



South Plains Financial

Investor Presentation

May 2021



Safe Harbor Statement and Other Disclosures



FORWARD-LOOKING STATEMENTS

This presentation contains, and future oral and written statements of South Plains Financial, Inc. ("South Plains" or the "Company") 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, 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, 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 interest rates, 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. Therefore, 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. 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.



A Leading West Texas Franchise

Our Company

- Bank holding company headquartered in Lubbock, Texas with \$3.7 billion in total assets
- One of the largest independent banks headquartered in West Texas
- Executed a successful IPO in May 2019; now one of two publicly-traded Texas institutions west of I-35
- Repeatedly recognized as an outstanding place to work, including being on American Banker's Best Banks to Work For list six consecutive times

Recent Events

- Approximately \$90 million in new Paycheck Protection Program ("PPP") loans since January 1, 2021 (as of April 27, 2021)
- Active loan modifications equal less than 2.8% of loans held for investment
- Mortgage loan originations in the month of April 2021 totaled approximately \$140 million

Financial Snapshot (As of March 31, 2021)

Balance Sheet (*Dollars in thousands*)

	1Q'21
Total Assets	\$3,732,894
Total Loans Held for Investment	\$2,242,676
Allowance for Loan Losses	\$45,019
Total Deposits	\$3,155,632
Interest-bearing Deposits	\$2,193,427
Noninterest-bearing Deposits	\$962,205
Total Stockholders' Equity	\$374,671

Profitability (*Dollars in thousands*)

	1Q'21
Net Income	\$15,160
Return on Average Assets (annualized)	1.66%
Return on Average Equity (annualized)	16.51%
Net Interest Margin	3.52%
Efficiency Ratio	65.76%

Capital Ratios

	1Q'21
Total Stockholders' Equity to Total Assets	10.04%
Tangible Common Equity to Tangible Assets	9.39%
Common Equity Tier 1 to Risk-Weighted Assets	13.23%
Tier 1 Capital to Average Assets	10.35%
Total Capital to Risk-Weighted Assets	19.24%

Asset Quality

	1Q'21
Nonperforming Loans to Total Loans Held for Investment	0.64%
Nonperforming Assets to Total Assets	0.42%
Allowance for Loan Losses to Total Loans Held for Investment	2.01%
Net Charge-Offs to Average Loans Outstanding (annualized)	0.11%

Unless otherwise stated, financial data as of March 31, 2021 as compiled and reported by South Plains
Note: Tangible common equity is a non-GAAP measure. See appendix for the reconciliation to GAAP



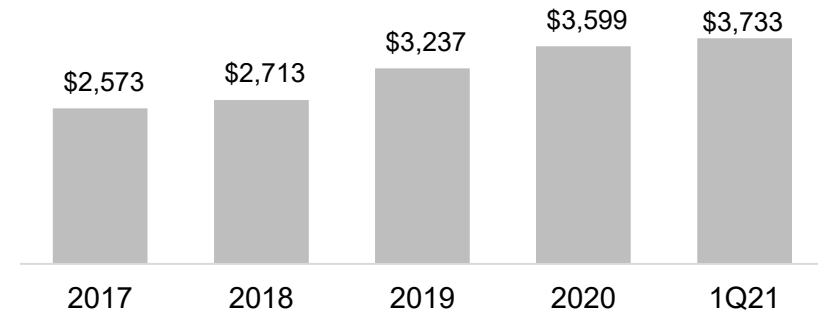


Our History and Growth Profile

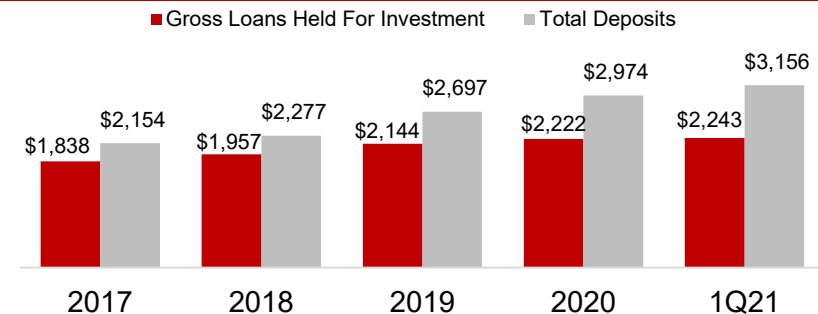
Our History

- First State Bank of Morton, a community bank that held approximately \$1 million of total assets in 1941
- Parent company to First State Bank of Morton acquired South Plains National Bank of Levelland, Texas in 1991 and changed its name to South Plains Bank
- Company became the holding company to First State Bank of Morton and South Plains Bank in 1993
- Acquired City Bank in 1993, which was originally established in Lubbock in 1984, and merged First State Bank of Morton and South Plains Bank into City Bank in 1998 and 1999, respectively
- \$59.2 million initial public offering on May 8, 2019, pricing with-in the range at \$17.50
- Closed the \$76.1 million acquisition of West Texas State Bank on November 12, 2019, which added six branches to the Midland / Odessa area and approximately \$430 million in assets
- Today we serve our customers through 25 full-service banking locations across six geographic markets, and 14 mortgage loan production offices

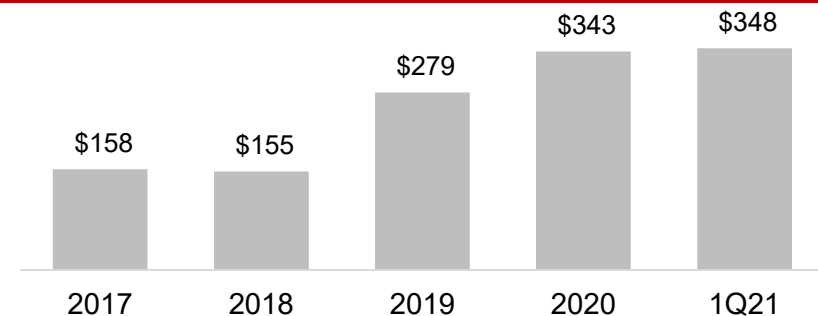
Total Assets (\$M)



Loans and Deposits (\$M)



Tangible Common Equity (\$M)



Note: Tangible common equity is a non-GAAP measure. See appendix for the reconciliation to GAAP; Company documents; S&P Global Market Intelligence



Investment Highlights

1

Experienced Management Team

2

Emphasize Community Banking

3

Enterprise Risk Management

4

Strong Credit Culture

5

Organic Growth

6

Capital Allocation to Drive Value

7

Improving Profitability





1 Experienced Management Team



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

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



Brent A. Bates
City Bank's Chief Credit Officer

- Joined City Bank in February 2020
- Division Credit Officer for Simmons First National Corp
- EVP and Chief Credit Officer of Southwest Bancorp, Inc.



Mikella D. Newsom
Chief Risk Officer & Secretary

- Appointed Chief Risk Officer of the Company in 2019
- Chief Risk Officer of the Bank for 5 years
- Appointed Secretary of the Company in 2013
- More than 20 years with the Bank and its predecessors





1 Significant Insider Share Ownership

Stakeholders / Insiders currently own approximately 39.7% of the Company

Name	Title	Position	Shares ¹	
			% Outstanding	Market Value (\$000's)
South Plains Financial ESOP	ESOP	2,501,523	13.87%	\$57,135
Curtis C. Griffith	Chairman & CEO	2,485,991	13.78%	56,780
Henry Taw, L.P. *	Individual	1,703,787	9.45%	38,914
Cory T. Newsom	President & Director	220,111	1.22%	5,027
Noe G. Valles	Director	84,466	0.47%	1,929
Steven B. Crockett	CFO & Treasurer	51,237	0.28%	1,170
Richard D. Campbell	Lead Director	45,093	0.25%	1,030
Kelly L. Deterding	Pres. Insur Division & SVP of Insur Dev (Bank)	22,812	0.13%	521
Mikella D. Newsom	Chief Risk Officer and Secretary	18,527	0.10%	423
Kyle R. Wargo	Director	8,866	0.05%	202
Allison S. Navitskas	Director	4,866	0.03%	111
Cynthia B. Keith	Director	4,866	0.03%	111
Total		7,152,145	39.65%	\$163,355

* - Voting power for shares is with Richard D. Campbell

1. Market data as of December 31, 2020; Shareholder information as of April 30, 2021.
Source: Company filings and documents; S&P Global Market Intelligence





2 Emphasis on Community Banking

Our Goal

- **Our strategy** - deliver best-in-class customer service and achieve our goal of becoming the preferred community bank in our market areas
- To achieve our goal - we build **long-lasting relationships** with our customers by delivering high quality products and services
- Our focus on providing “**big bank**” **products** with the personal attention of a community bank resonates with our customers and drives market share
- Our **customer service-driven**, community-focused business model differentiates our company from competitors, many of which are larger out-of-market banks



Dedicated to Supporting our Communities

- We **measure success by the support that we can provide** to our local communities, not the level of business that we can achieve
- **Providing service and aid to our communities** is, ultimately, how we have succeeded over our long history
- Our dedication and commitment is at the core of City Bank’s culture as we **encourage our employees to volunteer**, including as part of their work
- Our employees have **partnered with Meals on Wheels** to help care for senior citizens in Lubbock and the Bank has also been a long time supporter of the South Plains Food Bank and have made a **five year, \$150,000 pledge**





2 Our Markets of Operation

Market	Branches ¹	Deposits (\$ millions) ¹	Market Highlights
 Lubbock / South Plains	10	\$2,055	<ul style="list-style-type: none"> ✓ Population in excess of 310,000 with major industries in agribusiness, education, and trade among others ✓ Home of Texas Tech University – enrollment of 40,000 students
 Permian Basin	6	\$273	<ul style="list-style-type: none"> ✓ Responsible for the production of over four million barrels of crude oil per day, or roughly 39% of Total U.S. oil production ✓ Growing expansion of alternative energy resources, creating a solar and wind production hub
 Dallas / Ft. Worth	3	\$408	<ul style="list-style-type: none"> ✓ DFW is the largest MSA in Texas and fourth largest in the nation ✓ Responsible for producing 28% of Texas GDP in 2019 ✓ Home to 23 Fortune 500 Companies
 El Paso	2	\$160	<ul style="list-style-type: none"> ✓ Population of 840,000+ with major military presence through Fort Bliss ✓ Adjacent to Juarez, Mexico, which has a growing industrial center, and an estimated population of 1.5 million people ✓ Home to four universities including The University of Texas at El Paso
 Ruidoso / Eastern New Mexico	2	\$156	<ul style="list-style-type: none"> ✓ Serves as a regional economic hub ✓ Large investments from developers over the past ten years – housing subdivisions, condominiums, retail establishments, etc. ✓ Growing retirement community
 Bryan / College Station	1	\$69	<ul style="list-style-type: none"> ✓ Home to Texas A&M University – enrollment of 71,000 students ✓ Ranked first in Texas and second nationwide for Best Small Places for Business and Careers in 2019 by Forbes
 Houston / The Woodlands	1	\$35	<ul style="list-style-type: none"> ✓ Second largest MSA in Texas and fifth largest in the nation ✓ Home to 22 Fortune 500 Companies ✓ 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.

1. Source: Company documents; FRED; S&P Global Market Intelligence; Respective university websites; Branch and deposit data as of March 31, 2021





2 Our Markets of Operation (Cont'd)

Lubbock, Texas – Our Home Market

- Major industries include agriculture – primarily cotton, corn, and grain sorghum – as well as education, trade and transportation, health services and government
- Home to Texas Tech University – enrollment ranks within the top 10 for universities in Texas as of Fall 2020 at 40,000+ students
- The Lubbock MSA reports unemployment of 5.8% for 2020
- Forbes listed Lubbock as one of its “Best Places for Business and Careers” during 2019



Deposit Market Share: Lubbock MSA

Rank	Institution	Headquarters		In-Market		Market Share
		City	State	Branches	Deposits (Millions) ⁽¹⁾	
1	Hilltop Holdings	Dallas	TX	10	\$1,972	19.4%
2	South Plans Financial	Lubbock	TX	8	\$1,631	16.1%
3	Wells Fargo	San Francisco	CA	9	\$905	8.9%
4	Prosperity Bancshares	Houston	TX	16	\$817	8.1%
5	Amarillo National Bancorp	Amarillo	TX	9	\$767	7.6%
6	Heartland Financial USA	Dubuque	IA	7	\$744	7.3%
7	Peoples Bancorp	Lubbock	TX	6	\$499	4.9%
8	Bank of America	Charlotte	NC	2	\$432	4.3%
9	Vista Bancshares	Dallas	TX	7	\$330	3.3%
10	Americo Bancshares	Wolfforth	TX	5	\$268	2.7%
11	AIM Bancshares	Levelland	TX	4	\$239	2.4%
12	Happy Bancshares	Amarillo	TX	2	\$211	2.1%
13	Plains Bancorp	Dimmitt	TX	3	\$207	2.0%
14	First Bancshares of Texas	Midland	TX	2	\$191	1.9%
15	Lone Star State Bancshares	Lubbock	TX	1	\$187	1.8%
Top 1 - 15 Total				91	\$9,400	92.8%
Total For Market (27)				113	\$10,147	100.0%

1. Deposit data as of June 30, 2020 as compiled and reported by S&P Global Market Intelligence.
Source: BLS; FDIC; S&P Global Market Intelligence; Lubbock Chamber of Commerce; Forbes





3 Enterprise Risk Management

We implemented a rigorous enterprise risk management (“ERM”) system in the aftermath of the financial crisis, and view this development as a defining event for our institution

This system delivers a systematic approach to risk measurement and enhances the effectiveness of risk management across the institution

Integrating this system into our culture and strategic decision making has improved all functional areas of the business

Significantly improved asset quality by enhancing our underwriting process, and establishing a specific credit appetite that aligns to the broader enterprise risk management framework

Has provided a process to quickly detect and address potential problems in our loan portfolio, greatly improving our ability to manage through the COVID-19 pandemic

We have also implemented monitoring and controls for other functional areas such as:
Information security and technology, vendor management, liquidity, interest rate risk, compliance, and company reputation

The ERM program has positioned our Company to better consummate acquisitions with less risk and increased cost savings

We believe we are the only community bank of our size and in our market area to implement such a comprehensive risk management system





4 Our Credit Culture

- We have a service-driven, relationship-based, business-focused credit culture, rather than a price-driven, transaction-based culture
- Substantially all of our loans are made to borrowers located, or operating, in our primary market areas with whom we have ongoing relationships across various product lines
- The few loans secured by properties outside of our primary market areas were made to borrowers who are otherwise well-known to us
- We adhere to what we believe are disciplined underwriting standards, but also remain cognizant of serving the credit needs of customers in our primary market areas by offering flexible loan solutions in a responsive and timely manner
- Our lending policies do not provide for loans that are highly speculative, subprime, or that have high loan-to-value ratios
- We maintain asset quality through an emphasis on the following:

Local market knowledge

**Long-term customer
relationships**

**Consistent and thorough
underwriting**

Conservative Credit Culture

Loan Portfolio Diversity

Relationship Focused

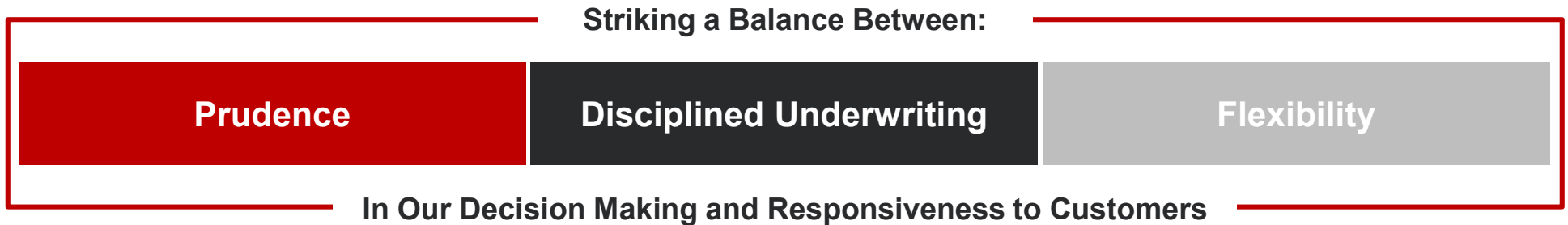
These components, together with active credit management, are the foundation of our credit culture, which we believe is critical to enhancing the long-term value of our organization to our shareholders, customers, employees, and communities

Source: Company documents





4 Loan Approval Process



- Loan relationships in excess of an individual officers lending authority up to \$3 million may be approved with joint authorities of the market president and senior credit officer.
- Loan relationships over \$3 million are approved by our Executive Loan Committee.
- New loans over \$5 million to a relationship over \$20 million are reported to the Board Credit Risk Committee.
- These limits are reviewed periodically by the Company's Board of Directors
- We believe that our credit approval process provides for thorough underwriting and efficient decision making

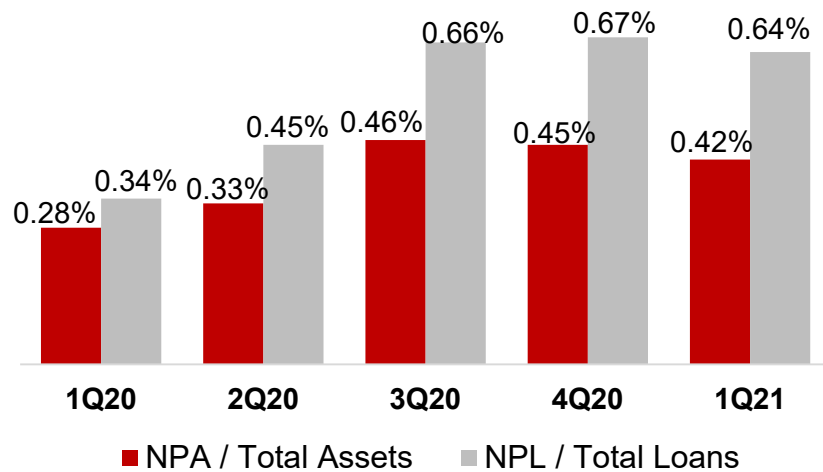
Source: Company documents



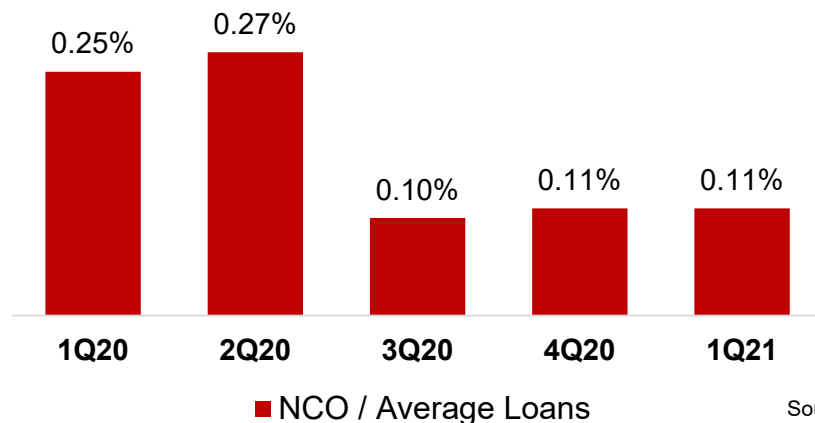


4 Credit Quality

Credit Quality Ratios



Net Charge-Offs to Average Loans

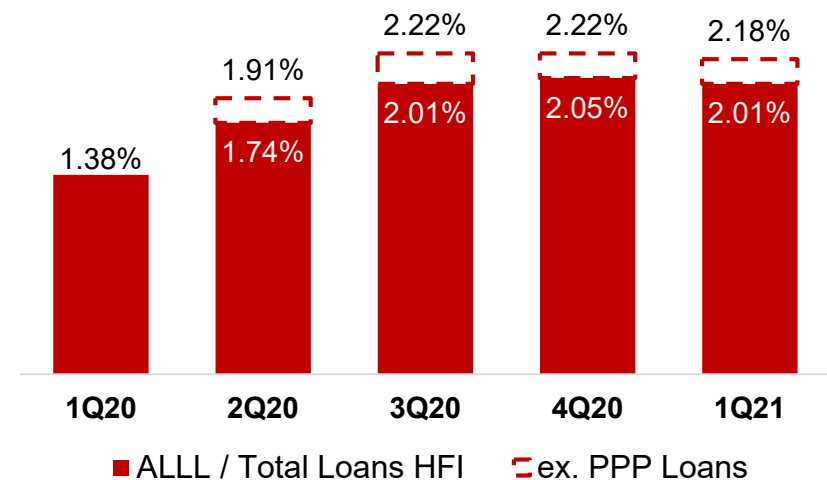


Source: Company documents

1Q'21 Highlights

- ✓ Minimal provision for loan loss of \$89 thousand in 1Q'21 as the result of modest improvements in the economy and a decline in loans actively under a modification
- ✓ Total classified loans decreased \$3 million in 1Q'21 compared to 4Q'20
- ✓ Nonperforming assets and net loans charged-off during the quarter were decreased in 1Q'21 compared to 4Q'20

ALLL to Total Loans HFI



■ ALLL / Total Loans HFI - - - ex. PPP Loans





5 Organic Growth Strategy

Homegrown Returns

- We focus on leveraging our banking platform in our metropolitan markets of Dallas, Houston and El Paso, where we target customers looking for our relationship-based approach to banking and our sophisticated products and services
- Our strategy is to continue gathering low-cost deposits in smaller, non-metropolitan markets and deploy our excess funds in larger, more dynamic lending markets, where we have had strong success

<i>(Dollars in thousands)</i>	Deposits⁽³⁾		Loans⁽³⁾		
	Amount	Overall %	Amount	Overall %	Loans/Deposits
Metropolitan Markets ⁽¹⁾	\$ 602,903	19.1%	\$ 668,317	29.8%	110.8%
Community Markets ⁽²⁾	\$ 2,552,729	80.9%	\$ 1,574,359	70.2%	61.7%

- We are actively recruiting additional lenders and employees from other institutions. We have had success in this area which we believe is attributable to our employee ownership, long-standing market presence and desirable culture in which our employees can thrive
- We also cross-sell our various banking products, including our deposits and treasury wealth management to our commercial loan customers, which we believe provides a basis for expanding our banking relationships

1. Includes three Dallas, TX branches, two El Paso, TX branches, and one Houston, TX branch

2. Includes ten branches in the Lubbock/South Plains, TX market area, six branches in the Permian Basin, TX, two branches in Ruidoso/Eastern, NM, and one branch in Bryan/College Station, TX

3. Deposit and Loan data as of March 31, 2021





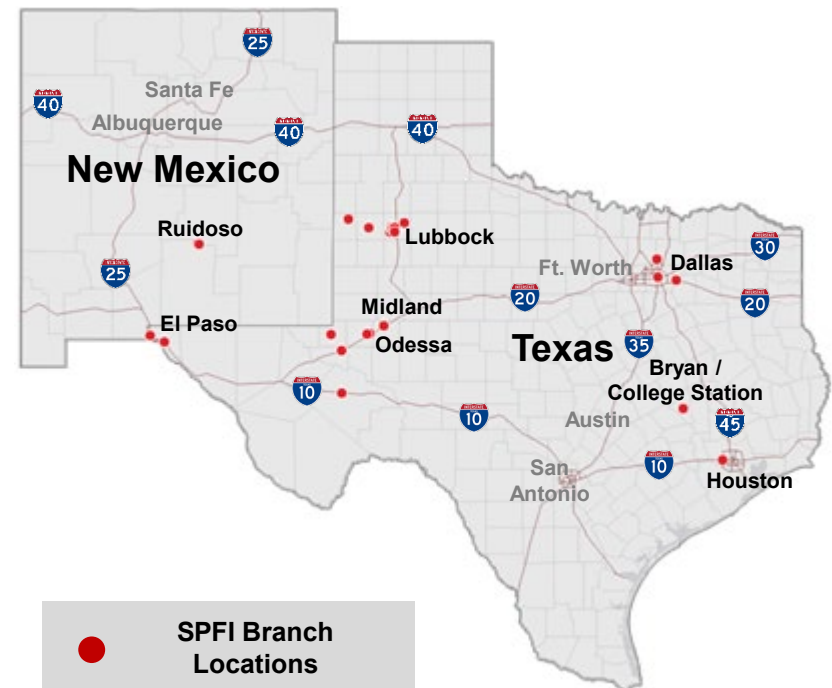
5 Organic Growth Markets

Dallas / Ft. Worth¹

- ✓ Largest MSA in Texas, responsible for a total GDP of almost \$524 Billion in 2019
- ✓ Estimated population of around 7.5 million as of 2019, which is a little over 26% of the state's population
- ✓ Population has steadily expanded over the past decade, with an increase of over 1.2 million residents
- ✓ Competitive cost of living, provides an attractive location for companies interested in relocating to more efficient economic environments
- ✓ Major U.S. Airport hub, responsible for 35.8 million enplaned passengers in 2019
- ✓ Home to 23 Fortune 500 companies, in notable sectors including energy, financial services, transportation, and technology

El Paso

- ✓ Adjacent to Juarez, Mexico, which has a growing industrial center and an estimated population of 1.5 million people, and has contributed to significant growth in the El Paso MSA
- ✓ Home to Fort Bliss, which houses the 1st Armored Division, the 32nd Army Air and Missile Defense Command and the 402nd Field Artillery Brigade, among other major units, and has almost 50,000 military and civilian employees
- ✓ Other large employers include El Paso Healthcare System, Tenet Hospitals, The University of Texas at El Paso, The Texas Tech School of Medicine, El Paso Community College, Southwest University and Vista College



1. Source: Bureau of Transportation Statistics; Federal Reserve of Dallas; FRED; Texas Demographic Center





6 Capital Allocation to Drive Value

Growth Through Accretive M&A

- We plan to take advantage of acquisition opportunities, and use a combination of public stock and cash to become the acquirer of choice in our core markets of West Texas and New Mexico
- Catalysts for acquisition activity include management succession, shareholder liquidity needs, scale, and excessive regulation
- There are 25 banks located in the West Texas market area with total assets between \$250 million and \$2.0 billion, which provides us with ample opportunities to drive growth and increase shareholder value
- Management employs a strict framework for analyzing potential acquisition opportunities including:
 - Substantial earnings accretion
 - Reasonable tangible book value dilution
 - Acceptable earn-back period
 - Strong Internal Rate of Return
- Completed the acquisition of West Texas State Bank on November 12, 2019

Most Recent Acquisition

Metric	Promised?	Delivered?
Contiguous West Texas Market	✓	✓
Manageable Size	✓	✓
Attractively Priced	✓	✓
Substantial EPS Accretion	✓	✓
TBV Earnback < 4 Years	✓	✓
TBV Dilution Under 10%	✓	✓
Strong IRR	✓	✓





7 Improving Profitability

- We have invested heavily into our infrastructure including:
 - Our Enterprise Risk Management system
 - State-of-the-art operations center which houses the Bank's back-office processing for deposit operations, loan operations, mortgage operations, and corporate training
 - Digital and payment technologies including improved remote deposit capture software for business customers, expanded usage of electronic signatures, online account tools, and technologies that facilitate more efficient item processing
- These investments position the Bank to scale to more than \$5 billion in assets through both organic growth and accretive, strategic M&A without commensurate additional expenses

Long Term Goal: Deliver peer average or better ROA's and ROE's





Investment Highlights

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Emphasize Community Banking

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Financial Update





First Quarter 2021 Highlights

- ✓ Net Income of \$15.2 million, compared to \$15.9 million in 4Q'20 and \$7.1 million in 1Q'20
- ✓ Diluted earnings per share of \$0.82, compared to \$0.87 in 4Q'20 and \$0.38 in 1Q'20
- ✓ Pre-Tax, Pre-Provision income of \$19.0 million, compared to \$20.0 million in 4Q'20 and \$15.1 million in 1Q'20
- ✓ Average cost of deposits declined to 29 bps, compared to 31 bps in 4Q'20 and 65 bps in 1Q'20
- ✓ Provision for loan loss of \$89 thousand, compared to \$141 thousand in 4Q'20 and \$6.2 million in 1Q'20
- ✓ Net Interest Margin of 3.52%, compared to 3.64% in 4Q'20 and 4.13% in 1Q'20
- ✓ Efficiency ratio was 65.76%, compared to 64.19% in 4Q'20 and 69.10% in 1Q'20
- ✓ Tangible book value per share of \$19.28, compared to \$18.97 at 12/31/20 and \$16.54 at 3/31/20
- ✓ Return on Average Assets (annualized) of 1.66%, compared to 1.76% in 4Q'20 and 0.89% in 1Q'20

Note: Tangible book value per share and pre-tax, pre-provision income are non-GAAP measures. See appendix for the reconciliation to GAAP

Source: Company documents

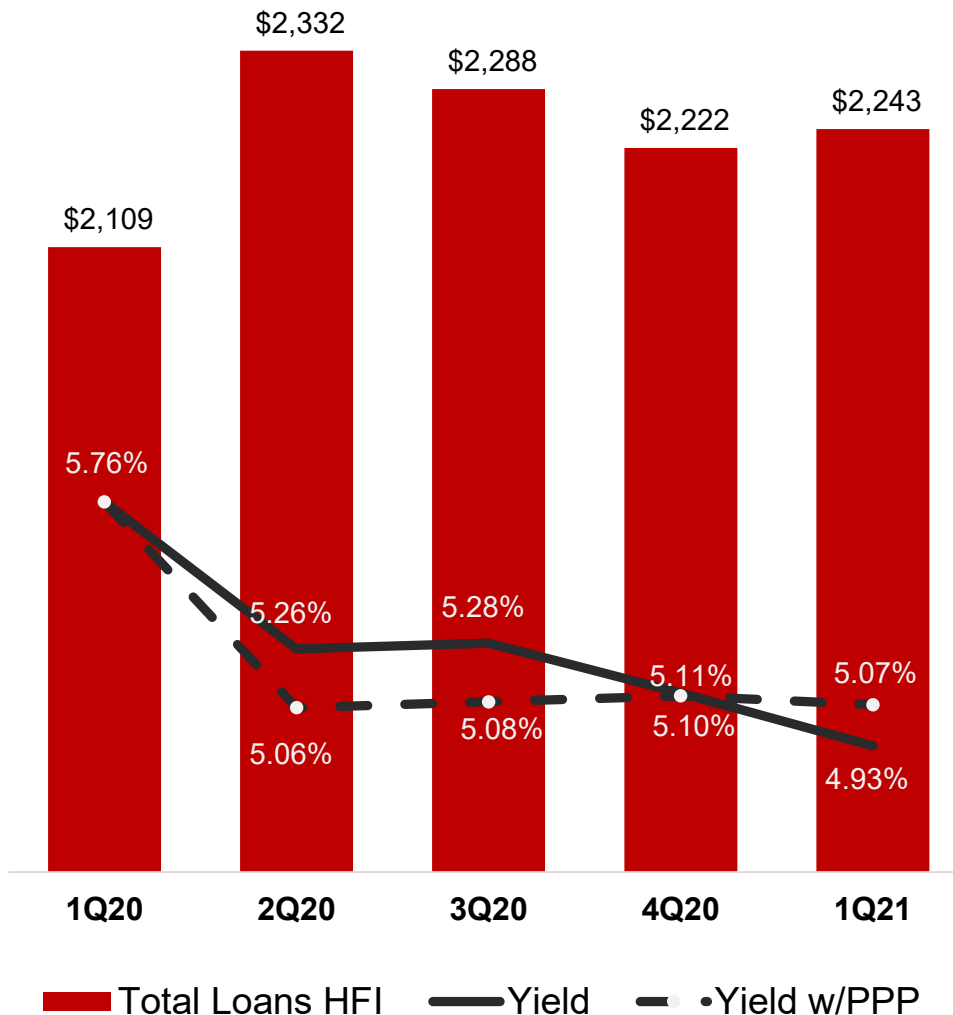




Loan Portfolio

Total Loans Held for Investment

\$ in Millions



1Q'21 Highlights

- ✓ Total loans increased \$21.1 million in 1Q'21, compared to 4Q'20
- ✓ Increase in total loans during the quarter was due primarily to:
 - ✓ \$46.5 million in organic net growth; including \$3.5 million in PPP loan net growth
 - ✓ Partially offset by \$25.4 million in pay downs on seasonal agricultural production loans
- ✓ 1Q'21 loan yield of 4.93%; a decrease of 18 bps compared to 4Q'20 excluding PPP loans

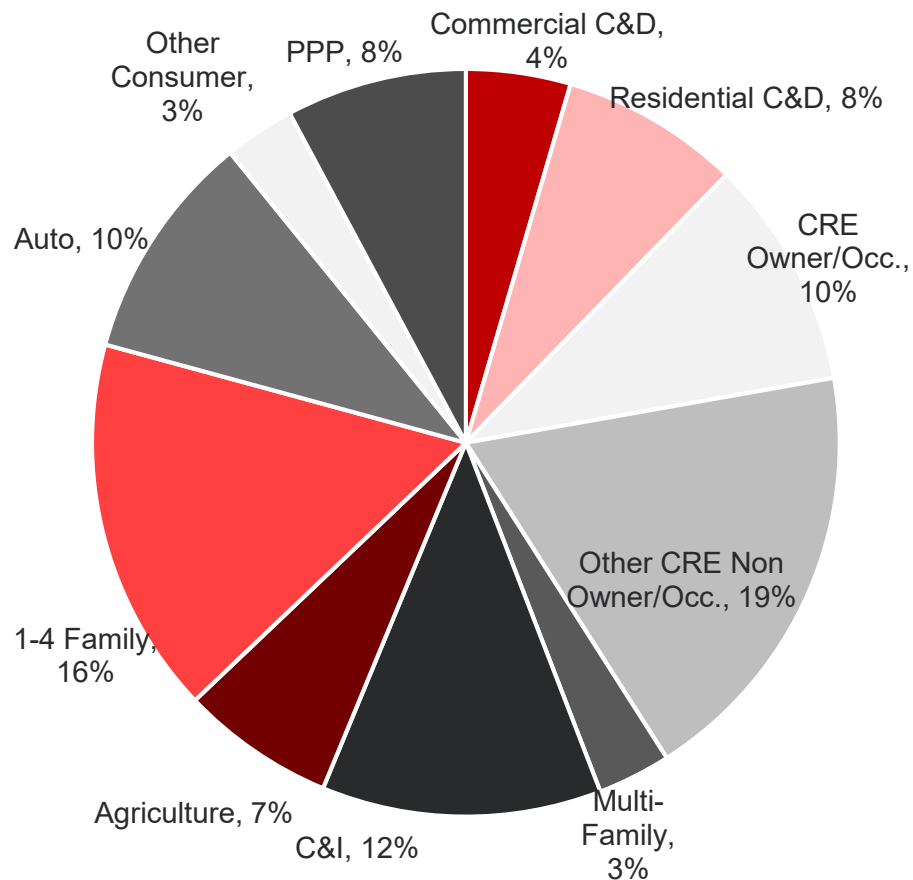
Source: Company documents





Loan Portfolio

Portfolio Composition



1Q'21 Highlights

- ✓ PPP loans totaled \$173.5 million at 3/31/21; includes \$77.6 million in new PPP loans during 1Q'21
- ✓ Active loan modifications were 2.1%, or \$46.9 million, of total loans at 3/31/21:
 - ✓ Decrease from 2.9%, or \$64.1 million, at 12/31/20
 - ✓ Approximately 95% of these modifications are in the hotel industry

Loan Portfolio (\$ in millions)		3/31/21
Commercial C&D	\$	100.4
Residential C&D		172.2
CRE Owner/Occ.		220.7
Other CRE Non Owner/Occ.		438.7
Multi-Family		70.5
C&I		268.6
Agriculture		147.9
1-4 Family		362.6
Auto		220.0
Other Consumer		67.6
PPP		173.5
Total	\$	2,242.7

Source: Company documents





Select Loan Industry Concentration Detail

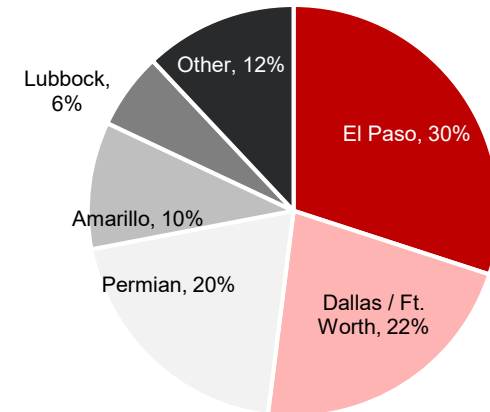
As of March 31, 2021

Hospitality

- Total operating hospitality loans of \$123 million*
- \$17 million in hotels under construction, with unfunded commitments of \$7 million
- 84% of balances are to limited service hotels
- 43% of operating hospitality classified; 2% is nonaccrual; < 2.5% are 30 days or more past due
- Allowance for Loan and Lease Losses (“ALLL”) on operating hospitality is 8.8%*

* Does not include loans reported in construction and development

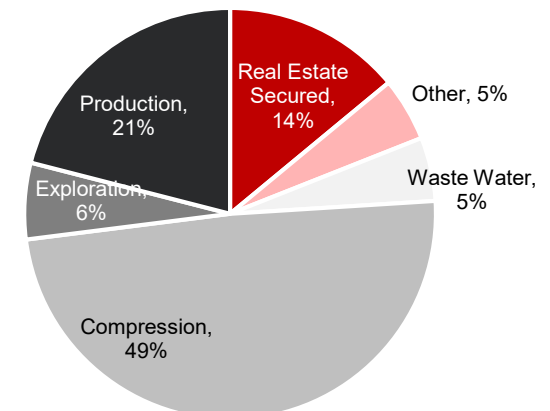
Hotels by Geography



Direct Energy

- Total direct energy loans of \$63 million
- 92% support services, 8% upstream
- Nearly 100% are located in Permian and Palo Duro Basins
- 12% of energy sector classified
- ALLL on energy sector is 5.2%

Energy Support Services by Type



Source: Company documents

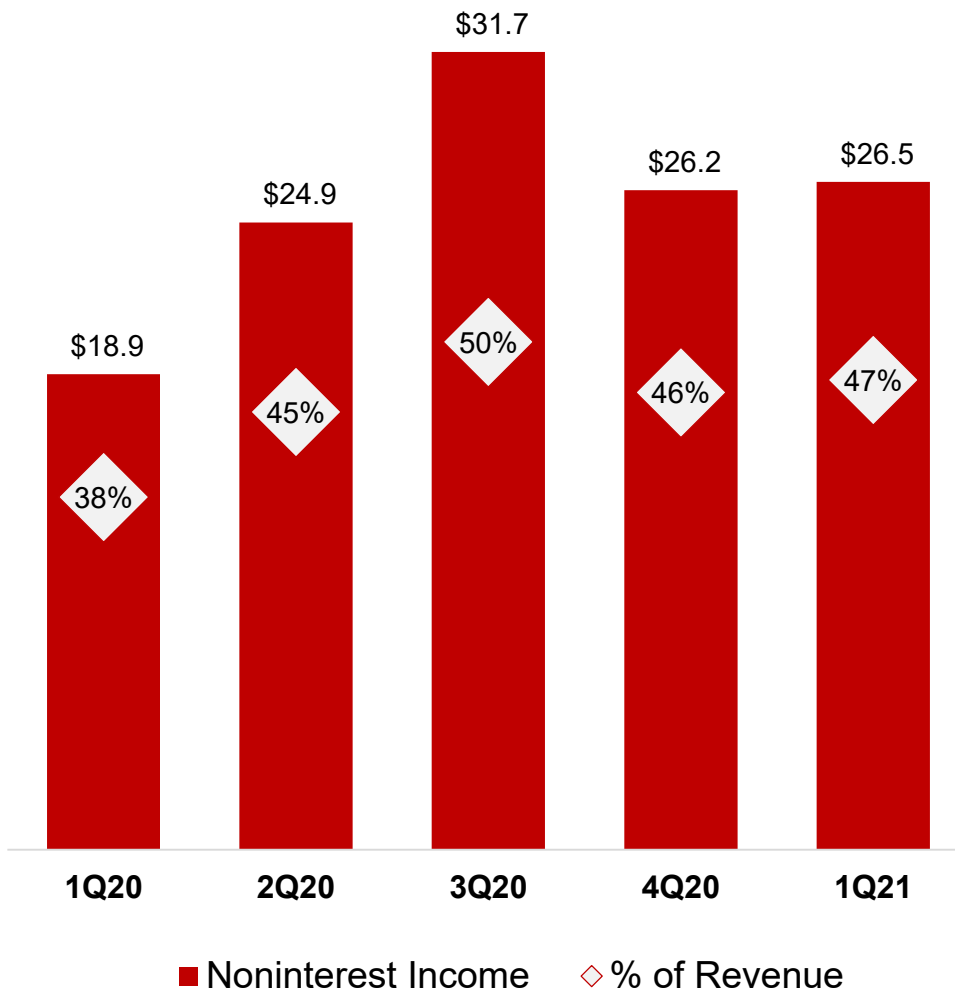




Noninterest Income

Noninterest Income

\$ in Millions



1Q'21 Highlights

- ✓ Noninterest income of \$26.5 million in 1Q'21, compared to \$18.9 million in 1Q'20
- ✓ Revenue from mortgage banking activities of \$18.8 million in 1Q'21, compared to \$8.8 million in 1Q'20
- ✓ Fee income primarily driven by mortgage operations, debit card and other bank service charge income, and income from insurance, trust and investment services business

Source: Company documents

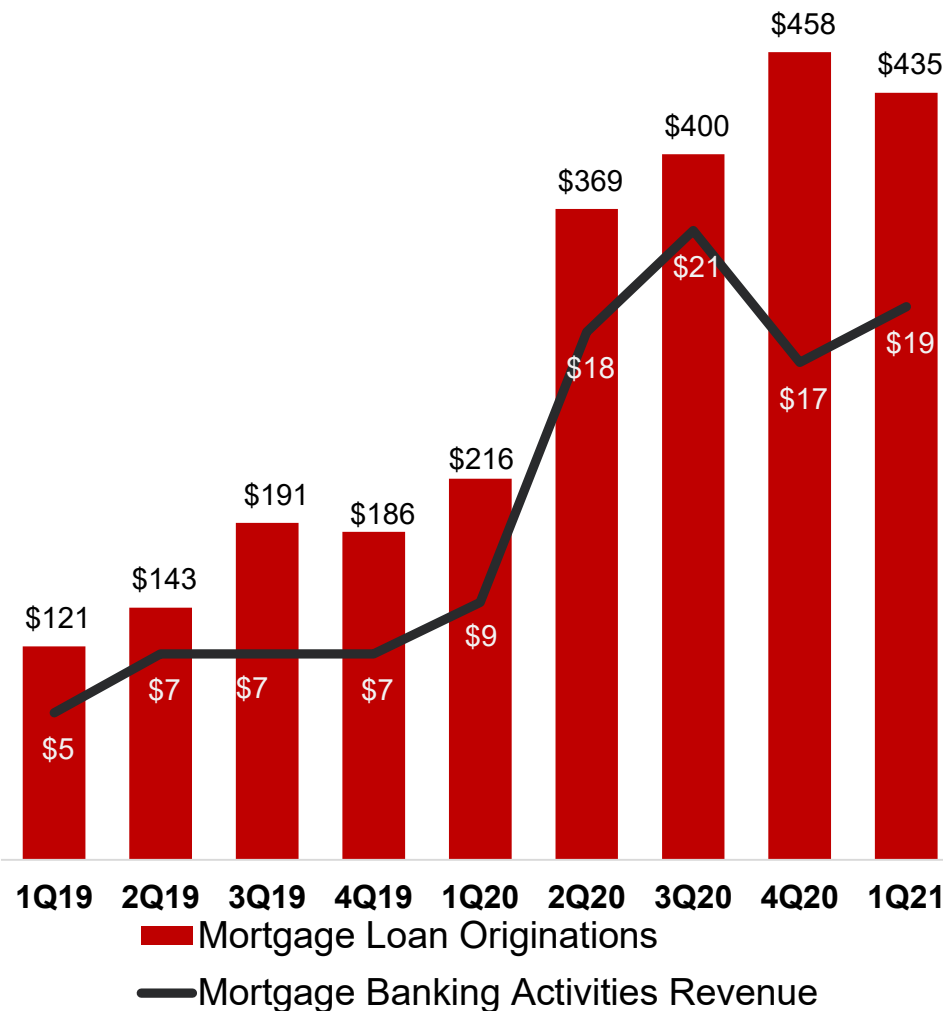




Mortgage Banking Overview

Mortgage Banking Activity

\$ in Millions



1Q'21 Highlights

- ✓ 101% increase in mortgage loan originations for 1Q'21 to \$435 million compared to \$216 million for 1Q'20
- ✓ Mortgage servicing rights asset valuation adjustment – positive \$1.3 million in 1Q'21, compared to negative \$753 thousand in 4Q'20

Source: Company documents

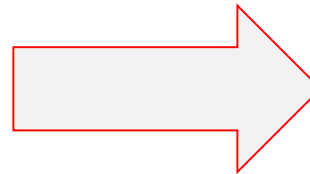
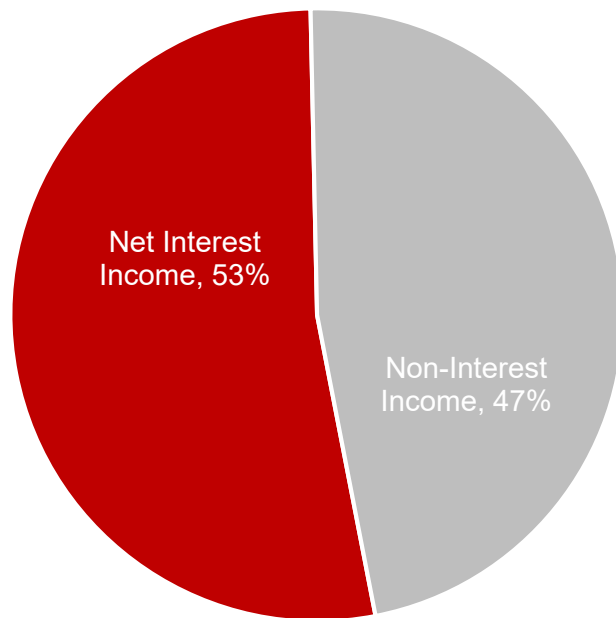




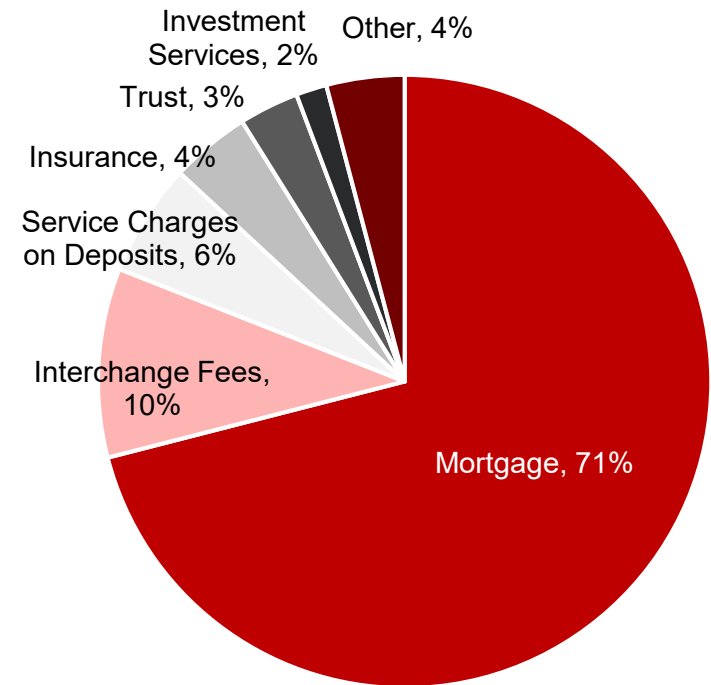
Diversified Revenue Stream

Three Months Ended March 31, 2021

Total Revenues
\$56.0 million



Noninterest Income
\$26.5 million



Source: Company documents

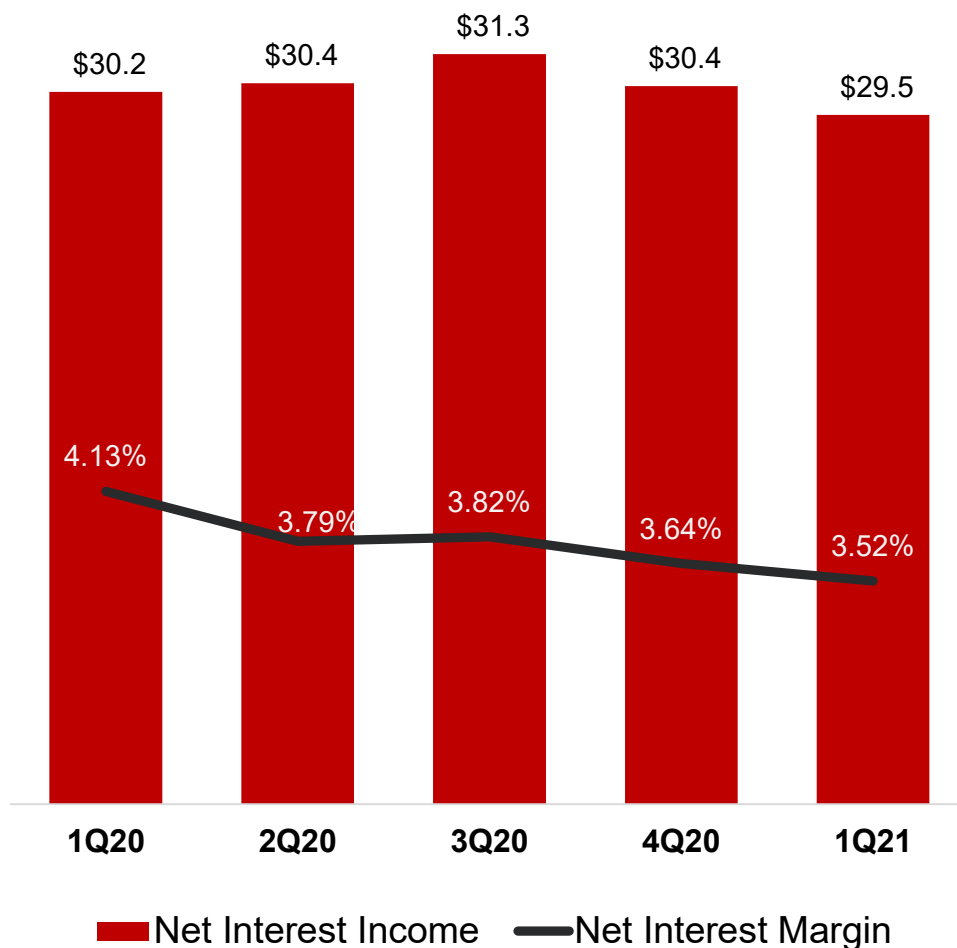




Net Interest Income and Margin

Net Interest Income & Margin

\$ in Millions



1Q'21 Highlights

- ✓ Net interest income of \$29.5 million in 1Q'21, compared to \$30.2 million in 1Q'20
- ✓ The decline as compared to 1Q'20 was a result of:
 - ✓ Decrease of 69 bps in loan rates
 - ✓ Interest expense for \$50 million of subordinated notes issued in 3Q'20
 - ✓ Partially offset by a decrease of 50 bps in the cost of interest-bearing deposits
- ✓ 1Q'21 net interest margin ("NIM") of 3.52% - decrease of 12 bps compared to 4Q'20:
 - ✓ 18 bps decline in non-PPP loan yield
 - ✓ Excess liquidity - \$90 million growth in average deposits negatively affected NIM 9 bps

Source: Company documents

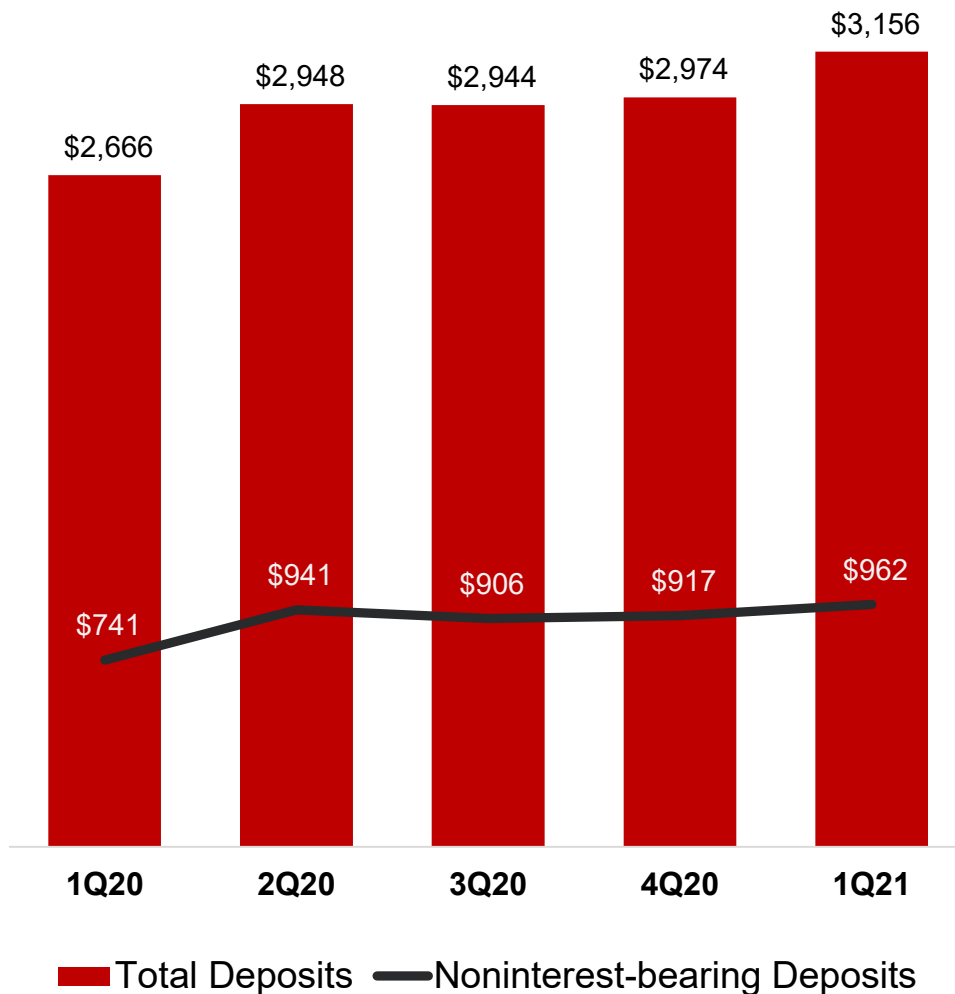




Deposit Portfolio

Total Deposits

\$ in Millions



1Q'21 Highlights

- ✓ Total Deposits of \$3.16 billion at 1Q'21, an increase of \$181.3 million from 4Q'20
 - ✓ Increase in total deposits primarily a result of organic growth as well as existing customers depositing funds received from PPP loan advances, stimulus checks, and generally maintaining higher liquidity in response to the ongoing COVID-19 pandemic
- ✓ Cost of interest-bearing deposits declined in 1Q'21 to 41bps from 91bps in 1Q'20
- ✓ Noninterest-bearing deposits represented 30.5% of deposits in 1Q'21, compared to 30.8% in 4Q'20 and 27.8% in 1Q'20

Source: Company documents

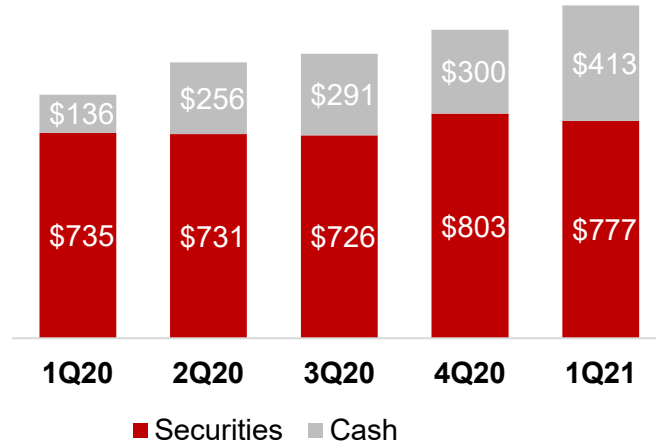




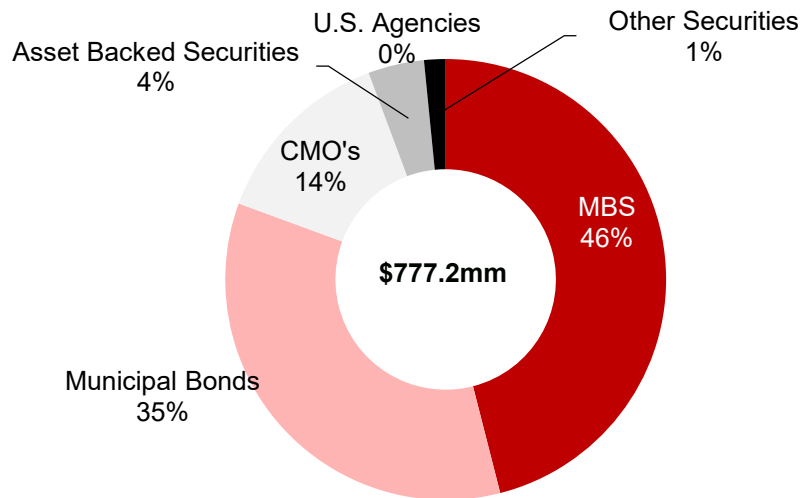
Investment Securities

Securities & Cash

\$ in Millions



1Q'21 Securities Composition



1Q'21 Highlights

- ✓ Investment Securities totaled \$777.2 million at 1Q'21, a decrease of \$25.9 million from 4Q'20; primarily from a decrease in the fair value of securities of \$18.5 million due to market conditions
- ✓ All municipal bonds are in Texas
- ✓ All MBS, CMO, and Asset Backed securities are U.S. Government or GSE

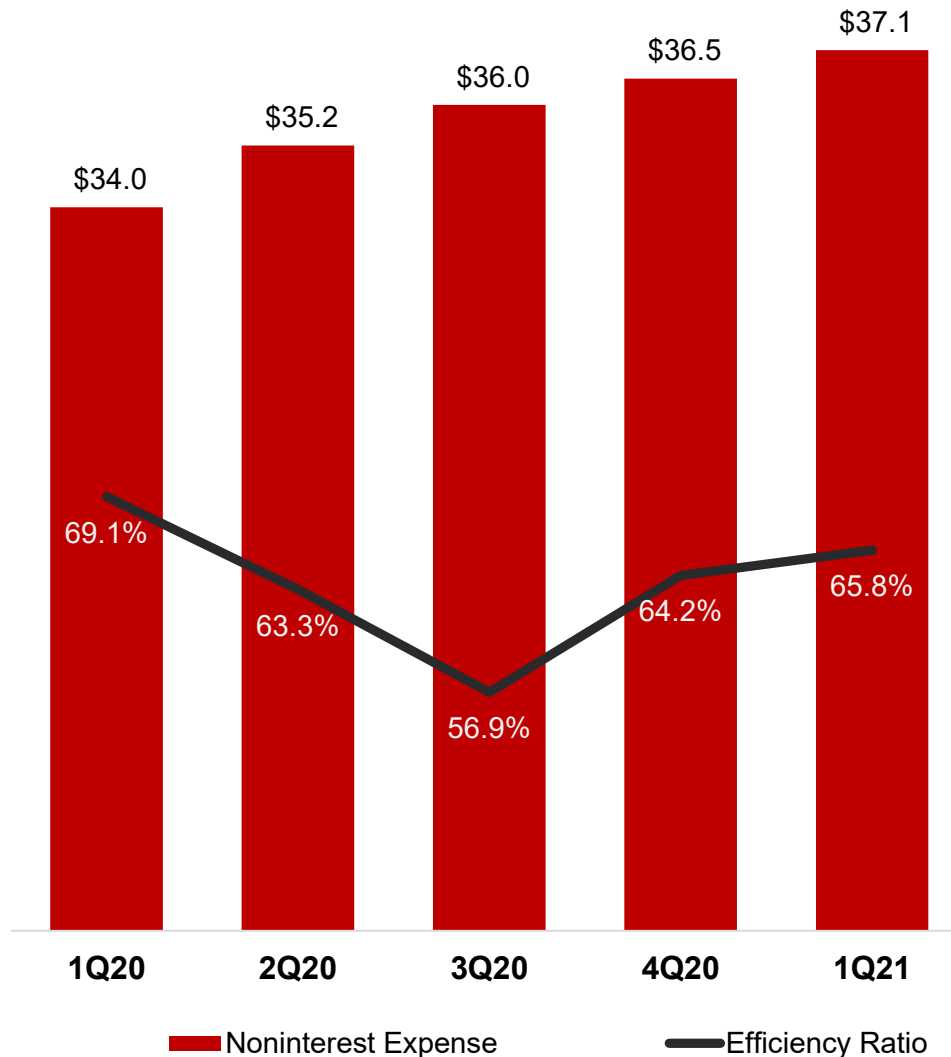
Source: Company documents



Noninterest Expense and Efficiency

Noninterest Expense

\$ in Millions



1Q'21 Highlights

- ✓ Noninterest expense for 1Q'21 increased from 1Q'20 primarily due to:
 - ✓ additional \$3.0 million in commissions paid on the higher volume of mortgage loan originations
 - ✓ a rise of \$1.0 million in salary and other personnel expenses to support mortgage activities
 - ✓ partially offset by 1Q'20 expenses for conversion expenses and technology upgrades at branches acquired through the acquisition of West Texas State Bank
- ✓ Management continues to focus on reducing fixed expenses to drive improved profitability

Source: Company documents

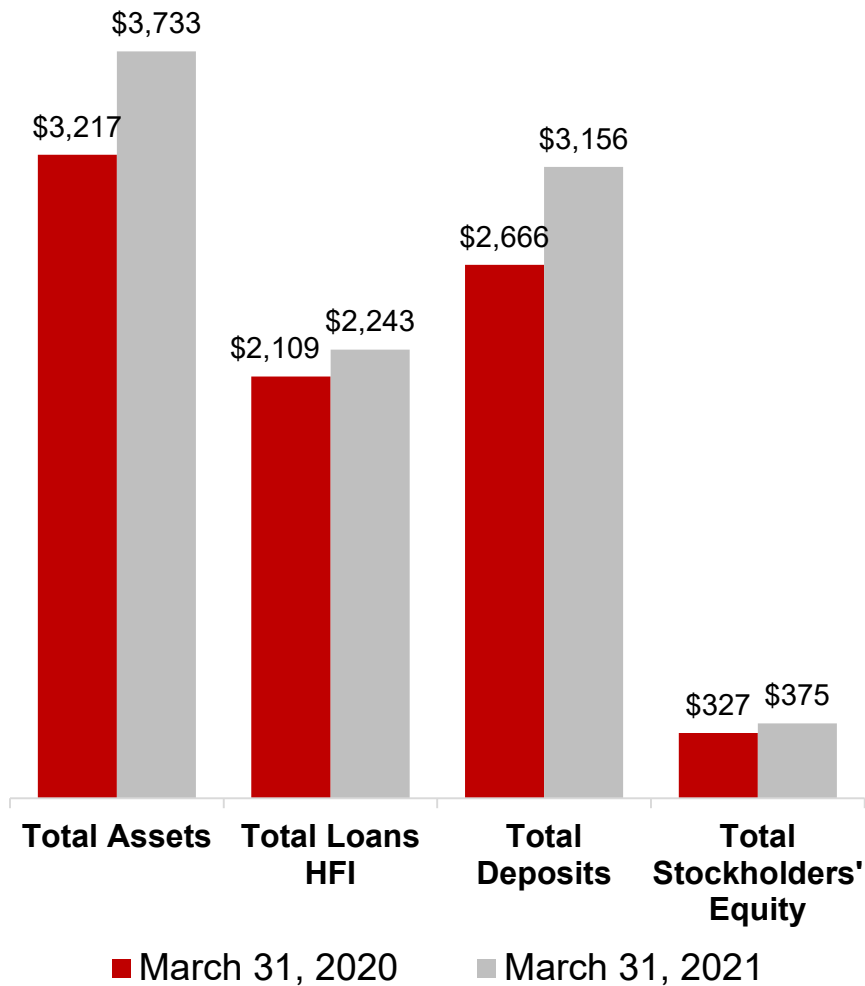




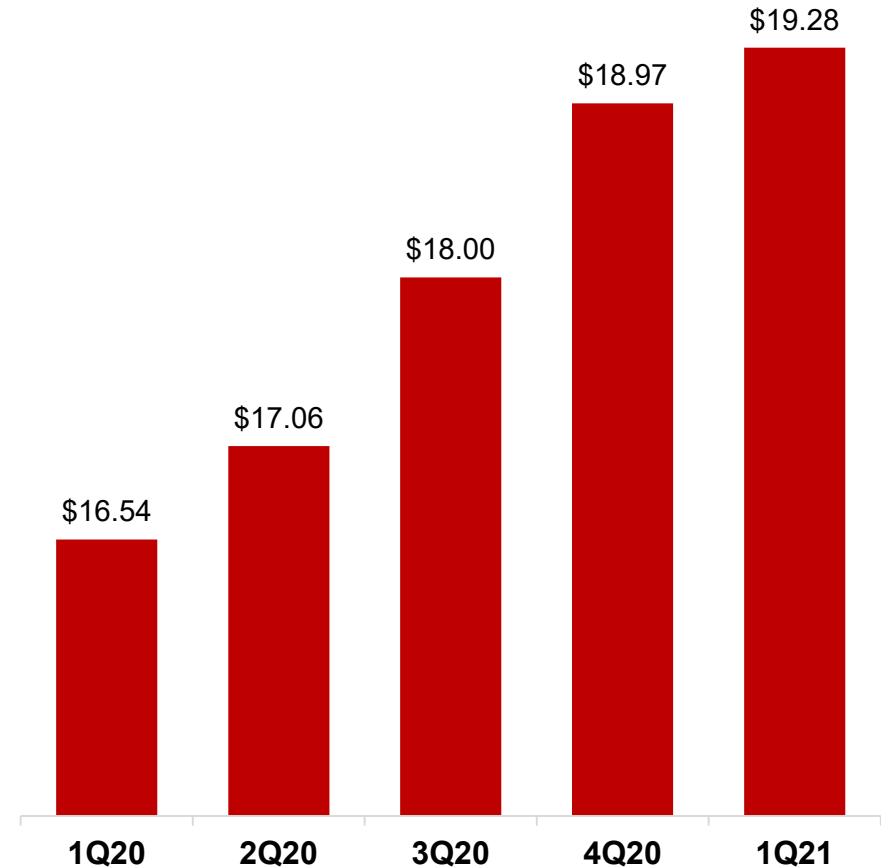
Balance Sheet Growth and Development

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 to GAAP

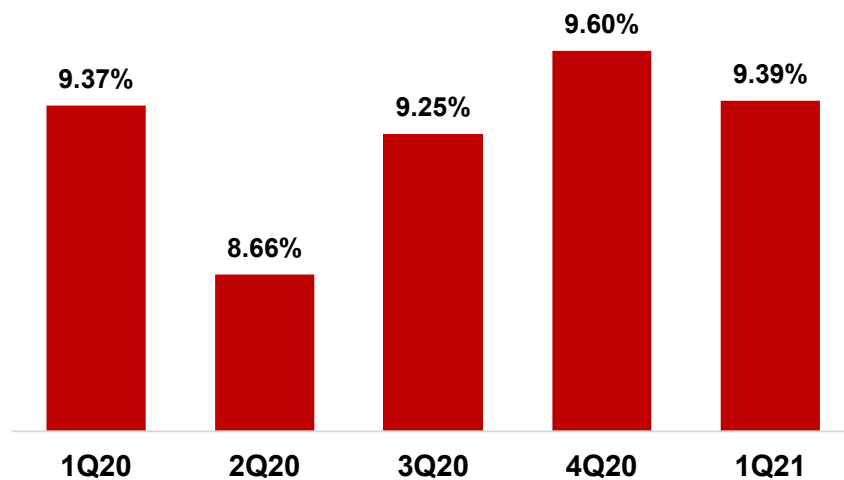
Source: Company documents



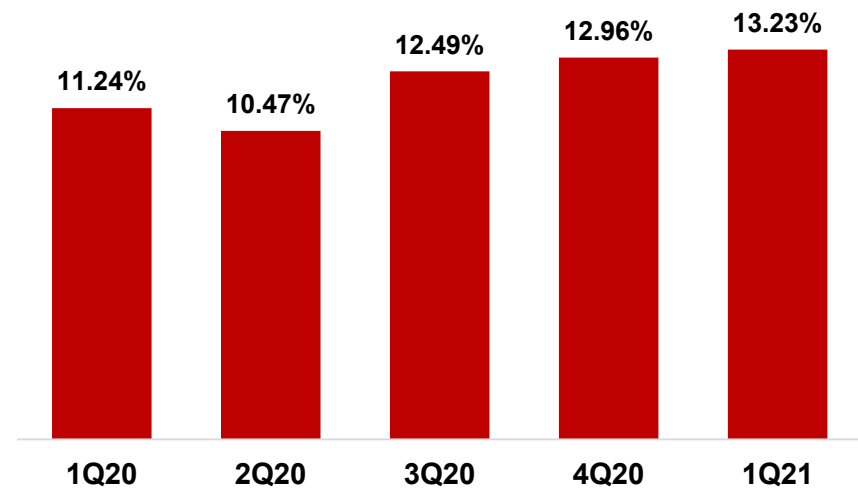


Strong Capital Base

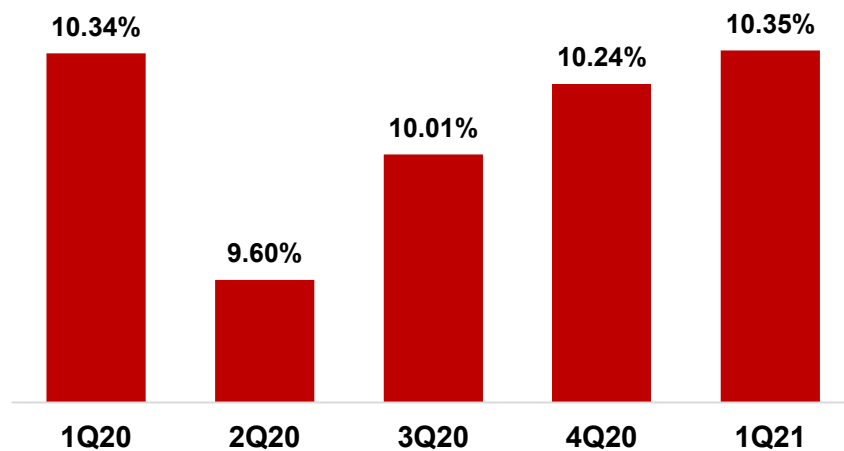
Tangible Common Equity to Tangible Assets Ratio



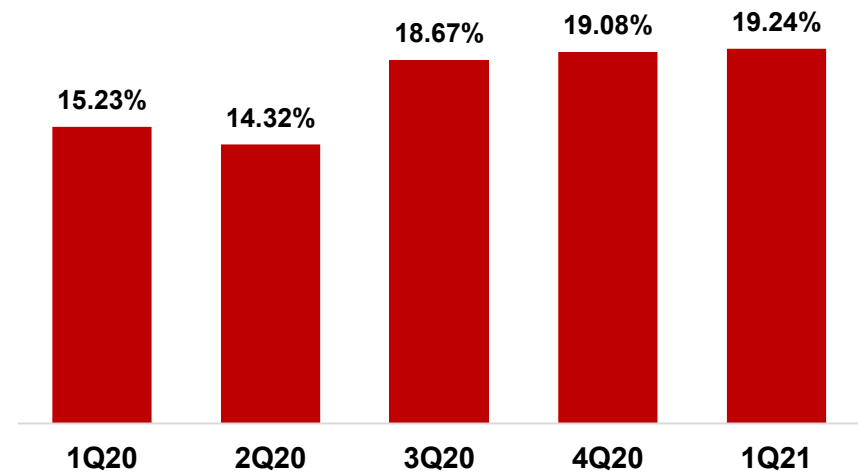
Common Equity Tier 1 Ratio



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 to GAAP





Appendix



Non-GAAP Financial Measures

Unaudited

\$ in Thousands

	As of and for the quarter ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Efficiency Ratio					
Noninterest expense	\$ 37,057	\$ 36,504	\$ 35,993	\$ 35,207	\$ 34,011
Net interest income	\$ 29,544	\$ 30,365	\$ 31,273	\$ 30,448	\$ 30,199
Tax equivalent yield adjustment	312	336	322	290	145
Noninterest income	26,500	26,172	31,660	24,896	18,875
Total income	\$ 56,356	\$ 56,873	\$ 63,255	\$ 55,634	\$ 49,219
Efficiency ratio	65.76%	64.19%	56.90%	63.28%	69.10%
Noninterest expense	\$ 37,057	\$ 36,504	\$ 35,993	\$ 35,207	\$ 34,011
Less: net loss on sale of securities	-	-	-	-	-
Adjusted noninterest expense	37,057	36,504	35,993	35,207	34,011
Total income	\$ 56,356	\$ 56,873	\$ 63,255	\$ 55,634	\$ 49,219
Less: net gain on sale of securities	-	-	-	-	(2,318)
Adjusted total income	\$ 56,356	\$ 56,873	\$ 63,255	\$ 53,634	\$ 46,901
Adjusted efficiency ratio	65.76%	64.19%	56.90%	63.28%	72.52%
Pre-Tax, Pre-Provision Income					
Net income	\$ 15,160	\$ 15,924	\$ 16,731	\$ 5,615	\$ 7,083
Income tax expense	3,738	3,968	4,147	1,389	1,746
Provision for loan losses	89	141	6,062	13,133	6,234
Pre-tax, pre-provision income	\$ 18,987	\$ 20,033	\$ 26,940	\$ 20,137	\$ 15,063

Source: Company documents





Non-GAAP Financial Measures

Unaudited

\$ in Thousands

	As of and for the quarter ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Tangible common equity					
Total common stockholders' equity	\$ 374,671	\$ 370,048	\$ 352,568	\$ 336,534	\$ 326,890
Less: goodwill and other intangibles	(26,648)	(27,070)	(27,502)	(28,414)	(28,181)
Tangible common equity	<u>\$ 348,023</u>	<u>\$ 342,978</u>	<u>\$ 325,066</u>	<u>\$ 308,120</u>	<u>\$ 298,709</u>
Tangible assets					
Total assets	\$ 3,732,894	\$ 3,599,160	\$ 3,542,666	\$ 3,584,532	\$ 3,216,563
Less: goodwill and other intangibles	(26,648)	(27,070)	(27,502)	(28,414)	(28,181)
Tangible assets	<u>\$ 3,706,246</u>	<u>\$ 3,572,090</u>	<u>\$ 3,515,164</u>	<u>\$ 3,556,118</u>	<u>\$ 3,188,382</u>
Shares outstanding	18,053,229	18,076,364	18,059,174	18,059,174	18,056,014
Total stockholders' equity to total assets	10.04%	10.28%	9.95%	9.39%	10.16%
Tangible common equity to tangible assets	9.39%	9.60%	9.25%	8.66%	9.37%
Book value per share	\$ 20.75	\$ 20.47	\$ 19.52	\$ 18.64	\$ 18.10
Tangible book value per share	\$ 19.28	\$ 18.97	\$ 18.00	\$ 17.06	\$ 16.54

Source: Company documents

