our presence in our metropolitan markets has provided an acceleration to our growth and is contributing to the building earnings power of the Company. Importantly, our mortgage banking business has reached a level where we believe it is no longer a headwind to our financial results, as we highlighted last quarter. While we are delivering improved loan growth, we are also maintaining our strict credit culture and underwriting standards, including not sacrificing credit quality for growth. Overall, our Company continues to perform well, and we believe this performance has not been reflected in our share price. As a result, we further accelerated the pace of our share repurchases in the third quarter having bought back 366 thousand shares as compared to 257 thousand shares and 106 thousand shares in the second and first quarter of 2022, respectively.”

Results of Operations, Quarter Ended September 30, 2022

Net Interest Income

Net interest income was \$35.1 million for the third quarter of 2022, compared to \$37.1 million for the second quarter of 2022 and \$31.2 million for the third quarter of 2021. Net interest margin, calculated on a tax-equivalent basis, was 3.70% for the third quarter of 2022, compared to 4.02% for the second quarter of 2022 and 3.58% for the third quarter of 2021. The average yield on loans was 5.12% for the third quarter of 2022, compared to 5.57% for the second quarter of 2022 and 4.99% for the third quarter of 2021. The average cost of deposits was 52 basis points for the third quarter of 2022, which is 25 basis points higher than the second quarter of 2022 and 27 basis points higher than the third quarter of 2021.

Interest income was \$41.1 million for the third quarter of 2022, compared to \$40.8 million for the second quarter of 2022 and \$34.4 million for the third quarter of 2021. Interest income increased \$356 thousand in the third quarter of 2022 from the second quarter of 2022, which was comprised of an increase of \$1.3 million in interest income from securities and other interest-earning assets, partially offset by a decrease of \$1.0 million in loan interest income. The increase in interest income on securities and other interest-earning assets was primarily due to continued rising market interest rates. The decrease in loan interest income was primarily due to \$4.4 million of interest income received related to four credits for the recovery of interest on previously charged-off credits, purchase discount principal recovery, and prepayment penalties during the second quarter of 2022, partially offset by an increase of \$121.9 million in average loans outstanding, and the rising interest rate environment. Excluding the \$4.4 million of large loan recoveries and prepayment penalties, the yield on loans was 4.88% during the second quarter of 2022, as compared to 5.12% in the third quarter of 2022, while net interest margin, on a tax-equivalent basis, was 3.54% during the second quarter of 2022, as compared to 3.70% for the third quarter of 2022. Interest income increased \$6.7 million in the third quarter of 2022 compared to the third quarter of 2021. This increase was primarily due to an increase of average loans of \$219.5 million, securities purchases, and rising market interest rates during the period.

Interest expense was \$6.0 million for the third quarter of 2022, compared to \$3.6 million for the second quarter of 2022 and \$3.3 million for the third quarter of 2021. Interest expense increased \$2.4 million compared to the second quarter of 2022 and \$2.7 million compared to the third quarter of 2021 primarily as a result of rising interest rates on interest-bearing liabilities, with the increase being mainly comprised of interest expense on deposits.

Noninterest Income and Noninterest Expense

Noninterest income was \$20.9 million for the third quarter of 2022, compared to \$18.8 million for the second quarter of 2022 and \$25.8 million for the third quarter of 2021. The increase from the second quarter of 2022 was primarily due to \$2.1 million of income in legal settlements and the seasonal increase of \$3.3 million in income from insurance activities, partially offset by a decrease of \$2.4 million in mortgage banking activities revenue. This decrease in mortgage banking revenues was mainly the result of mortgage loan originations declining \$55.1 million, or 26.6%, as the residential mortgage market continued to slow during the third quarter of 2022 as a result of rising market interest rates and seasonality. The decrease in noninterest income for the third quarter of 2022 as compared to the third quarter of 2021 was primarily due to a decline of \$8.5 million in mortgage banking activities revenue as mortgage loan originations declined \$222.2 million, or 59.4%, as high-volume refinance activity experienced during 2020 and 2021 has slowed as a result of rising market interest rates. This decrease was partially offset by the growth in income from insurance activities and the income from legal settlements noted previously.

Noninterest expense was \$37.4 million for the third quarter of 2022, compared to \$36.1 million for the second quarter of 2022 and \$38.1 million for the third quarter of 2021. The increase from the second quarter of 2022 was primarily the result of an increase of \$937 thousand in personnel expense due to the payment of an additional \$1.8 million in commissions on insurance activities, partially offset by a decrease in mortgage commissions expense and related supporting personnel expense from the decline in mortgage loan originations and a decrease of \$265 thousand in legal expenses. The decrease in noninterest expense for the third quarter of 2022 as compared to the third quarter of 2021 was primarily driven by lower mortgage commissions and other variable mortgage-based expenses due to the reduction in mortgage loan originations, partially offset by additional commercial lenders hired as part of a planned initiative, and an increase of \$731 thousand in legal expenses.

Loan Portfolio and Composition

Loans held for investment were \$2.69 billion as of September 30, 2022, compared to \$2.58 billion as of June 30, 2022 and \$2.43 billion as of September 30, 2021. The \$109.9 million, or 17.0% annualized, increase during the third quarter of 2022 as compared to the second quarter of 2022 was primarily the result of organic net loan growth. This loan growth remained relationship-focused and occurred primarily in commercial real estate loans, residential mortgage loans, and consumer auto loans, partially offset by a decrease in hotel loans. As of September 30, 2022, loans held for investment increased \$261.3 million, or 10.8% year over year, from September 30, 2021, attributable to strong organic loan growth.

Agricultural production loans were \$94.1 million as of September 30, 2022, compared to \$88.8 million as of June 30, 2022 and \$119.3 million as of September 30, 2021. The typical seasonal funding of these agricultural production loans during the third quarter of 2022 was below normal based on drought conditions experienced across the State of Texas.

Deposits and Borrowings

Deposits totaled \$3.46 billion as of September 30, 2022, compared to \$3.43 billion as of June 30, 2022 and \$3.21 billion as of September 30, 2021. Deposits increased by \$34.7 million, or 1.0%, in the third quarter of 2022 from June 30, 2022. As of September 30, 2022, deposits increased \$248.3 million, or 7.7% year over year, from September 30, 2021. Noninterest-bearing deposits were \$1.26 billion as of September 30, 2022, compared to \$1.20 billion as of June 30, 2022 and \$1.05 billion as of September 30, 2021. Noninterest-bearing deposits represented 36.5% of total deposits as of September 30, 2022. The increase in deposits noted above is primarily a result of organic growth.

Asset Quality

The Company recorded a negative provision for loan losses in the third quarter of 2022 of \$782 thousand, compared to no provisions for loan losses in the second quarter of 2022 or for the third quarter of 2021. There was a loan loss recovery of \$822 thousand of a direct energy credit during the third quarter of 2022. Overall, the Company continued to experience improving credit metrics in the loan portfolio during the third quarter of 2022. These improvements were specifically noted in the hotel segment, which had a net reduction in outstanding principal of \$19.6 million during the quarter. The loan loss recovery noted above and improving credit metrics, offset by the organic growth in the loan portfolio, resulted in the negative provision for the third quarter of 2022. Nevertheless, concerns regarding forecasted economic conditions continue to worsen due to the rising interest rate environment and persistent high inflation levels in the United States, and provisions for loan losses may be necessary in future periods.

The ratio of allowance for loan losses to loans held for investment was 1.47% as of September 30, 2022, compared to 1.54% as of June 30, 2022 and 1.76% as of September 30, 2021.

The ratio of nonperforming assets to total assets as of September 30, 2022 was 0.19%, compared to 0.20% as of June 30, 2022 and 0.32% at September 30, 2021. Annualized net charge-offs were (0.10)% for the third quarter of 2022, compared to (0.02)% for the second quarter of 2022 and 0.03% for the third quarter of 2021.

Capital

Book value per share decreased to \$20.03 at September 30, 2022, compared to \$20.91 at June 30, 2022. The decline was mainly driven by a \$26.7 million dollar decrease in accumulated other comprehensive income (“AOCI”), partially offset by an increase of \$13.4 million of net income after dividends paid. The decrease in AOCI was attributed to the decline in fair value of our available for sale securities and fair value hedges, net of tax, as a result of the rising interest rate environment.

Conference Call

South Plains will host a conference call to discuss its third quarter 2022 financial results today, October 21, 2022, at 11:00 a.m., Eastern Time. Investors and analysts interested in participating in the call are invited to dial 1-877-407-9716 (international callers please dial 1-201-493-6779) approximately 10 minutes prior to the start of the call. A live audio webcast of the conference call and conference materials will be available on the Company’s website at <https://www.spfi.bank/news-events/events>.

A replay of the conference call will be available within two hours of the conclusion of the call and can be accessed on the investor section of the Company’s website as well as by dialing 1-844-512-2921 (international callers please dial 1-412-317-6671). The pin to access the telephone replay is 13733502. The replay will be available until November 4, 2022.

About South Plains Financial, Inc.

South Plains is the bank holding company for City Bank, a Texas state-chartered bank headquartered in Lubbock, Texas. City Bank is one of the largest independent banks in West Texas and has additional banking operations in the Dallas, El Paso, Greater Houston, the Permian Basin, and College Station, Texas markets, and the Ruidoso, New Mexico market. South Plains provides a wide range of commercial and consumer financial services to small and medium-sized businesses and individuals in its market areas. Its principal business activities include commercial and retail banking, along with insurance, investment, trust and mortgage services. Please visit <https://www.spfi.bank> for more information.

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States (“GAAP”). These non-GAAP financial measures include Tangible Book Value Per Common Share, Tangible Common Equity to Tangible Assets, and Pre-Tax, Pre-Provision Income. The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company’s financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures.

We classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the United States in our statements of income, balance sheets or statements of cash flows. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies.

A reconciliation of non-GAAP financial measures to GAAP financial measures is provided at the end of this press release.

Available Information

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 Regulation FD (Fair Disclosure) promulgated by the U.S. Securities and Exchange Commission (the “SEC”). Accordingly, investors should monitor the Company’s web site, in addition to following the Company’s press releases, SEC filings, public conference calls, presentations and webcasts.

The information contained on, or that may be accessed through, the Company’s web site is not incorporated by reference into, and is not a part of, this document.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect South Plains’ current views with respect to future events. Any statements about South Plains’ expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “anticipate,” “believes,” “can,” “could,” “may,” “predicts,” “potential,” “should,” “will,” “estimate,” “plans,” “projects,” “continuing,” “ongoing,” “expects,” “intends” and similar words or phrases. South Plains cautions that the forward-looking statements in this press release are based largely on South Plains’ expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond South Plains’ control. Factors that could cause such changes include, but are not limited to, general economic conditions, the extent of the impact of the COVID-19 pandemic (and any current or future variants thereof) on our customers, changes in market interest rates, the persistence of the current inflationary environment in the United States and our market areas, the uncertain impacts of quantitative tightening and current and future monetary policies of the Federal Reserve, regulatory considerations, competition and market expansion opportunities, changes in non-interest expenditures or in the anticipated benefits of such expenditures, and changes in applicable laws and regulations. Additional information regarding these risks and uncertainties to which South Plains’ business and future financial performance are subject is contained in South Plains’ most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file with the SEC, and other documents South Plains files with the SEC from time to time. South Plains urges readers of this press release to review the “*Risk Factors*” section of our most recent Annual Report on Form 10-K, as well as the “*Risk Factors*” section of other documents South Plains files or furnishes with the SEC from time to time, which are available on the SEC’s website, www.sec.gov. Actual results, performance or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements due to additional risks and uncertainties of which South Plains is not currently aware or which it does not currently view as, but in the future may become, material to its business or operating results. Due to these and other possible uncertainties and risks, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized and readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. Any forward-looking statements presented herein are made only as of the date of this press release, and South Plains does not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, new information, the occurrence of unanticipated events, or otherwise, except as required by law. All forward-looking statements, express or implied, included in the press release are qualified in their entirety by this cautionary statement.

Contact: Mikella Newsom, Chief Risk Officer and Secretary
(866) 771-3347
investors@city.bank

Source: South Plains Financial, Inc.

South Plains Financial, Inc.
Consolidated Financial Highlights - (Unaudited)
(Dollars in thousands, except share data)

	As of and for the quarter ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Selected Income Statement Data:					
Interest income	\$ 41,108	\$ 40,752	\$ 33,080	\$ 34,600	\$ 34,438
Interest expense	6,006	3,647	3,133	3,151	3,260
Net interest income	35,102	37,105	29,947	31,449	31,178
Provision for loan losses	(782)	-	(2,085)	-	-
Noninterest income	20,937	18,835	23,697	22,928	25,791
Noninterest expense	37,401	36,056	37,924	36,132	38,063
Income tax expense	3,962	4,001	3,527	3,631	3,716
Net income	15,458	15,883	14,278	14,614	15,190
Per Share Data (Common Stock):					
Net earnings, basic	0.89	0.91	0.81	0.82	0.85
Net earnings, diluted	0.86	0.88	0.78	0.79	0.82
Cash dividends declared and paid	0.12	0.11	0.11	0.09	0.09
Book value	20.03	20.91	21.90	22.94	22.34
Tangible book value (non-GAAP)	18.61	19.50	20.49	21.51	20.90
Weighted average shares outstanding, basic	17,286,531	17,490,706	17,716,136	17,777,542	17,931,174
Weighted average shares outstanding, dilutive	17,901,899	18,020,548	18,392,397	18,433,038	18,463,697
Shares outstanding at end of period	17,064,640	17,417,094	17,673,407	17,760,243	17,824,094
Selected Period End Balance Sheet Data:					
Cash and cash equivalents	329,962	375,690	528,612	486,821	327,600
Investment securities	711,412	763,943	793,404	724,504	752,562
Total loans held for investment	2,690,366	2,580,493	2,453,631	2,437,577	2,429,041
Allowance for loan losses	39,657	39,785	39,649	42,098	42,768
Total assets	3,992,690	3,974,724	3,999,744	3,901,855	3,774,175
Interest-bearing deposits	2,198,464	2,230,105	2,318,942	2,269,855	2,157,981
Noninterest-bearing deposits	1,262,072	1,195,732	1,131,215	1,071,367	1,054,264
Total deposits	3,460,536	3,425,837	3,450,157	3,341,222	3,212,245
Borrowings	122,307	122,261	122,214	122,168	122,121
Total stockholders' equity	341,799	364,222	387,068	407,427	398,276
Summary Performance Ratios:					
Return on average assets	1.53%	1.60%	1.47%	1.50%	1.61%
Return on average equity	17.37%	16.96%	14.58%	14.39%	15.24%
Net interest margin ⁽¹⁾	3.70%	4.02%	3.33%	3.50%	3.58%
Yield on loans	5.12%	5.57%	4.80%	4.90%	4.99%
Cost of interest-bearing deposits	0.82%	0.42%	0.34%	0.35%	0.37%
Efficiency ratio	66.38%	64.11%	70.30%	66.07%	66.45%
Summary Credit Quality Data:					
Nonperforming loans	7,733	7,889	12,141	10,598	10,895
Nonperforming loans to total loans held for investment	0.29%	0.31%	0.49%	0.43%	0.45%
Other real estate owned	37	59	1,141	1,032	1,081
Nonperforming assets to total assets	0.19%	0.20%	0.33%	0.30%	0.32%
Allowance for loan losses to total loans held for investment	1.47%	1.54%	1.62%	1.73%	1.76%
Net charge-offs to average loans outstanding (annualized)	(0.10)%	(0.02)%	0.06%	0.11%	0.03%

	As of and for the quarter ended				
	September 30	June 30,	March 31,	December 31,	September 30,
	2022	2022	2022	2021	2021
Capital Ratios:					
Total stockholders' equity to total assets	8.56%	9.16%	9.68%	10.44%	10.55%
Tangible common equity to tangible assets (non-GAAP)	8.00%	8.60%	9.11%	9.85%	9.94%
Common equity tier 1 to risk-weighted assets	11.67%	12.24%	12.86%	12.91%	12.68%
Tier 1 capital to average assets	10.95%	10.93%	10.78%	10.77%	10.83%
Total capital to risk-weighted assets	16.46%	17.32%	18.22%	18.40%	18.21%

(1) Net interest margin is calculated as the annual net interest income, on a fully tax-equivalent basis, divided by average interest-earning assets.

South Plains Financial, Inc.
Average Balances and Yields - (Unaudited)
(Dollars in thousands)

	For the Three Months Ended					
	September 30, 2022			September 30, 2021		
	Average Balance	Interest Income Expense	Yield	Average Balance	Interest Income Expense	Yield
Assets						
Loans, excluding PPP (1)	\$ 2,666,429	\$ 34,176	5.09%	\$ 2,365,010	\$ 28,947	4.86%
Loans - PPP	4,754	288	24.03%	86,645	1,872	8.57%
Debt securities - taxable	617,722	4,166	2.68%	531,620	2,309	1.72%
Debt securities - nontaxable	215,508	1,428	2.63%	221,026	1,468	2.64%
Other interest-bearing assets	293,636	1,351	1.83%	284,369	151	0.21%
Total interest-earning assets	3,798,049	41,409	4.33%	3,488,670	34,747	3.95%
Noninterest-earning assets	208,135			259,641		
Total assets	\$ 4,006,184			\$ 3,748,311		
Liabilities & stockholders' equity						
NOW, Savings, MMA's	\$ 1,873,786	3,514	0.74%	\$ 1,820,677	1,005	0.22%
Time deposits	330,133	1,023	1.23%	330,161	1,025	1.23%
Short-term borrowings	4	-	0.00%	725	-	0.00%
Notes payable & other long-term borrowings	-	-	0.00%	-	-	0.00%
Subordinated debt securities	75,914	1,012	5.29%	75,728	1,013	5.31%
Junior subordinated deferrable interest debentures	46,393	457	3.91%	46,393	217	1.86%
Total interest-bearing liabilities	2,326,230	6,006	1.02%	2,273,684	3,260	0.57%
Demand deposits	1,248,804			1,035,910		
Other liabilities	78,139			43,171		
Stockholders' equity	353,011			395,546		
Total liabilities & stockholders' equity	\$ 4,006,184			\$ 3,748,311		
Net interest income		\$ 35,403			\$ 31,487	
Net interest margin (2)			3.70%			3.58%

(1) Average loan balances include nonaccrual loans and loans held for sale.

(2) Net interest margin is calculated as the annualized net income, on a fully tax-equivalent basis, divided by average interest-earning assets.

PPP - Small Business Administration Paycheck Protection Program

South Plains Financial, Inc.
Average Balances and Yields - (Unaudited)
(Dollars in thousands)

	For the Nine Months Ended					
	September 30, 2022			September 30, 2021		
	Average Balance	Interest Income Expense	Yield	Average Balance	Interest Income Expense	Yield
Assets						
Loans, excluding PPP (1)	\$ 2,548,174	\$ 97,321	5.11%	\$ 2,246,650	\$ 82,314	4.90%
Loans - PPP	19,509	1,941	13.30%	141,040	7,147	6.78%
Debt securities - taxable	592,069	10,058	2.27%	540,380	7,118	1.76%
Debt securities - nontaxable	216,951	4,315	2.66%	219,242	4,414	2.69%
Other interest-bearing assets	363,659	2,213	0.81%	328,412	373	0.15%
Total interest-earning assets	3,740,362	115,848	4.14%	3,475,724	101,366	3.90%
Noninterest-earning assets	236,296			261,449		
Total assets	\$ 3,976,658			\$ 3,737,173		
Liabilities & stockholders' equity						
NOW, Savings, MMA's	\$ 1,905,000	5,782	0.41%	\$ 1,834,113	3,259	0.24%
Time deposits	334,686	2,962	1.18%	326,862	3,114	1.27%
Short-term borrowings	4	-	0.00%	10,725	5	0.06%
Notes payable & other long-term borrowings	-	-	0.00%	26,188	38	0.19%
Subordinated debt securities	75,852	3,037	5.35%	75,682	3,044	5.38%
Junior subordinated deferrable interest debentures	46,393	1,005	2.90%	46,393	661	1.90%
Total interest-bearing liabilities	2,361,935	12,786	0.72%	2,319,963	10,121	0.58%
Demand deposits	1,174,783			991,331		
Other liabilities	64,639			41,996		
Stockholders' equity	375,301			383,883		
Total liabilities & stockholders' equity	\$ 3,976,658			\$ 3,737,173		
Net interest income		\$ 103,062			\$ 91,245	
Net interest margin (2)			3.68%			3.51%

(1) Average loan balances include nonaccrual loans and loans held for sale.

(2) Net interest margin is calculated as the annualized net income, on a fully tax-equivalent basis, divided by average interest-earning assets.

PPP - Small Business Administration Paycheck Protection Program

South Plains Financial, Inc.
Consolidated Balance Sheets
(Unaudited)
(Dollars in thousands)

	As of	
	September 30, 2022	December 31, 2021
Assets		
Cash and due from banks	\$ 52,749	\$ 68,425
Interest-bearing deposits in banks	277,213	418,396
Federal funds sold	—	—
Investment securities	711,412	724,504
Loans held for sale	26,922	76,507
Loans held for investment	2,690,366	2,437,577
Less: Allowance for loan losses	(39,657)	(42,098)
Net loans held for investment	2,650,709	2,395,479
Premises and equipment, net	56,532	57,699
Goodwill	19,508	19,508
Intangible assets	4,720	5,895
Mortgage servicing assets	28,424	19,700
Other assets	164,501	115,742
Total assets	<u>\$ 3,992,690</u>	<u>\$ 3,901,855</u>
Liabilities and Stockholders' Equity Liabilities		
Noninterest bearing deposits	\$ 1,262,072	\$ 1,071,367
Interest-bearing deposits	2,198,464	2,269,855
Total deposits	<u>3,460,536</u>	<u>3,341,222</u>
Other borrowings	-	-
Subordinated debt securities	75,914	75,775
Trust preferred subordinated debentures	46,393	46,393
Other liabilities	68,048	31,038
Total liabilities	<u>3,650,891</u>	<u>3,494,428</u>
Stockholders' Equity		
Common stock	17,065	17,760
Additional paid-in capital	116,565	133,215
Retained earnings	281,679	242,750
Accumulated other comprehensive income (loss)	(73,510)	13,702
Total stockholders' equity	<u>341,799</u>	<u>407,427</u>
Total liabilities and stockholders' equity	<u>\$ 3,992,690</u>	<u>\$ 3,901,855</u>

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

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Interest income:				
Loans, including fees	\$ 34,463	\$ 30,818	\$ 99,260	\$ 89,458
Other	6,645	3,620	15,680	10,978
Total Interest income	41,108	34,438	114,940	100,436
Interest expense:				
Deposits	4,537	2,030	8,744	6,373
Subordinated debt securities	1,012	1,013	3,037	3,044
Trust preferred subordinated debentures	457	217	1,005	661
Other	-	-	-	43
Total Interest expense	6,006	3,260	12,786	10,121
Net interest income	35,102	31,178	102,154	90,315
Provision for loan losses	(782)	-	(2,867)	(1,918)
Net interest income after provision for loan losses	35,884	31,178	105,021	92,233
Noninterest income:				
Service charges on deposits	1,764	1,851	5,149	5,023
Income from insurance activities	4,856	3,794	8,003	6,146
Mortgage banking activities	6,287	14,802	28,593	47,329
Bank card services and interchange fees	3,156	3,045	9,856	8,760
Other	4,874	2,299	11,868	7,283
Total Noninterest income	20,937	25,791	63,469	74,541
Noninterest expense:				
Salaries and employee benefits	22,927	24,116	67,620	71,811
Net occupancy expense	4,132	3,896	11,902	10,960
Professional services	2,523	1,388	7,795	4,483
Marketing and development	913	777	2,391	2,157
Other	6,906	7,886	21,673	22,487
Total noninterest expense	37,401	38,063	111,381	111,898
Income before income taxes	19,420	18,906	57,109	54,876
Income tax expense	3,962	3,716	11,490	10,876
Net income	\$ 15,458	\$ 15,190	\$ 45,619	\$ 44,000

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

	As of	
	September 30, 2022	December 31, 2021
Loans:		
Commercial Real Estate	\$ 869,231	\$ 755,444
Commercial - Specialized	368,204	378,725
Commercial - General	477,209	460,024
Consumer:		
1-4 Family Residential	424,802	387,690
Auto Loans	309,110	240,719
Other Consumer	80,524	68,113
Construction	161,286	146,862
Total loans held for investment	\$ 2,690,366	\$ 2,437,577

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

	As of	
	September 30, 2022	December 31, 2021
Deposits:		
Noninterest-bearing demand deposits	\$ 1,262,072	\$ 1,071,367
NOW & other transaction accounts	353,871	395,322
MMDA & other savings	1,518,485	1,534,795
Time deposits	326,108	339,738
Total deposits	\$ 3,460,536	\$ 3,341,222

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

	As of and for the quarter ended				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Pre-tax, pre-provision income					
Net income	\$ 15,458	\$ 15,883	\$ 14,278	\$ 14,614	\$ 15,190
Income tax expense	3,962	4,001	3,527	3,631	3,716
Provision for loan losses	(782)	-	(2,085)	-	-
Pre-tax, pre-provision income	\$ 18,638	\$ 19,884	\$ 15,720	\$ 18,245	\$ 18,906

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

	As of				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Tangible common equity					
Total common stockholders' equity	\$ 341,799	\$ 364,222	\$ 387,068	\$ 407,427	\$ 398,276
Less: goodwill and other intangibles	(24,228)	(24,620)	(25,011)	(25,403)	(25,804)
Tangible common equity	\$ 317,571	\$ 339,602	\$ 362,057	\$ 382,024	\$ 372,472
Tangible assets					
Total assets	\$ 3,992,690	\$ 3,974,724	\$ 3,999,744	\$ 3,901,855	\$ 3,774,175
Less: goodwill and other intangibles	(24,228)	(24,620)	(25,011)	(25,403)	(25,804)
Tangible assets	\$ 3,968,462	\$ 3,950,104	\$ 3,974,733	\$ 3,876,452	\$ 3,748,371
Shares outstanding	17,064,640	17,417,094	17,673,407	17,760,243	17,824,094
Total stockholders' equity to total assets	8.56%	9.16%	9.68%	10.44%	10.55%
Tangible common equity to tangible assets	8.00%	8.60%	9.11%	9.85%	9.94%
Book value per share	\$ 20.03	\$ 20.91	\$ 21.90	\$ 22.94	\$ 22.34
Tangible book value per share	\$ 18.61	\$ 19.50	\$ 20.49	\$ 21.51	\$ 20.90

South Plains Financial



Third Quarter 2022 Earnings Presentation

October 21, 2022

FORWARD-LOOKING STATEMENTS

This presentation contains, and future oral and written statements of South Plains Financial, Inc. ("South Plains" or the "Company" or "SPFI") and City Bank ("City Bank" or the "Bank") may contain, statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect South Plains' current views with respect to, among other things, the ongoing COVID-19 pandemic, future events and South Plains' financial performance. Any statements about South Plains' expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. Forward-looking statements include, but are not limited to: (i) projections and estimates of revenues, expenses, income or loss, earnings or loss per share, and other financial items, (ii) statements of plans, objectives and expectations of South Plains or its management, (iii) statements of future economic performance, and (iv) statements of assumptions underlying such statements. Forward-looking statements should not be relied on because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of South Plains and City Bank. These risks, uncertainties and other factors may cause the actual results, performance, and achievements of South Plains and City Bank to be materially different from the anticipated future results, performance or achievements expressed in, or implied by, the forward-looking statements. Factors that could cause such differences include, but are not limited to, local, regional, national and international economic conditions, the extent of the impact of the COVID-19 pandemic (and any current or future variant thereof), including the impact of actions taken by governmental and regulatory authorities in response to such pandemic, such as the Coronavirus Aid, Relief, and Economic Security Act and subsequent related legislations, and the programs established thereunder, and City Bank's participation in such programs, volatility of the financial markets, changes in market interest rates, the persistence of the current inflationary environment in the United States and our market areas, the uncertain impacts of quantitative tightening and current and future monetary policies of the Federal Reserve, regulatory considerations, competition and market expansion opportunities, changes in non-interest expenditures or in the anticipated benefits of such expenditures, the receipt of required regulatory approvals, changes in non-performing assets and charge-offs, adequacy of loan loss reserves, changes in tax laws, current or future litigation, regulatory examinations or other legal and/or regulatory actions, the impact of any tariffs, terrorist threats and attacks, acts of war or threats thereof or other pandemics. Due to these and other possible uncertainties and risks, South Plains can give no assurance that the results contemplated in the forward-looking statements will be realized and readers are cautioned not to place undue reliance on the forward-looking statements contained in this presentation. For more information about these factors, please see South Plains' reports filed with or furnished to the U.S. Securities and Exchange Commission (the "SEC"), including South Plains' most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q on file with the SEC, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Further, any forward-looking statement speaks only as of the date on which it is made and South Plains undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as required by law. All forward-looking statements, express or implied, herein are qualified in their entirety by this cautionary statement.

NON-GAAP FINANCIAL MEASURES

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

Today's Speakers



Curtis C. Griffith
Chairman & Chief Executive Officer

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



Cory T. Newsom
President

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



Steven B. Crockett
Chief Financial Officer & Treasurer

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



South Plains
Financial, Inc.

Third Quarter 2022 Highlights

Organic Loan Growth
17.0% Annualized

Loans Held for Investment
("HFI") \$2.69 B

Net Income
\$15.5 M

EPS - Diluted
\$0.86

ROAA
1.53%

Efficiency Ratio
66.4%

Net Interest Margin ⁽¹⁾
("NIM") 3.70%

Average Yield on Loans
5.12%

- **Diluted earnings per share** was **\$0.86 per share**, as compared to \$0.88 per share in 2Q'22
 - Of note, **certain items** inflated **2Q'22 earnings by \$0.24 per share** and **Q3'22 earnings by \$0.10 per share** (large recoveries, reverse loan loss provisions, and fair value increases to mortgage servicing rights)
- **Run rate earnings growth** primarily driven by a **17.0% annualized increase in loans HFI** as compared to 2Q'22
- Momentum continued across **metropolitan markets** with **loans increasing 14.6%**, annualized, to \$849.3 million
- Year to date, the Bank has delivered **10.4% loan growth**, above the **Company's mid to high single digit guidance**, with the **Bank's metro markets growing 15.2%**
- **Credit quality continues to improve** as the ratio of nonperforming assets to total assets was 19 bps in 3Q'22 as compared to 20 bps in 2Q'22 and 33 bps in Q1'22
- **Mortgage banking revenues** continue to be at trough levels and management believes are **no longer a headwind to Company results**
- **Repurchased 366 thousand shares** in 3Q'22 as compared to **257 thousand shares in 2Q'22**. **Repurchased 730 thousand shares** year to date through the end of the September 2022 under the stock repurchase program

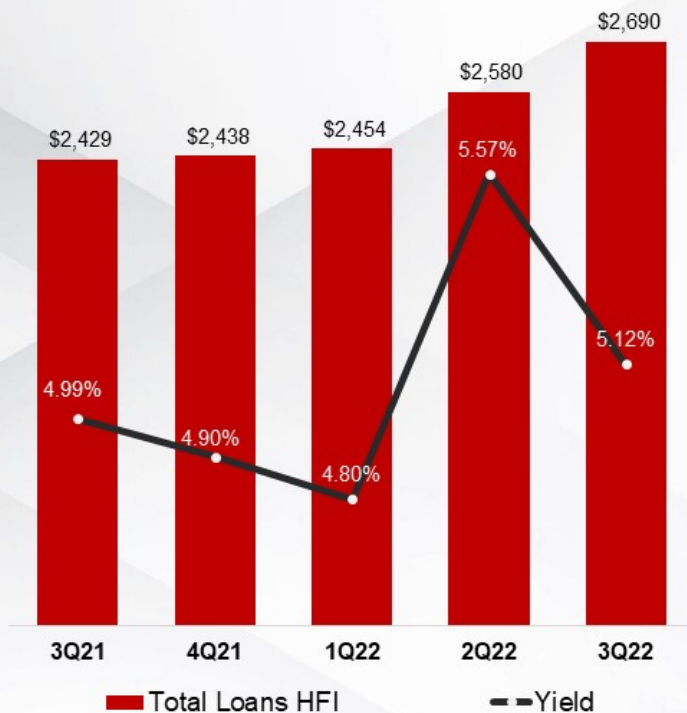
(1) Net interest margin is calculated on a tax-equivalent basis

Source: Company documents

Loan Portfolio

Total Loans HFI

\$ in Millions



3Q'22 Highlights

- ✓ Loans HFI increased \$109.9 million from 2Q'22, primarily due to organic net loan growth
 - Organic net loan growth remained relationship-focused, occurring primarily in commercial real estate loans, residential mortgage loans and consumer auto loans, partially offset by a decrease in hotel loans
- ✓ Loans HFI increased \$261.3 million from 3Q'21
- ✓ 3Q'22 yield on loans of 5.12%; a decrease of 45 bps compared to 2Q'22
 - 70bps, or \$4.4 million, of large loan recoveries and prepayment penalties in 2Q'22

Source: Company documents

Attractive Markets Poised for Organic Growth

Dallas / Ft. Worth

- ✓ Largest metropolitan statistical area ("MSA") in Texas. Steadily expanding population that accounts for over 26% of the state's population
- ✓ Attractive location for companies interested in relocating to more efficient economic environments
- ✓ Major U.S. Airport hub and large corporations in diversified sectors including financial services, transportation, energy and technology
- ✓ Focus on commercial real estate lending

El Paso

- ✓ Population of 865,000+
- ✓ Adjacent in proximity to Juarez, Mexico's growing industrial center and an estimated population of 1.5 million people
- ✓ Home to four universities including The University of Texas at El Paso
- ✓ Focus on commercial real estate lending

Houston

- ✓ Second largest MSA in Texas and fifth largest in the nation
- ✓ Called the "Energy Capital of the World," the area also boasts the world's largest medical center and second busiest port in the U.S
- ✓ Leading corporations across a variety of industries propelling growth through new entrants and diversification
- ✓ Focus on commercial real estate lending

Lubbock

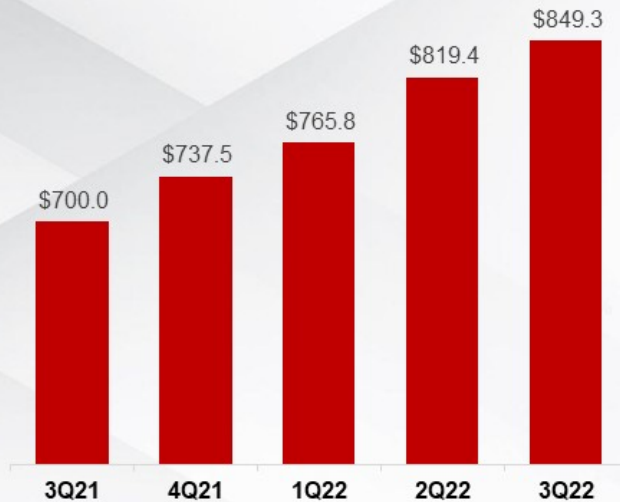
- ✓ Population in excess of 320,000 with major industries in agribusiness, education, and trade among others
- ✓ Home of Texas Tech University – enrollment of 40,000 students
- ✓ Focus on community bank approach and expanding local relationships

Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation to GAAP

Metropolitan Loan Growth

Total Metropolitan Loans

\$ in Millions



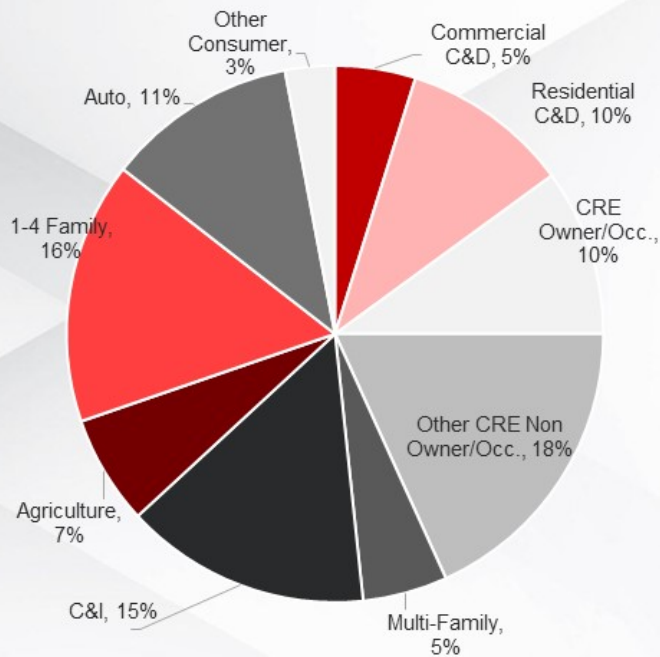
3Q'22 Highlights

- ✓ Loans HFI in our Dallas, Houston and El Paso metro markets totaled \$849.3 million in 3Q'22 an increase of 14.6%, annualized, from 2Q'22
 - Expansion of lending team across the Company's metro markets is driving accelerated loan growth
 - Existing infrastructure in Dallas, Houston and El Paso can support further growth
 - Have liquidity to fund growth as we continue to redeploy our low-cost deposits into higher yielding loans
 - New lenders continue to ramp more quickly than anticipated reaching breakeven ahead of plan, on average

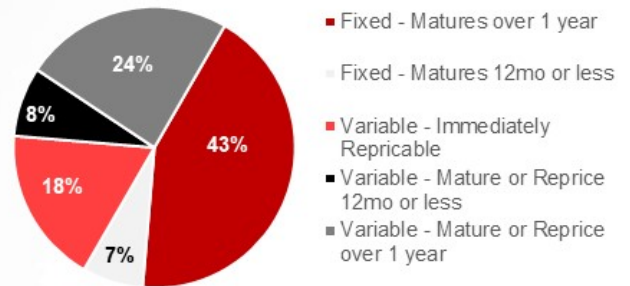
Source: Company documents

Loan HFI Portfolio

Loan Mix



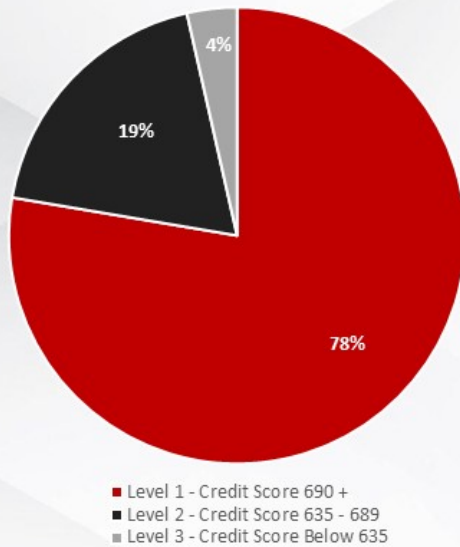
Fixed vs. Variable Rate at 9/30/22



Loan Portfolio (\$ in millions)	9/30/22
Commercial C&D	\$ 130.6
Residential C&D	271.8
CRE Owner/Occ.	269.6
Other CRE Non Owner/Occ.	490.6
Multi-Family	137.4
C&I	398.6
Agriculture	177.4
1-4 Family	424.8
Auto	309.1
Other Consumer	80.5
Total	\$ 2,690.4

Source: Company documents

Indirect Auto Credit Breakdown



Credit score at origination

Indirect Auto Highlights

- ✓ Indirect auto loans totaled \$280.4 million at the end of 3Q'22
- ✓ Disciplined underwriting approach to selectively grow indirect auto lending portfolio
- ✓ Strong credit quality in sector positioned for resiliency across economic cycles:
 - Credit score 690+: \$223.0 million
 - Credit score 635-689: \$53.9 million
 - Credit score below 635: \$10.2 million

Source: Company documents

Mortgage Banking Overview

Mortgage Banking Activity

\$ in Millions



Source: Company documents

3Q'22 Highlights

- ✓ Mortgage loan originations decreased 26.6% in 3Q'22 compared to 2Q'22 primarily due to higher market interest rates and seasonality
- ✓ Managing the business for profitability as volumes decline
- ✓ Management believes the Bank's mortgage banking business is no longer a headwind to financial results at current levels

Noninterest Income Overview

Noninterest Income

\$ in Millions



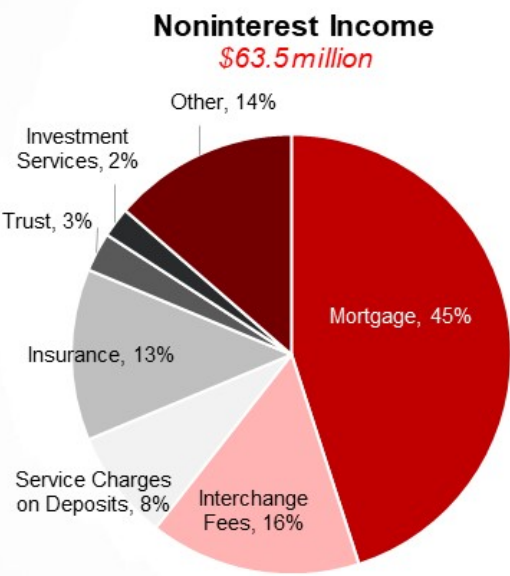
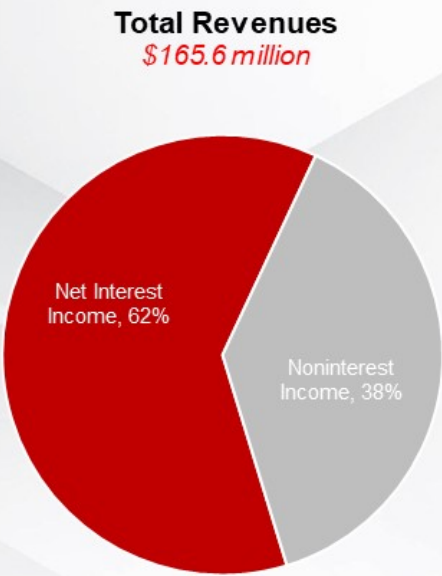
3Q'22 Highlights

- ✓ Noninterest income of \$20.9 million, compared to \$18.8 million in 2Q'22 was primarily a result of \$2.1 million of income from legal settlements and \$3.3 million of seasonal insurance activity
- ✓ The increase in noninterest income was partially offset by an expected decrease of \$2.4 million in mortgage banking activities revenue
- ✓ Mortgage banking revenues were 11% of total Bank revenues and at a trough level
- ✓ Noninterest income expected to stabilize in the coming quarters

Source: Company documents

Diversified Revenue Stream

Nine Months Ended September 30, 2022

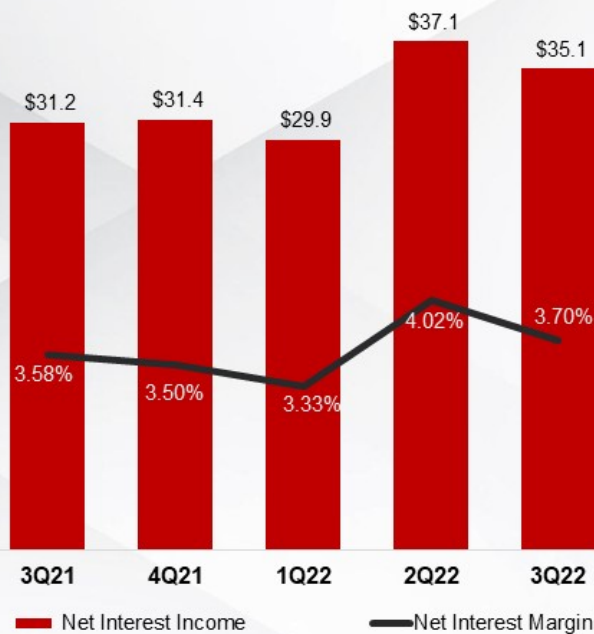


Source: Company documents

Net Interest Income and Margin

Net Interest Income & Margin

\$ in Millions



3Q'22 Highlights

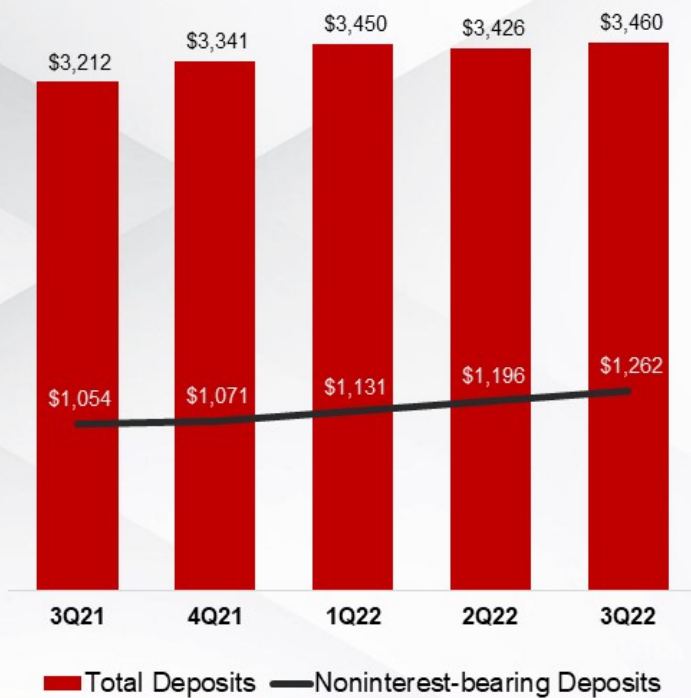
- ✓ Net interest income ("NII") of \$35.1 million, compared to \$37.1 million in 2Q'22. Of note, 2Q'22 benefited from \$4.4 million of large recoveries and prepayment penalties
- ✓ 3Q'22 NIM of 3.70%
 - Excluding the \$4.4 million of large recoveries, 2Q'22 NIM was 3.54% as compared to 3.70% in 3Q'22
- ✓ NII and NIM benefited from a \$121.9 million increase in average loans outstanding and the rising market interest rate environment
- ✓ \$1.3 million increase in interest income due to other securities and interest-earning assets

Source: Company documents

Deposit Portfolio

Total Deposits

\$ in Millions

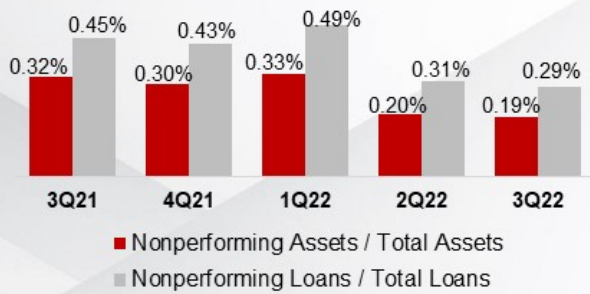


3Q'22 Highlights

- ✓ Total deposits of \$3.46 billion at 3Q'22, an increase of \$34.7 million from 2Q'22
 - Increase was entirely organic growth based upon fundamental community bank relationships and competitive advantage factor
- ✓ Cost of interest-bearing deposits increased in 3Q'22 to 82 bps from 42 bps in 2Q'22
 - Average cost of deposits was 52 bps as compared to 27 bps in 2Q'22
- ✓ Noninterest-bearing deposits represented 36.5% of deposits in 3Q'22, compared to 34.9% in 2Q'22

Source: Company documents

Credit Quality Ratios



Net Charge-Offs to Average Loans

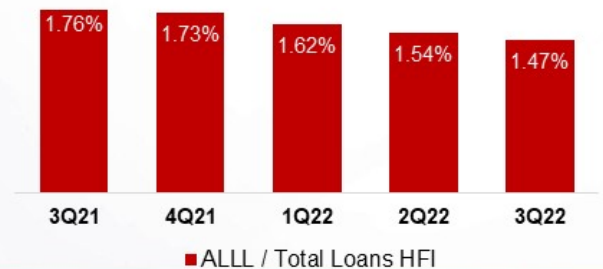


Source: Company documents

3Q'22 Highlights

- ✓ The Company recorded a negative provision for loan losses in 3Q'22 of \$782 thousand, compared to no provision for loan losses in 2Q'22
 - Loan loss recovery of \$822 thousand of a direct energy credit during 3Q'22 combined with \$19.6 million of paydowns in the hotel loan segment
- ✓ Credit metrics remain solid in the loan portfolio, with improving credit profiles in the hotel segment during 3Q'22
- ✓ Ratio of Allowance for Loan Losses ("ALLL") to loans HFI was 1.47% at 9/30/22

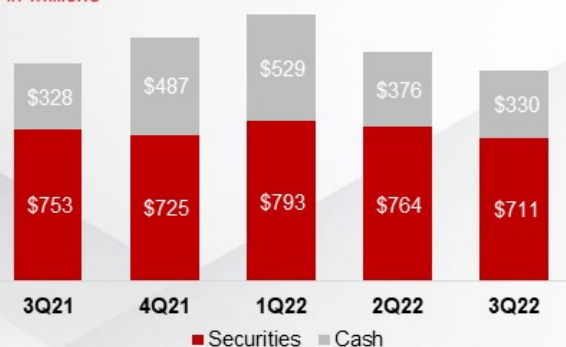
ALLL to Total Loans HFI



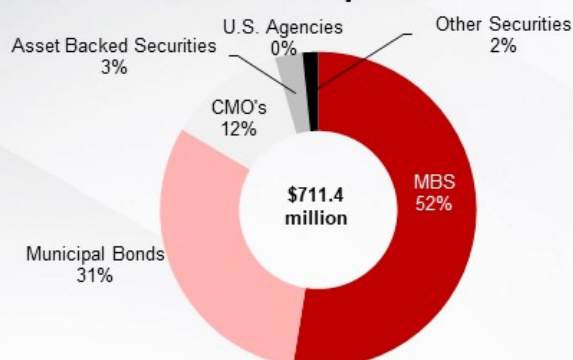
Investment Securities

Securities & Cash

\$ in Millions



3Q'22 Securities Composition



3Q'22 Highlights

- ✓ Investment Securities totaled \$711.4 million at 9/30/2022, a decrease of \$52.5 million from 6/30/22
 - Includes an increase of \$39.1 million in the unrealized loss on available for sale securities during 3Q'22, primarily due to increases in market interest rates during the period
- ✓ All municipal bonds are in Texas
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE

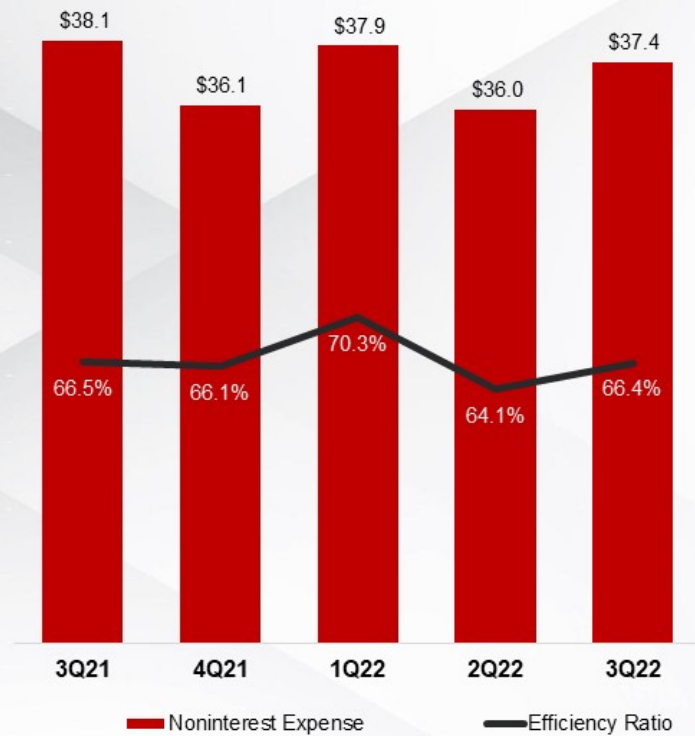
Source: Company documents

Noninterest Expense and Efficiency

Noninterest Expense

\$ in Millions

3Q'22 Highlights



✓ Noninterest expense for 3Q'22 increased \$1.4 million from 2Q'22 primarily due to:

- Increase of \$937 thousand in insurance commission expense due to higher revenue from insurance activities
- Partially offset by a decrease in mortgage commission expense and related personnel expense and variable mortgage related expenses in accordance with the decline in mortgage loan originations

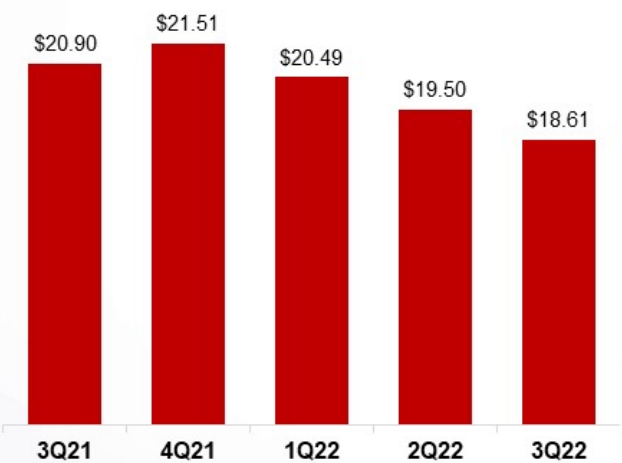
Source: Company documents

Balance Sheet Highlights

\$ in Millions



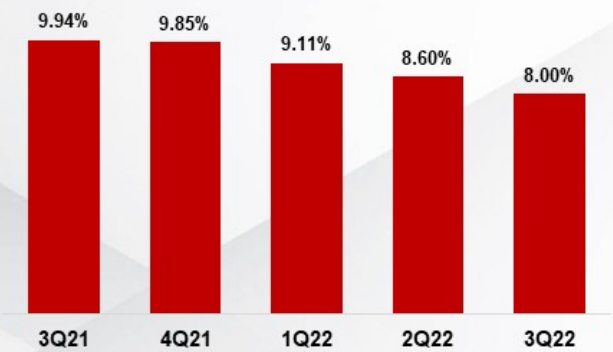
Tangible Book Value Per Share



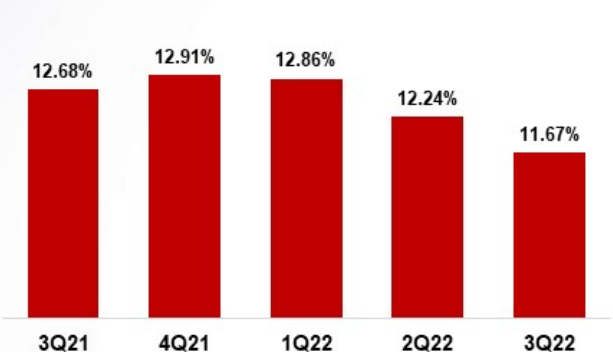
Note: Tangible book value per share is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP
Source: Company documents

Strong Capital Base

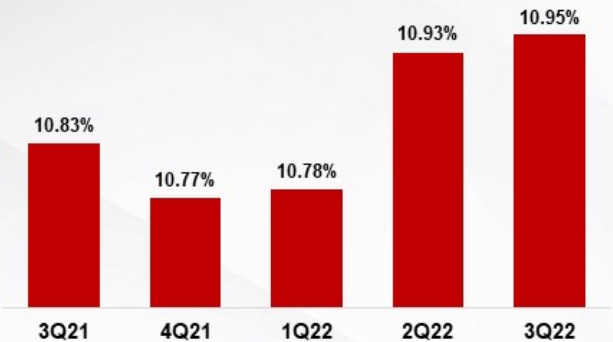
Tangible Common Equity to Tangible Assets Ratio



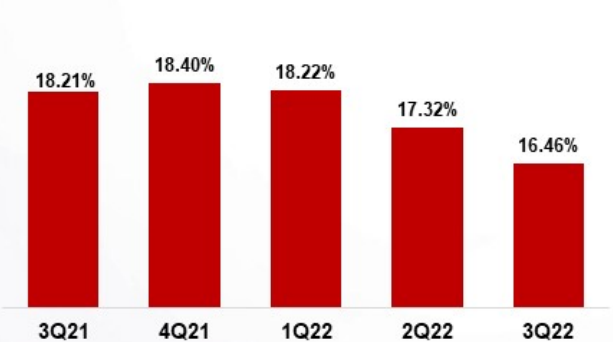
Common Equity Tier 1 Ratio



Tier 1 Capital to Average Assets Ratio



Total Capital to Risk-Weighted Assets Ratio



Source: Company documents

Note: Tangible common equity to tangible assets is a non-GAAP measure. See appendix for the reconciliation of non-GAAP measures to GAAP

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

THE POWER OF RELATIONSHIPS

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



South Plains
Financial, Inc.

Our Core Purpose is:

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

HELP [ALL STAKEHOLDERS] SUCCEED

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

LIVE BETTER

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

Appendix

Non-GAAP Financial Measures

	September 30, 2022	June 30, 2022	As of and for the quarter ended		December 31, 2021	September 30, 2021
			March 31, 2022			
Pre-tax, pre-provision income						
Net income	\$ 15,458	\$ 15,883	\$ 14,278	\$ 14,614	\$ 15,190	
Income tax expense	3,962	4,001	3,527	3,631	3,716	
Provision for loan losses	(782)	-	(2,085)	-	-	
Pre-tax, pre-provision income	\$ 18,638	\$ 19,884	\$ 15,720	\$ 18,245	\$ 18,906	
	September 30, 2022	June 30, 2022	As of		December 31, 2021	September 30, 2021
			March 31, 2022			
Tangible common equity						
Total common stockholders' equity	\$ 341,799	\$ 364,222	\$ 387,068	\$ 407,427	\$ 398,276	
Less: goodwill and other intangibles	(24,228)	(24,620)	(25,011)	(25,403)	(25,804)	
Tangible common equity	\$ 317,571	\$ 339,602	\$ 362,057	\$ 382,024	\$ 372,472	
Tangible assets						
Total assets	\$ 3,992,690	\$ 3,974,724	\$ 3,999,744	\$ 3,901,855	\$ 3,774,175	
Less: goodwill and other intangibles	(24,228)	(24,620)	(25,011)	(25,403)	(25,804)	
Tangible assets	\$ 3,968,462	\$ 3,950,104	\$ 3,974,733	\$ 3,876,452	\$ 3,748,371	
Shares outstanding	17,064,640	17,417,094	17,673,407	17,760,243	17,824,094	
Total stockholders' equity to total assets	8.56%	9.16%	9.68%	10.44%	10.55%	
Tangible common equity to tangible assets	8.00%	8.60%	9.11%	9.85%	9.94%	
Book value per share	\$ 20.03	\$ 20.91	\$ 21.90	\$ 22.94	\$ 22.34	
Tangible book value per share	\$ 18.61	\$ 19.50	\$ 20.49	\$ 21.51	\$ 20.90	

Source: Company documents

**South Plains Financial, Inc. Declares Quarterly Cash Dividend**

LUBBOCK, Texas, October 20, 2022 (GLOBE NEWSWIRE) – South Plains Financial, Inc. (NASDAQ:SPFI) (“South Plains”), the parent company of City Bank, today announced that its Board of Directors has declared a quarterly cash dividend of \$0.12 per share of common stock. The dividend is payable on November 15, 2022 to shareholders of record as of the close of business on October 31, 2022.

About South Plains Financial, Inc.

South Plains is the bank holding company for City Bank, a Texas state-chartered bank headquartered in Lubbock, Texas. City Bank is one of the largest independent banks in West Texas and has additional banking operations in the Dallas, El Paso, Greater Houston, the Permian Basin, and College Station, Texas markets, and the Ruidoso, New Mexico market. South Plains provides a wide range of commercial and consumer financial services to small and medium-sized businesses and individuals in its market areas. Its principal business activities include commercial and retail banking, along with insurance, investment, trust and mortgage services. Please visit <https://www.spfi.bank> for more information.

Contact: Mikella Newsom, Chief Risk Officer and Secretary
investors@city.bank
(866) 771-3347

Source: South Plains Financial, Inc.
