



CRA PERFORMANCE EVALUATION

The following is a copy of the Bank's most recent CRA Performance Evaluation.

PUBLIC DISCLOSURE

February 5, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Bank and Trust of Memphis
Certificate Number: 3335

501 W Main Street
Memphis, Texas 79245

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office

600 North Pearl Street, Suite 700
Dallas, Texas 75201

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.



INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following points summarize conclusions regarding the applicable test, discussed in detail elsewhere.

- The loan-to-deposit ratio (LTD) is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the institution's assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among farms and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the overall rating.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	10,009	20.2
Secured by Farmland	3,918	7.9
Secured by 1-4 Family Residential Properties	11,797	23.7
Secured by Multifamily (5 or more) Residential Properties	3,478	7.0
Secured by Nonfarm Nonresidential Properties	11,389	22.9
Total Real Estate Loans	40,591	81.7
Commercial and Industrial Loans	2,502	5.0
Agricultural Production and Other Loans to Farmers	6,227	12.5
Consumer Loans	377	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	6	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	49,703	100.0
<i>Source: Reports of Condition and Income.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution's ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

FBTM designated two assessment areas: 1) all of Randall and Potter counties, which comprise part of the Amarillo, Texas Metropolitan Statistical Area (MSA) (Amarillo MSA Assessment Area) and 2) all of Childress, Collingsworth, Donley, and Hall counties located in the Non-MSA portion of Texas (Texas Non-MSA Assessment Area). The Amarillo MSA Assessment Area is new since the prior evaluation. FBTM operates one branch in each assessment area. The assessment areas conform to technical CRA regulatory requirements. Refer to the individual assessment area sections for additional details.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 8, 2018, to the current evaluation dated February 5, 2024. Examiners used the Interagency Small Bank Procedures to evaluate FBTM's CRA performance. The following table shows the bank generated a substantial majority of its loans and deposits in the Texas Non-MSA Assessment Area. Consequently, examiners applied full-scope procedures and placed more weight on the bank's performance in the Texas Non-MSA Assessment Area when arriving at overall conclusions. Examiners also applied full-scope procedures to the Amarillo MSA Assessment Area since it is a new assessment area, and as a result, has not previously received full-scope review.

profile review of small farm loans in the Texas Non-MSA Assessment Area only since small farm loans do not represent a primary product in the Amarillo MSA Assessment Area.

This evaluation also includes a review of the universe of 18 small business loans totaling approximately \$2.6 million originated or purchased in 2023. D&B data for 2023 provided a standard of comparison for small business loans. Examiners evaluated small business lending performance in both assessment areas. Given the bank's lending focus and greater volume of small farm loans compared to small business loans in the Texas Non-MSA Assessment Area, examiners placed more weight on small farm loans in this assessment area when drawing conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FBTM demonstrated a satisfactory record regarding the Lending Test. Excellent geographic distribution and a reasonable borrower profile primarily support this conclusion. A reasonable LTD ratio and a substantial majority of loans originated in the bank's assessment areas further supports this conclusion. The Appendix lists the criteria used to evaluate the Lending Test.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Reports of Income and Condition data, averaged 70.1 percent over the prior 24 calendar quarters from March 31, 2018, to December 31, 2023. This reflects a slight decline from the 79.7 percent average, net LTD ratio recorded at the prior evaluation. The ratio ranged from a high of 90.6 percent as of September 30, 2020, to a low of 59.7 percent as of March 31, 2019. The bank's LTD ratio fluctuated over the review period due to the seasonality of agricultural lending.

The following table demonstrates three comparable institutions operating in FBTM's assessment areas and reflecting similar lending emphases. The table shows that two of the three comparable banks reported similar average, net LTD ratios, which further supports reasonable performance.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2023 (\$000s)	Average Net LTD Ratio (%)
First Bank and Trust of Memphis, Memphis, Texas	73,862	70.1
Wellington State Bank, Wellington, Texas	561,515	65.1
Citizens Bank, Amarillo, Texas	236,135	74.1
The Donley County State Bank, Clarendon, Texas	48,712	21.3
Source: Reports of Condition and Income 3/31/2018 – 12/31/2023.		

TEXAS NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN TEXAS NON-MSA ASSESSMENT AREA

The Texas Non-MSA Assessment Area consists of all of Childress, Collingsworth, Donley, and Hall counties. According to the 2020 U.S. Census Data, the Texas Non-MSA Assessment Area encompasses six census tracts reflecting the following income designations: two moderate-, three middle-, and one upper-income census tract. Although the number of census tracts did not change, the income designations changed from the 2010 U.S. Census Data, and the assessment area now contains one more moderate-income, one more middle-income, and two less upper-income census tract. These changes reflect deteriorating economic conditions in the assessment area. Examiners utilized data from the bank, Moody’s Analytics, Bureau of Labor Statistics, 2020 U.S. Census Data, 2023 D&B data, and FDIC sources in this section.

Economic and Demographic Data

The following table provides additional demographic and economic data for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Texas Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	33.3	50.0	16.7	0.0
Population by Geography	15,399	0.0	48.5	38.4	13.1	0.0
Housing Units by Geography	8,393	0.0	50.5	43.1	6.4	0.0
Owner-Occupied Units by Geography	3,976	0.0	47.3	44.1	8.7	0.0
Occupied Rental Units by Geography	1,957	0.0	67.1	31.7	1.2	0.0
Vacant Units by Geography	2,460	0.0	42.6	50.6	6.8	0.0
Businesses by Geography	1,424	0.0	49.2	40.2	10.6	0.0
Farms by Geography	212	0.0	31.6	50.9	17.5	0.0
Family Distribution by Income Level	4,107	25.6	20.5	21.8	32.1	0.0
Household Distribution by Income Level	5,933	26.1	19.6	16.3	38.1	0.0
Median Family Income – TX Non-MSA	\$61,785		Median Housing Value			\$79,446
			Median Gross Rent			\$679
			Families Below Poverty Level			13.8%
Source: 2020 U.S. Census Data and 2023 D&B Data. Due to rounding, totals may not equal 100.0.						
(*) The NA category consists of geographies that have not been assigned an income classification.						

Service industries represent the largest portion of businesses at 29.8 percent, followed by non-classifiable establishments at 17.2 percent, and agriculture, forestry, and fishing at 13.0 percent. Major employers in the assessment area include the Texas Department of Criminal Justice’s Roach Unit, Childress Regional Medical Center, and Childress Independent School District.

Small Farm Loans

The geographic distribution of small farm loans reflects excellent dispersion throughout the Texas Non-MSA Assessment Area. An excellent record of lending in moderate-income census tracts supports this conclusion. The following table shows that in moderate-income census tracts, the bank's level of lending significantly exceeds demographic data, indicating excellent performance.

Geographic Distribution of Small Farm Loans Assessment Area: Texas Non-MSA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	31.6	20	83.3	2,370	85.3
Middle	50.9	4	16.7	407	14.7
Upper	17.5	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	24	100.0	2,777	100.0

Source: 2023 D&B Data; 2023 Bank Data. Due to rounding, totals may not equal 100.0.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion in the Texas Non-MSA Assessment Area. Excellent performance in moderate-income census tracts supports this conclusion. The following table shows that FBTM's small business lending performance in moderate-income census tracts rises significantly higher than the percentage of businesses within these tracts, which reflects excellent performance.

Geographic Distribution of Small Business Loans Assessment Area: Texas Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	49.2	6	85.7	126	96.2
Middle	40.2	1	14.3	5	3.8
Upper	10.6	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	7	100.0	131	100.0

Source: 2023 D&B Data; 2023 Bank Data. Due to rounding, totals may not equal 100.0.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses and farms of different sizes in the Texas Non-MSA Assessment Area. Reasonable performance regarding small farm and small business loans supports this conclusion.

AMARILLO MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN AMARILLO MSA ASSESSMENT AREA

The Amarillo MSA Assessment Area consists of all of Potter and Randall counties. According to the 2020 U.S. Census Data, the Amarillo MSA Assessment Area encompasses 68 census tracts reflecting the following income designations: 6 low-, 18 moderate-, 20 middle-, and 23 upper-income census tracts, as well as 1 census tract with no income designation. Examiners utilized data from the bank, Moody’s Analytics, Bureau of Labor Statistics, 2020 U.S. Census Data, 2023 D&B data, and FDIC sources in this section.

Economic and Demographic Data

The following table provides additional demographic and economic data for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Amarillo MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	68	8.8	26.5	29.4	33.8	1.5
Population by Geography	259,278	5.2	24.7	31.9	38.2	0.0
Housing Units by Geography	105,231	6.9	26.2	30.0	36.9	0.0
Owner-Occupied Units by Geography	58,910	3.3	21.9	28.2	46.5	0.0
Occupied Rental Units by Geography	35,139	11.6	32.2	34.1	22.1	0.0
Vacant Units by Geography	11,182	10.9	29.6	26.2	33.3	0.0
Businesses by Geography	27,569	7.3	24.3	22.5	45.7	0.2
Farms by Geography	1,091	3.5	15.1	18.1	63.3	0.0
Family Distribution by Income Level	62,786	22.0	17.4	19.6	41.0	0.0
Household Distribution by Income Level	94,049	24.3	17.0	17.1	41.6	0.0
Median Family Income MSA - Amarillo, TX MSA	\$69,716		Median Housing Value			\$146,981
			Median Gross Rent			\$889
			Families Below Poverty Level			11.1%
Source: 2020 U.S. Census Data and 2023 D&B Data. Due to rounding, totals may not equal 100.0.						
(*) The NA category consists of geographies that have not been assigned an income classification.						

Service industries represent the largest portion of businesses at 32.5 percent, followed by non-classifiable establishments at 21.4 percent, and finance, insurance, and real estate at 12.3 percent. Major employers in the assessment area include the Tyson Foods Inc., CNX Pantex, and BSA Health System.

The following table shows the unemployment rate for the Amarillo MSA Assessment Area during the prior three calendar years. The higher unemployment rate in 2021 resulted from the effect of

CONCLUSIONS ON PERFORMANCE CRITERIA IN AMARILLO MSA ASSESSMENT AREA

LENDING TEST

FBTM demonstrated a reasonable record regarding the Lending Test in the Amarillo MSA Assessment Area. Reasonable borrower profile outweighs poor geographic distribution to support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the Amarillo MSA Assessment Area. Poor small business lending performance supports this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the Amarillo MSA Assessment Area. Reasonable performance in low-income tracts combined with very poor performance in moderate-income census tracts supports this conclusion. The following table shows that FBTM's small business lending performance in low-income census tracts exceeds demographic data by 5.2 percentage points, reflective of reasonable performance. The bank did not originate any loans in moderate-income census tracts, which significantly trails demographic data by 24.3 percentage points and reflects very poor performance.

Geographic Distribution of Small Business Loans Assessment Area: Amarillo MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	7.3	1	12.5	62	2.9
Moderate	24.3	0	0.0	0	0.0
Middle	22.5	2	25.0	910	42.8
Upper	45.7	5	62.5	1,152	54.2
Not Available	0.2	0	0.0	0	0.0
Totals	100.0	8	100.0	2,124	100.0

Source: 2023 D&B Data; 2023 Bank Data. Due to rounding, totals may not equal 100.0.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes in the Amarillo MSA Assessment Area. Reasonable performance regarding small business loans supports this conclusion.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. A reasonable record of lending to businesses with gross annual revenue of \$1 million or less supports this conclusion. The following table shows that

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

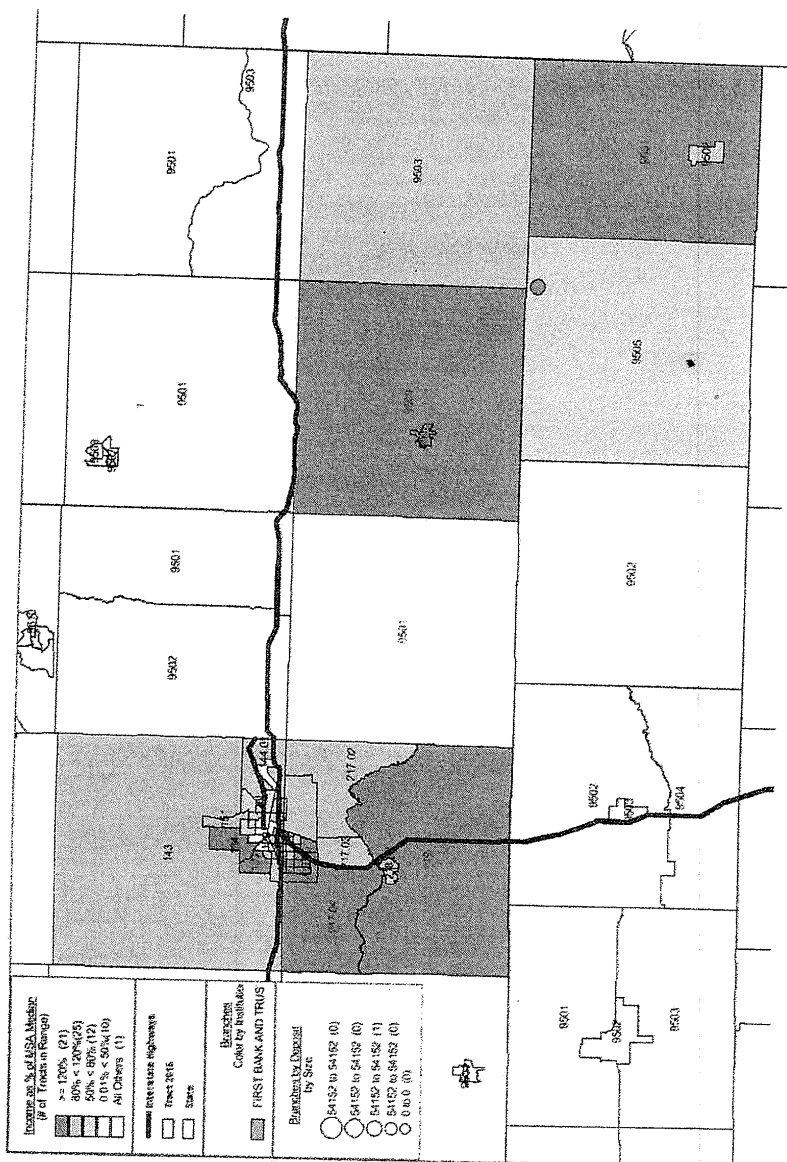
Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

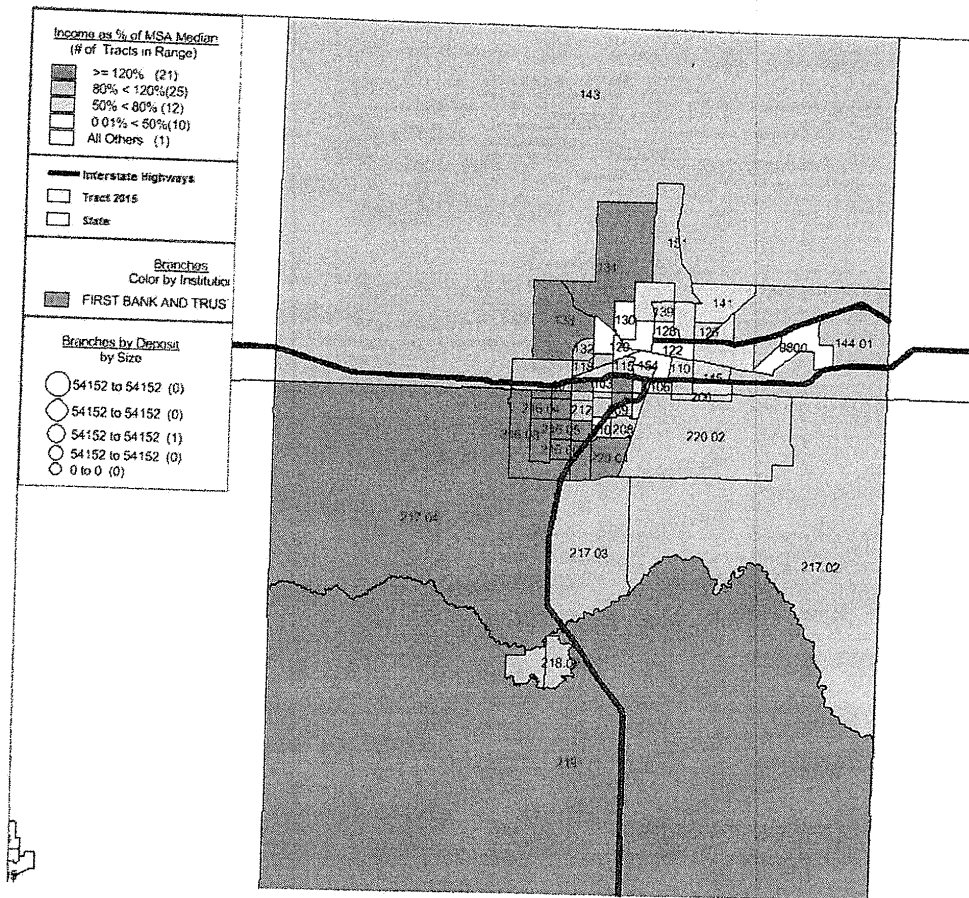
“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

CRA Assessment Area



Combined assessment area by income designation







Federal Housing Finance Agency Community Support Statement

FHFA Form 060
OMB Number 2590-0005
Expires 04/30/2026

FHFA Federal Home Loan Bank (FHLBank) Member ID Number: 11790

Name of FHLBank Member Institution: First Bank & Trust Of Memphis

Mailing Address: 501 W Main St

City: Memphis

Submitter Name: Steve hall

Work Email: shall@firstmemphis.com

State: TX

Title: President

Zip Code: 79245

The information in the Community Support Statement (CSS) submitted by the member, as reflected in this document, may be updated, or changed upon FHFA's review of the CSS.

Part I. Community Reinvestment Act (CRA) Standard:

Most recent CRA rating: Satisfactory

Year of most recent CRA rating: 2024

Part II. First-time Homebuyer Standard: All Federal Home Loan Bank members must complete either Section A or B of this part, except that members with "Outstanding" federal CRA ratings need not complete this part. Members should use data or activities for the previous or current calendar year in completing this part.

A. Complete the following two questions: If your institution did not make, or did not track, mortgage loans to first-time homebuyers, you must complete Section B of this part.

- | | |
|--|-----|
| 1. Number of mortgage loans made to first-time homebuyers | 0 |
| 2. Dollar amount of mortgage loans made to first-time homebuyers | \$0 |

B. Check as many as applicable:

- | | |
|---|-----|
| 1. Offer in-house first-time homebuyer program (e.g., underwriting, marketing plans, outreach programs) | No |
| 2. Offer in-house lending products that serve first-time homebuyers or low- and moderate-income homebuyers | Yes |
| 3. Offer flexible underwriting standards for first-time homebuyers | Yes |
| 4. Participate in nationwide first-time homebuyer programs (e.g., Fannie Mae, Freddie Mac) | No |
| 5. Participate in federal government programs that serve first-time homebuyers (e.g., FHA, VA, USDA RD) | No |
| 6. Participate in state or local government programs targeted to first-time homebuyers (e.g., mortgage revenue bond financing) | No |
| 7. Provide financial support or technical assistance to community organizations that assist first-time homebuyers | No |
| 8. Participate in loan consortia that make loans to first-time homebuyers | No |
| 9. Participate in or support special counseling or homeownership education targeted to first-time homebuyers | Yes |
| 10. Hold investments or make loans that support first-time homebuyer programs | No |
| 11. Hold mortgage-backed securities that may include a pool of loans to low- and moderate-income homebuyers | No |
| 12. Use affiliated lenders, credit union service organizations, or other correspondent, brokerage or referral arrangements with specific unaffiliated lenders, that provide mortgage loans to first-time or low- and moderate-income homebuyers | Yes |
| 13. Participate in the Affordable Housing Program or other targeted community investment/development programs offered by the Federal Home Loan Bank | No |
| 14. Other (attach description of other activities supporting first-time homebuyers; see instructions for Part II) | No |
| 15. None of the above (attach explanation of any mitigating factors; see instructions for Part II) | No |

If you checked Question 14 or 15, please explain below. If your explanation will exceed 300 characters, please upload a file containing your explanation and supporting documents:

Supporting documents:

Part III. Certification:

By submitting this Community Support Statement, I certify that I am a senior official of the above institution, that I am authorized to provide this information to FHFA, and that the information in this Statement and any attachments is accurate to the best of my knowledge.

Paperwork Reduction Act Statement: Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a