

## Community Reinvestment Act Public File

### **Community Reinvestment Act Statement**

Under the federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, FDIC 2200 N. Pearl St, Dallas, TX 75201. You may send written comments about our performance in helping to meet community credit needs to CRA Officer, First Bank, 4110 Kell Blvd, Wichita Falls TX 76309 and FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at [www.fdic.gov/regulations/cra](http://www.fdic.gov/regulations/cra). Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are an affiliate of First Bank Burkburnett Bancshares, Inc., a bank holding company. You may request from the FDIC, 2200 N. Pearl St, Dallas, TX 75201 an announcement of applications covered by the CRA filed by bank holding companies.

### **Public Information Available for Inspection**

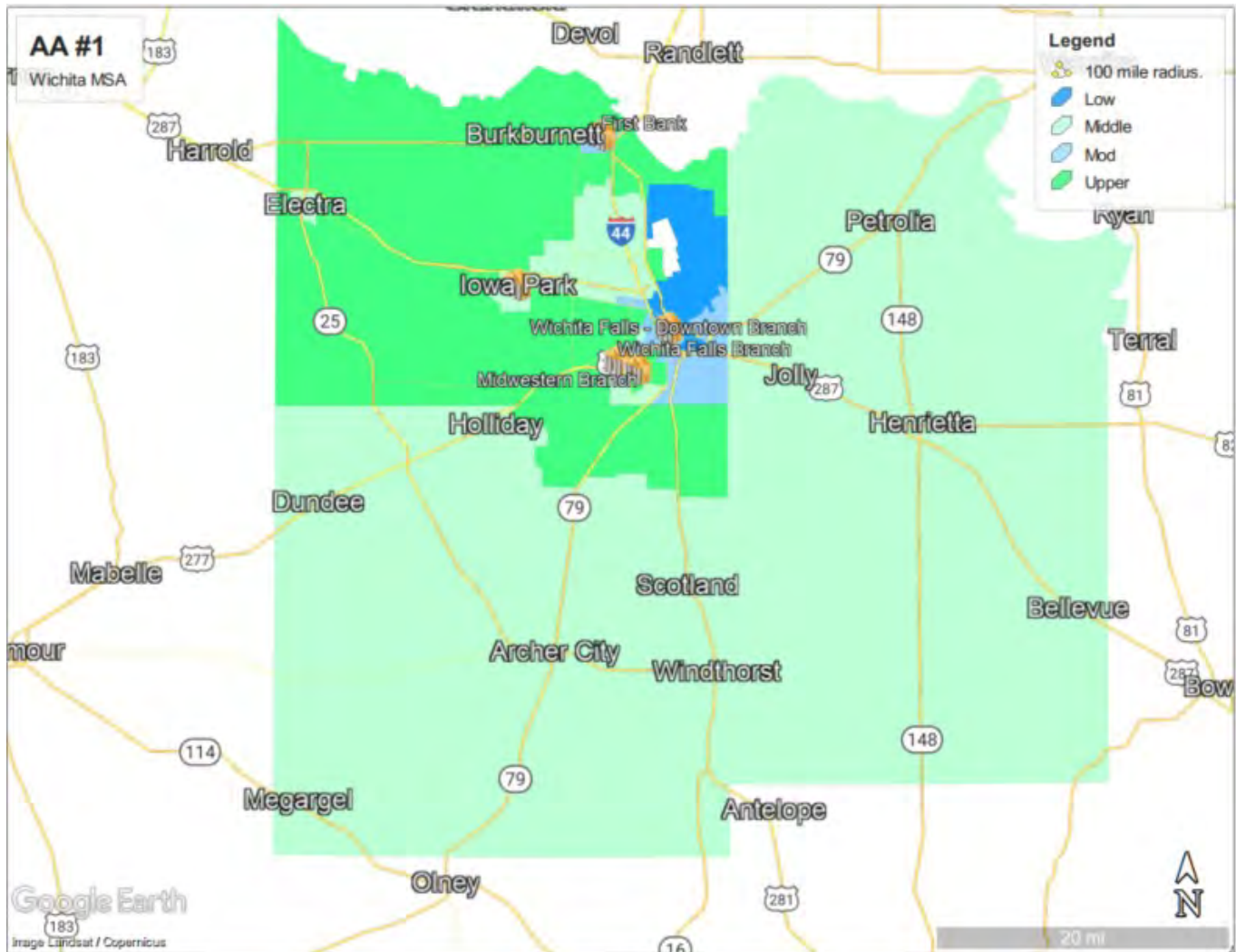
In compliance with the requirements of the Community Reinvestment Act, the following information is maintained in a public file, current as of April 1 of each year. The following components are detailed in this file:

- I. Assessment Areas
- II. Branch Information
- III. Branches Opened and Closed
- IV. List of Products and Services Limits and Fees
- V. Loan to Deposit Ratio
- VI. Written Comments or Complaints
- VII. CRA Performance Evaluation
- VIII. HMDA Notice
- IX. Contact Information for Comments or Questions
- X. Census Tract Demographics of Assessment Area

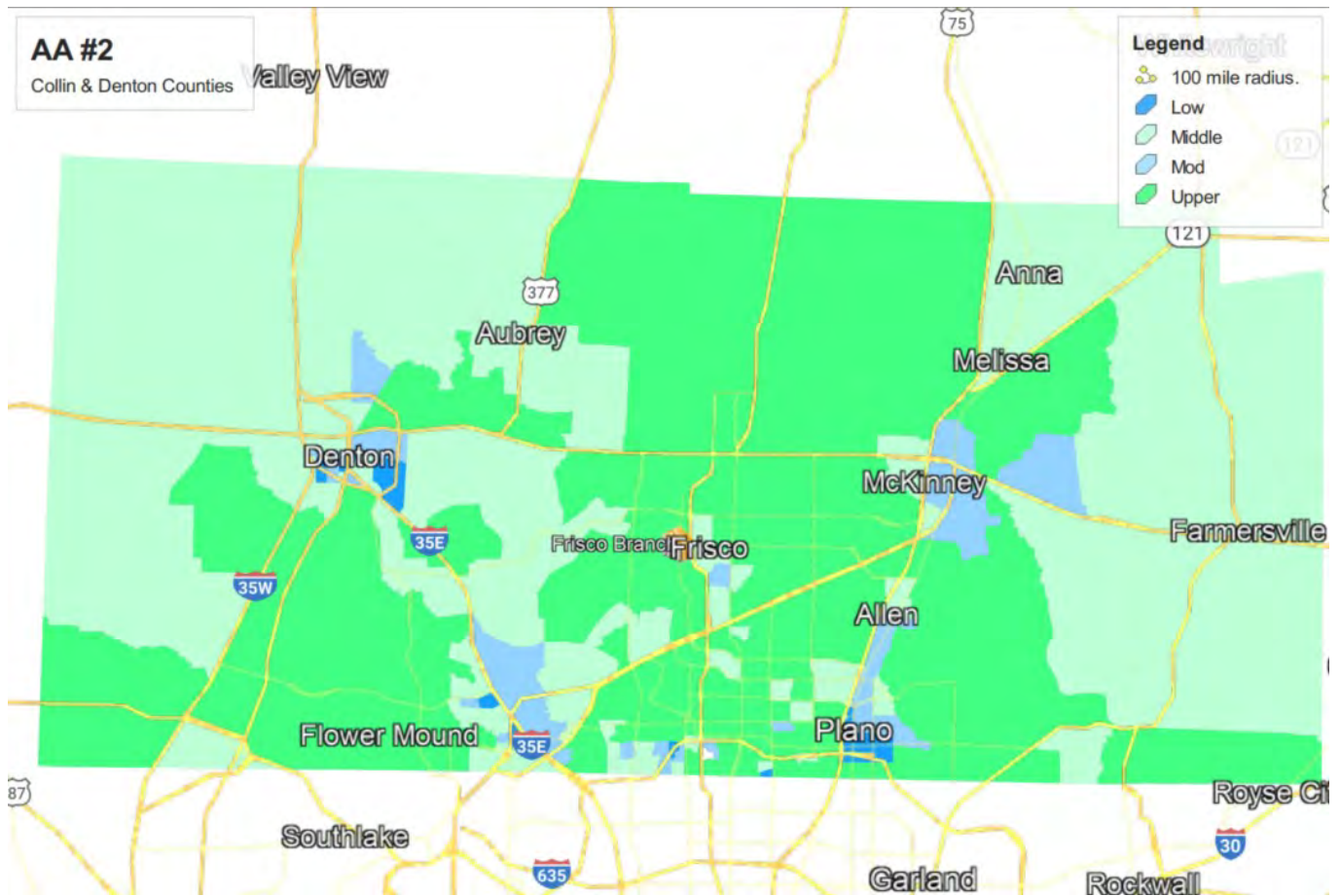
## I. Assessment Areas

The Board of Directors of First Bank in their normally scheduled meeting voted to accept the following Assessment Areas:

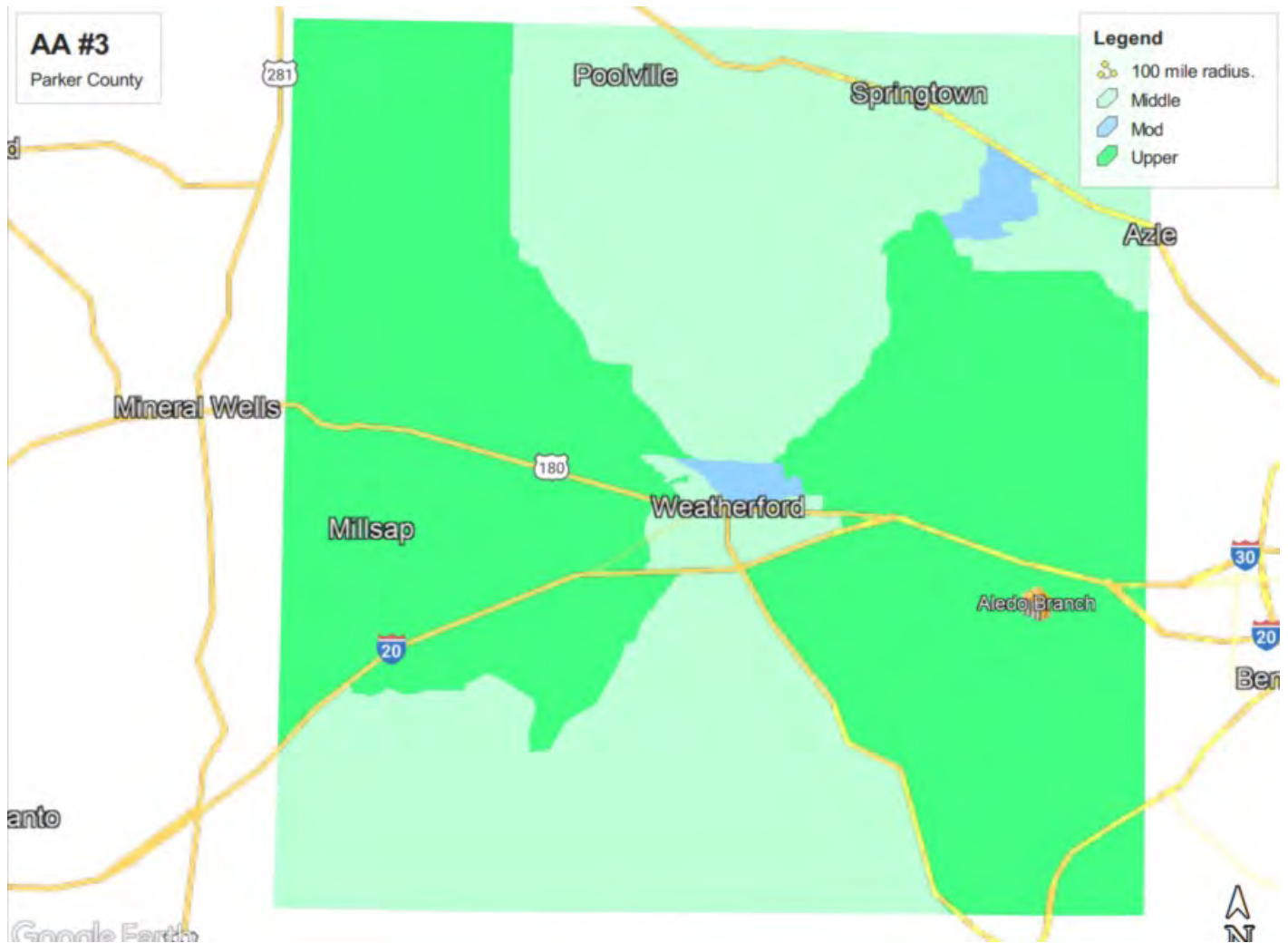
**Assessment Area #1:** Wichita Falls MSA in Texas (Wichita, Clay, and Archer Counties)



**Assessment Area #2:** Collin County & Denton County in Texas



**Assessment Area #3:** Parker County in Texas





## II. Branch Information

### Wichita County Assessment Area

#### **Burkburnett Main Location**

##### **2022 FFIEC Geocode Census:**

300 E 3RD ST

BURKBURNETT, TX, 76354

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0135.04

Phone Number: (940) 569-2221

1-866-566-2221

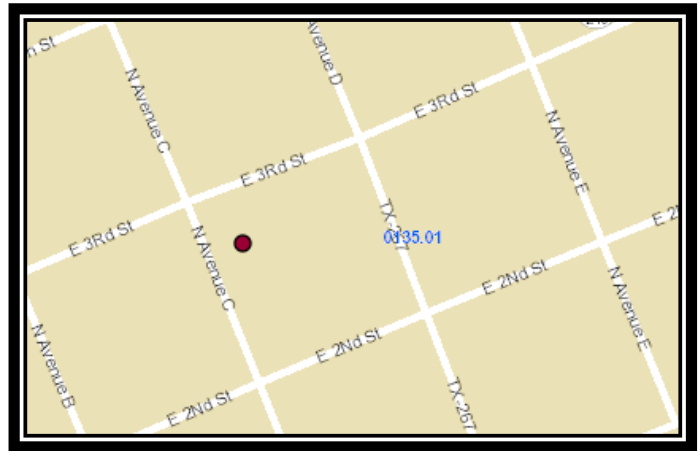
Lobby Hours: 9am–5 pm Monday – Friday

Drive Through Hours: 8am–6pm Monday – Friday

8am–12pm Saturday

ATM: Located in front of  
United Supermarket

311 S. Ave D, Burkburnett, TX



#### **Downtown Branch Location**

##### **2022 FFIEC Geocode Census:**

901 LAMAR ST

WICHITA FALLS, TX, 76301

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0101.00

Phone Number: (940) 687-2265

Lobby Hours: 9am–5pm Monday – Friday

Drive Through Hours: 9am–6pm Monday – Friday

ATM: Located in Drive Through



#### **Iowa Park Branch Location**

##### **2022 FFIEC Geocode Census:**

318 W PARK AVE

IOWA PARK, TX, 76367

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0136.00

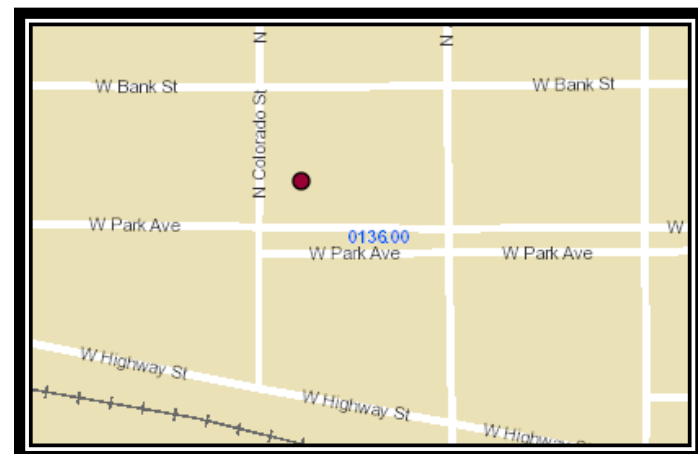
Phone Number: (940) 592-4619

Lobby Hours: 9am–5pm Monday – Friday

Drive Through Hours: 8am–6pm Monday – Friday

9am–12pm Saturday

ATM: Located in Drive Through

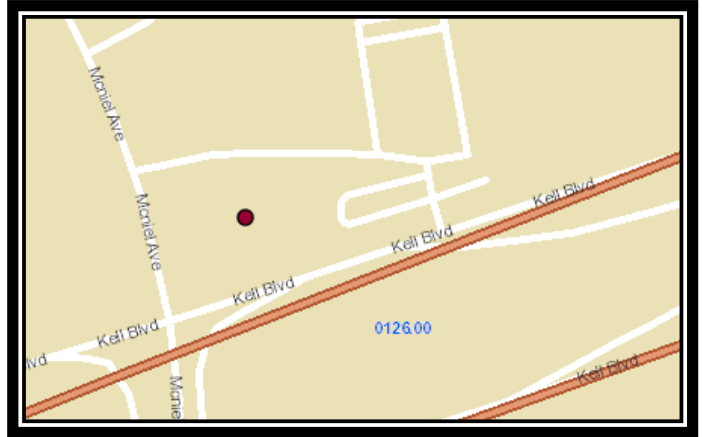


### **Kell Branch Location**

#### **2022 FFIEC Geocode Census:**

4110 KELL BLVD  
 WICHITA FALLS, TX, 76309  
 MSA: 48660 - WICHITA FALLS, TX  
 State: 48 - TEXAS  
 County: 485 - WICHITA COUNTY  
 Tract Code: 0126.00  
 Phone Number: (940) 691-0000  
 1-866-944-2265

Lobby Hours: 9am–5pm Monday – Friday  
 Drive Through Hours: 8am–6pm Monday – Friday  
 9am–12pm Saturday  
 ATM: Located in Drive-Through



### **Plaza Branch Location**

#### **2022 FFIEC Geocode Census:**

2801 MIDWESTERN PKWY  
 WICHITA FALLS, TX, 76308  
 MSA: 48660 - WICHITA FALLS, TX  
 State: 48 - TEXAS  
 County: 485 - WICHITA COUNTY  
 Tract Code: 0120.02  
 Phone Number: (940) 696-0000

Lobby Hours: 9am–5pm Monday – Friday  
 9am–12pm Saturday  
 Drive Through Hours: 8am–6pm Monday – Friday  
 9am–12pm Saturday  
 ATM: Located in Drive-Through



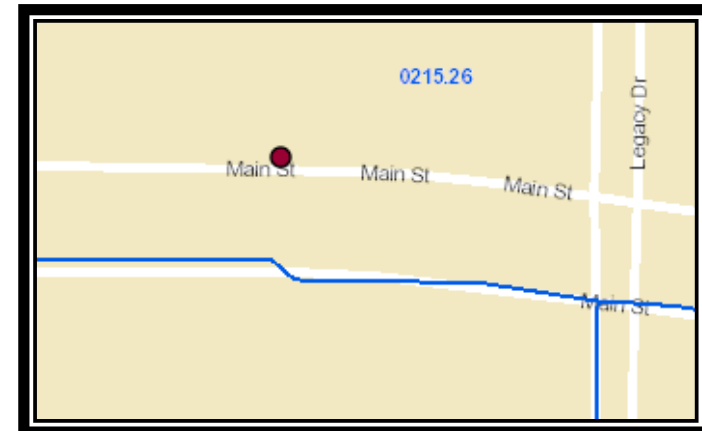
### **Collin & Denton County Assessment Area**

### **Frisco Branch Location**

#### **2022 FFIEC Geocode Census:**

4400 MAIN ST  
 FRISCO, TX, 75033  
 MSA: 19124 - DALLAS-PLANO-IRVING, TX  
 State: 48 - TEXAS  
 County: 121 - DENTON COUNTY  
 Tract Code: 0215.26  
 Phone Number: (469) 277-3511

Lobby Hours: 9am–4pm Monday – Friday  
 Drive Through Hours: 9am–5pm Monday – Friday  
 ATM: Located in Drive-Through



### **Parker County Assessment Area**

#### **Aledo Branch Location**

##### **2022 FFIEC Geocode Census:**

900 BAILEY RANCH RD

ALEDO, TX, 76008

MSA: 23104 - FORT WORTH-ARLINGTON-GRAPEVINE, TX

State: 48 - TEXAS

County: 367 - PARKER COUNTY

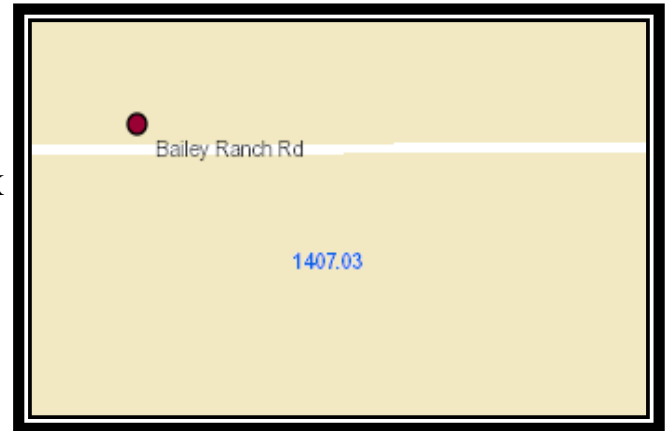
Tract Code: 1407.07

Phone Number: (817) 953-8727

Lobby Hours: 9am–5pm Monday – Friday

Drive Through Hours: 8am–5pm Monday – Friday

ATM: Located in branch parking lot



### III. Branches Opened and Closed

Branches opened and closed by the bank during the current year and each of the prior two calendar years.

Branch Location	Tract Code	Action	Action Date

## IV. List of Products and Services

Below is a list of the bank's products and services offered.

Checking Accounts – Non-interest Bearing:	eChecking Star Checking Star Plus Checking
Checking Accounts – Interest Bearing:	Star Platinum Checking Star Platinum Plus Checking
Savings Accounts:	First Savings
Money Market Accounts:	Money Market T-Fund Money Market T-Fund Plus Money Market
Certificates of Deposit:	3 to 60 months
I.R.A.s:	3 to 60 months
Lending:	Consumer Commercial Real Estate Mortgage Agricultural
24 Hour Banking:	Debit Cards Access 24 (Telephone Automated Banking) Online Banking – <a href="http://www.firstbankweb.com">www.firstbankweb.com</a> Mobile Device Banking Mobile Device Wallet – Apple Pay, Google Pay and Samsung Pay
Safe Deposit Boxes:	Available at our Burkburnett, Kell, Downtown, Frisco and Aledo branches



#### IV. Limits and Fees

**Limits and fees** - The following fees may be assessed against your account and the following transaction limitations, if any, apply to your account:

Replace Debit card	\$5.00
ATM foreign transactions	\$1.00
Check printing	Fee depends on style of check ordered
Temporary Checks - printed 4 temporary checks per page	\$1.00 per page
Cashier's check	\$3.00
Money order (customer)	\$1.00
NSF/Overdraft Charge (per item paid or returned)	\$30.00

##### Courtesy Overdraft Privilege Program

First Bank offers a courtesy overdraft privilege on select consumer checking accounts. These accounts must be open and held in good standing for a minimum of (30) business days to qualify for this privilege. These overdraft privileges are a discretionary courtesy to our customers who qualify for this program and are extended to provide additional flexibility and convenience when managing your funds. We do authorize and pay overdrafts for the following types of transactions: checks, automatic bill payments and other transactions using your checking account number.

A non-sufficient (NSF)/overdraft (OD) item may be created by check, in-person withdrawal, ATM withdrawal or other electronic means when there is not enough money in your account to cover the item or transaction presented for payment. There will be a maximum total daily overdraft charge limit of \$180.00 per business day, per account, for OD/NSF charges for consumer accounts and a \$750.00 per business day maximum daily charge for commercial accounts.

The following fees will apply if the negative ending balance is:

\$0.01 thru \$10.00 - No Charge

\$10.01 and above - \$30.00 per overdraft item

You maintain the right to opt-out of the Courtesy Overdraft Privilege Program at your discretion.

ATM and Debit Card transactions will not be included in the program, unless you request First Bank to pay overdrafts stemming from your ATM and Debit Card transactions. If it your desire to do so, it will be necessary for you to complete and sign an Authorization Request Form.

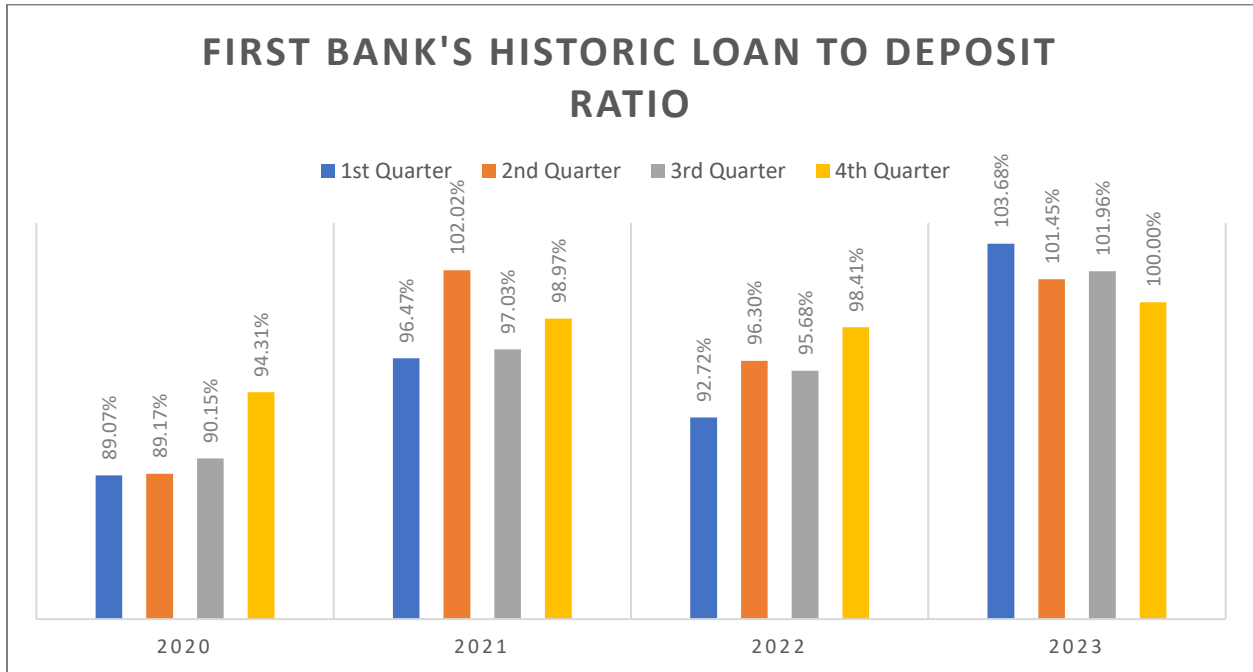
Deposited checks returned unpaid	\$5.00
Account activity printout	\$1.00
Account research	\$25.00 per hour (min 1 hour)
Copy of statement	\$5.00
Photocopies	\$.25 per copy
Copy of statement item (1st item no charge)	\$.25 per copy
ACCESS 24	FREE
Telephone transfer from checking or savings	\$2.00
FAX local	\$2.00 per page
FAX long distance	\$5.00 per page
Online Bank Bill Payment (per month Consumer)	\$5.95
Online Bank Bill Payment (per month Commercial)	\$10.00
Online Bank inquiries	FREE
Stop Payment - all items	\$25.00
Wire transfer (incoming Domestic) – customer	\$5.00
Wire transfer (outgoing Domestic) – customer	\$15.00
Wire transfer (incoming International) -- customer	\$25.00
Wire transfer (outgoing International) -- customer	\$50.00
Garnishments	Some attorney fees may apply
New account closed within 90 days	\$10.00
Zipper bag (medium)	\$5.00
Locking zipper bag	\$35.00

Safe Deposit Boxes - Boxes are not available at all First Bank locations and box rental fees are based upon box availability and size. "There is no insurance coverage provided on box contents either by FDIC or this Financial Institution"

Safe Deposit Box - replace one lost key	\$35.00
Safe Deposit Box - replace 2 lost keys (requires box to be drilled, new locks installed & new keys issued)	\$135.00

## VI. Loan to Deposit Ratio

	2021	2022	2023	2024
<b>1<sup>st</sup> Quarter</b>	96.47%	92.72%	103.68%	
<b>2<sup>nd</sup> Quarter</b>	102.02%	96.30%	101.45%	
<b>3<sup>rd</sup> Quarter</b>	97.03%	95.68%	101.96%	
<b>4<sup>th</sup> Quarter</b>	98.97%	98.41%	100.00%	



## **VII. Written Comments or Complaints**

All written comments received from the public for the current year and each of the prior two calendar years that specifically relate to the bank's performance in helping to meet community credit needs, and any response to the comments by the bank, if neither the comments nor the responses contain statements that reflect adversely on the good name or reputation of any persons other than the bank of publication of which would violate specific provisions of the law. Written comments or complaints will be appended to this file.

## **VIII. CRA Performance Evaluation**

First Bank's most recent CRA Performance Evaluation was conducted by the FDIC in January 2023. First Bank's overall CRA Rating was Satisfactory. The written evaluation will be appended to this file.

## **IX. HMDA Notice**

Effective January 1, 2018, the HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age and income of applicants and borrowers; and information about loan approvals and denials.

These data are available online at the Consumer Financial Protection Bureau's Website at: [www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda) beginning with calendar years 2017 forward. HMDA data for many other financial institutions are also available at this Website.

## **X. Contact Information for Comments or Questions**

Comments or questions about First Bank's CRA performance may be addressed to:

First Bank  
Attention: CRA Officer  
4110 Kell Blvd.  
Wichita Falls, TX 76309

## XI. Census Tracts

### Assessment Area #1 Wichita Falls MSA (48660) in Texas (48)

MSA = Wichita Falls, TX (48660)							
State Code	County Code	Tract Code	Tract Income	Tract % Minority	Households	Families	Low Income Families
48	009	0201.00	Upper	0-10%	1,055	876	80
48	009	0202.00	Middle	0-10%	1,020	750	80
48	009	0203.00	Middle	10-20%	1,275	860	168
48	077	0302.00	Middle	0-10%	1,193	817	146
48	077	0303.01	Middle	0-10%	1,802	1,307	227
48	077	0303.02	Middle	10-20%	1,151	773	140
48	485	0101.00	Mod	60-70%	567	225	100
48	485	0102.00	Mod	40-50%	424	171	80
48	485	0104.00	Low	70-80%	976	570	284
48	485	0106.00	Middle	40-50%	997	486	135
48	485	0107.00	Mod	50-60%	1,047	629	213
48	485	0108.00	Mod	60-70%	874	543	194
48	485	0109.00	Middle	10-20%	747	365	73
48	485	0110.00	Mod	30-40%	1,059	653	219
48	485	0111.00	Low	60-70%	497	268	153
48	485	0112.00	Low	30-40%	911	510	260
48	485	0113.00	Mod	60-70%	570	353	119
48	485	0114.00	Low	60-70%	850	610	330
48	485	0115.00	Mod	30-40%	820	604	181
48	485	0116.00	Mod	40-50%	1,832	1,136	499
48	485	0117.00	Upper	0-10%	906	599	45
48	485	0118.00	Upper	20-30%	821	591	47
48	485	0119.00	Upper	20-30%	1,839	750	79
48	485	0120.00	Upper	20-30%	2,830	1,262	213
48	485	0121.00	Mod	20-30%	1,279	835	266
48	485	0122.00	Middle	20-30%	2,375	1,596	230
48	485	0123.00	Upper	30-40%	2,760	2,219	206
48	485	0124.00	Upper	20-30%	3,103	1,971	328
48	485	0126.00	Upper	20-30%	1,660	964	98
48	485	0127.00	Mod	40-50%	1,034	570	228
48	485	0128.00	Upper	20-30%	1,738	1,242	223
48	485	0129.00	Upper	10-20%	873	573	41
48	485	0130.00	Mod	30-40%	883	596	224
48	485	0131.00	Middle	50-60%	1,650	1,254	182



48	485	0132.00	Middle	40-50%	2,303	1,697	303
48	485	0133.00	Middle	50-60%	392	341	25
48	485	0134.01	Upper	30-40%	217	179	17
48	485	0135.01	Mod	10-20%	2,267	1,419	532
48	485	0135.02	Upper	10-20%	2,002	1,524	91
48	485	0136.00	Middle	0-10%	2,287	1,583	346
48	485	0137.00	Middle	10-20%	1,245	849	218
48	485	0138.00	Upper	0-10%	1,306	1,054	147
48	485	9800.00	NA	NA	0	0	0

## Assessment Areas #2 Collin (085) and Denton (121) Counties in Texas (48)

County = COLLIN (085), TEXAS (48)							
State Code	County Code	Tract Code	Tract Income	Tract % Minority	Households	Families	Low Income Families
48	085	0301.00	Middle	0-10%	2,117	1,698	303
48	085	0302.01	Upper	10-20%	993	854	25
48	085	0302.02	Upper	10-20%	748	632	104
48	085	0302.03	Middle	30-40%	5,213	4,651	786
48	085	0303.01	Upper	30-40%	1,591	1,379	52
48	085	0303.02	Upper	10-20%	783	723	21
48	085	0303.03	Upper	10-20%	2,123	1,631	129
48	085	0303.04	Upper	10-20%	912	862	191
48	085	0303.05	Upper	10-20%	2,961	2,483	244
48	085	0304.03	Upper	30-40%	1,766	1,537	232
48	085	0304.04	Upper	30-40%	2,141	1,581	156
48	085	0304.05	Middle	40-50%	2,008	1,423	168
48	085	0304.06	Mod	50-60%	1,208	779	213
48	085	0304.07	Upper	20-30%	1,340	1,202	94
48	085	0304.08	Middle	50-60%	2,602	1,834	283
48	085	0305.04	Upper	40-50%	1,301	818	153
48	085	0305.05	Middle	40-50%	1,876	917	114
48	085	0305.06	Upper	20-30%	953	843	24
48	085	0305.07	Upper	30-40%	604	548	9
48	085	0305.08	Upper	20-30%	2,155	1,690	201
48	085	0305.09	Upper	40-50%	832	649	19
48	085	0305.10	Upper	40-50%	1,031	841	87
48	085	0305.11	Upper	30-40%	1,778	1,482	152
48	085	0305.12	Upper	30-40%	1,246	1,158	39
48	085	0305.13	Upper	40-50%	3,113	2,025	204
48	085	0305.14	Upper	30-40%	2,286	1,828	56

48	085	0305.15	Upper	30-40%	2,058	1,687	159
48	085	0305.16	Upper	40-50%	1,859	1,581	231
48	085	0305.17	Upper	20-30%	1,976	1,597	220
48	085	0305.18	Upper	40-50%	818	810	22
48	085	0305.19	Upper	40-50%	819	659	46
48	085	0305.20	Upper	50-60%	1,848	1,529	116
48	085	0305.21	Upper	50-60%	1,014	910	37
48	085	0305.22	Upper	40-50%	1,972	1,875	119
48	085	0305.23	Upper	30-40%	3,253	2,795	160
48	085	0305.24	Upper	40-50%	767	638	53
48	085	0305.25	Upper	20-30%	2,036	1,671	105
48	085	0305.26	Upper	20-30%	3,164	2,568	349
48	085	0305.27	Upper	30-40%	1,444	1,327	52
48	085	0305.28	Upper	20-30%	2,657	2,184	288
48	085	0305.29	Upper	30-40%	1,142	835	47
48	085	0305.30	Upper	10-20%	2,317	1,910	172
48	085	0305.31	Upper	20-30%	2,060	1,815	97
48	085	0306.01	Upper	10-20%	3,455	2,498	304
48	085	0306.03	Middle	40-50%	2,824	1,965	210
48	085	0306.04	Upper	30-40%	595	543	33
48	085	0306.05	Middle	40-50%	2,248	1,804	172
48	085	0307.01	Mod	50-60%	1,077	644	224
48	085	0307.02	Mod	40-50%	1,843	1,176	376
48	085	0308.01	Middle	30-40%	1,757	1,020	298
48	085	0308.02	Mod	50-60%	2,128	1,468	613
48	085	0309.00	Mod	70-80%	2,985	2,064	982
48	085	0310.01	Middle	30-40%	2,565	1,922	446
48	085	0310.03	Mod	30-40%	1,648	1,210	410
48	085	0310.04	Middle	30-40%	2,175	1,631	453
48	085	0311.00	Middle	20-30%	3,170	2,492	507
48	085	0312.01	Middle	20-30%	1,695	1,375	228
48	085	0312.02	Upper	20-30%	1,397	1,173	115
48	085	0313.08	Upper	30-40%	2,057	1,726	226
48	085	0313.09	Upper	40-50%	3,082	2,208	122
48	085	0313.10	Middle	20-30%	3,209	2,662	242
48	085	0313.11	Upper	30-40%	3,602	2,861	162
48	085	0313.12	Upper	30-40%	2,220	1,932	31
48	085	0313.13	Upper	40-50%	3,529	3,198	140
48	085	0313.14	Upper	10-20%	857	753	46
48	085	0313.15	Upper	40-50%	5,320	4,551	615
48	085	0313.16	Upper	60-70%	1,887	1,723	63
48	085	0313.17	Upper	40-50%	2,618	2,363	132
48	085	0314.05	Upper	30-40%	6,163	5,486	107

48	085	0314.06	Upper	30-40%	5,729	4,658	407
48	085	0314.07	Upper	0-10%	2,872	2,404	403
48	085	0314.08	Upper	30-40%	1,121	922	116
48	085	0314.09	Upper	30-40%	3,508	3,013	232
48	085	0314.10	Upper	30-40%	2,982	2,484	336
48	085	0314.11	Upper	40-50%	1,568	1,434	50
48	085	0315.04	Upper	20-30%	2,345	1,879	246
48	085	0315.05	Upper	30-40%	2,914	2,376	128
48	085	0315.06	Mod	40-50%	3,172	2,135	744
48	085	0315.07	Upper	30-40%	2,033	1,288	113
48	085	0315.08	Middle	30-40%	2,299	1,704	465
48	085	0316.11	Middle	50-60%	1,395	923	169
48	085	0316.12	Middle	20-30%	2,263	1,842	310
48	085	0316.13	Upper	20-30%	2,053	1,633	91
48	085	0316.21	Upper	20-30%	2,478	1,510	276
48	085	0316.22	Upper	30-40%	2,160	1,641	151
48	085	0316.23	Upper	40-50%	1,158	674	75
48	085	0316.24	Mod	60-70%	1,536	1,025	340
48	085	0316.25	Upper	20-30%	1,760	1,405	215
48	085	0316.26	Upper	20-30%	915	735	63
48	085	0316.27	Middle	20-30%	1,875	1,551	214
48	085	0316.28	Middle	30-40%	1,413	987	106
48	085	0316.29	Middle	40-50%	1,303	1,068	384
48	085	0316.30	Upper	20-30%	1,598	1,277	74
48	085	0316.31	Upper	40-50%	1,807	1,287	223
48	085	0316.32	Upper	40-50%	2,560	1,388	240
48	085	0316.33	Middle	30-40%	1,429	1,016	62
48	085	0316.34	Middle	40-50%	1,253	832	89
48	085	0316.35	Middle	50-60%	1,690	1,113	202
48	085	0316.36	Upper	30-40%	2,567	1,917	178
48	085	0316.37	Upper	30-40%	2,248	1,991	96
48	085	0316.38	Upper	50-60%	2,222	2,045	79
48	085	0316.39	Upper	40-50%	2,448	1,730	103
48	085	0316.40	Upper	40-50%	3,298	2,029	227
48	085	0316.41	Upper	60-70%	2,086	1,790	115
48	085	0316.42	Upper	30-40%	1,649	1,390	37
48	085	0316.43	Upper	30-40%	1,837	1,324	220
48	085	0316.45	Upper	20-30%	663	620	15
48	085	0316.46	Upper	30-40%	2,015	1,690	47
48	085	0316.47	Upper	20-30%	1,392	756	41
48	085	0316.48	Upper	30-40%	2,738	2,280	242
48	085	0316.49	Upper	20-30%	1,891	1,338	114
48	085	0316.52	Upper	50-60%	3,433	1,767	71

48	085	0316.53	Upper	40-50%	2,880	1,989	171
48	085	0316.54	Upper	30-40%	1,341	1,124	24
48	085	0316.55	Upper	40-50%	2,132	1,205	255
48	085	0316.56	Upper	30-40%	1,005	652	85
48	085	0316.57	Upper	30-40%	1,434	455	86
48	085	0316.58	Middle	30-40%	2,776	1,005	248
48	085	0316.59	Upper	60-70%	819	476	37
48	085	0316.60	Middle	60-70%	2,000	1,207	129
48	085	0316.61	Upper	60-70%	977	818	19
48	085	0316.62	Upper	50-60%	1,585	1,393	62
48	085	0316.63	Upper	40-50%	1,334	929	42
48	085	0316.64	Upper	30-40%	1,330	1,242	69
48	085	0317.04	Upper	30-40%	1,956	956	149
48	085	0317.06	Upper	10-20%	845	717	27
48	085	0317.08	Upper	40-50%	2,001	928	80
48	085	0317.09	Upper	40-50%	1,998	990	78
48	085	0317.11	Upper	30-40%	1,479	794	87
48	085	0317.12	Middle	50-60%	2,797	1,289	124
48	085	0317.13	NA	60-70%	2,277	871	352
48	085	0317.14	Mod	60-70%	3,233	1,223	419
48	085	0317.15	Upper	30-40%	1,188	797	25
48	085	0317.16	Upper	30-40%	1,267	477	81
48	085	0317.17	Upper	60-70%	1,107	571	50
48	085	0317.18	Upper	20-30%	1,034	636	52
48	085	0317.19	Middle	40-50%	827	455	73
48	085	0317.20	Low	80-90%	2,330	849	656
48	085	0318.02	Upper	40-50%	2,368	1,642	147
48	085	0318.04	Upper	30-40%	1,713	759	60
48	085	0318.05	Upper	20-30%	2,060	1,670	92
48	085	0318.06	Middle	70-80%	1,012	432	70
48	085	0318.07	Upper	20-30%	2,075	1,506	198
48	085	0319.00	Low	70-80%	1,625	907	510
48	085	0320.03	Mod	70-80%	2,158	1,288	538
48	085	0320.04	Mod	60-70%	2,460	1,855	439
48	085	0320.08	Middle	40-50%	1,500	1,093	134
48	085	0320.09	Upper	40-50%	2,520	2,091	118
48	085	0320.10	Mod	50-60%	1,826	1,197	412
48	085	0320.11	Upper	50-60%	2,528	1,680	126
48	085	0320.12	Mod	60-70%	1,281	960	298
48	085	0320.13	Mod	70-80%	2,082	1,634	429

**County = DENTON (121), TEXAS (48)**

State Code	County Code	Tract Code	Tract Income	Tract % Minority	Households	Families	Low Income Families
48	121	0201.03	Middle	20-30%	3,961	3,116	674
48	121	0201.04	Upper	20-30%	1,214	1,011	37
48	121	0201.05	Middle	30-40%	2,421	2,181	204
48	121	0201.06	Upper	20-30%	1,914	1,576	122
48	121	0201.07	Middle	20-30%	1,975	1,465	237
48	121	0201.08	Upper	40-50%	4,694	4,049	232
48	121	0201.09	Upper	40-50%	1,073	1,045	25
48	121	0201.10	Upper	40-50%	1,564	1,420	61
48	121	0201.11	Upper	20-30%	1,138	947	23
48	121	0201.12	Upper	30-40%	1,096	896	33
48	121	0201.13	Middle	50-60%	3,356	2,785	222
48	121	0201.14	Middle	50-60%	3,070	2,399	560
48	121	0201.15	Middle	30-40%	1,719	1,320	294
48	121	0202.02	Middle	20-30%	3,117	2,555	421
48	121	0202.03	Middle	20-30%	1,922	1,418	231
48	121	0202.04	Middle	10-20%	1,484	1,094	236
48	121	0202.05	Middle	20-30%	631	459	71
48	121	0203.03	Upper	10-20%	3,618	3,015	306
48	121	0203.05	Upper	10-20%	2,663	2,318	90
48	121	0203.06	Middle	20-30%	3,014	1,644	251
48	121	0203.07	Upper	10-20%	3,314	2,629	191
48	121	0203.08	Upper	20-30%	3,074	2,700	140
48	121	0203.09	Middle	10-20%	3,094	2,397	386
48	121	0203.10	Upper	10-20%	1,500	1,011	95
48	121	0204.01	Middle	30-40%	2,757	2,014	371
48	121	0204.02	Middle	20-30%	1,963	1,140	183
48	121	0204.03	Middle	20-30%	1,488	696	182
48	121	0205.03	Middle	40-50%	2,522	1,421	489
48	121	0205.04	Mod	50-60%	1,045	684	248
48	121	0205.05	Upper	10-20%	2,563	1,873	155
48	121	0205.06	Upper	20-30%	745	466	48
48	121	0206.01	Mod	50-60%	1,459	707	310
48	121	0206.02	Mod	40-50%	3,112	2,171	620
48	121	0207.00	Mod	30-40%	1,533	344	134
48	121	0208.00	Middle	40-50%	2,037	691	201
48	121	0209.00	Low	50-60%	1,217	470	284
48	121	0210.00	Mod	40-50%	1,265	321	144
48	121	0211.00	Low	40-50%	1,643	225	142



48	121	0212.01	Low	50-60%	2,696	1,372	819
48	121	0212.02	Middle	60-70%	1,137	766	187
48	121	0213.01	Mod	40-50%	1,516	326	138
48	121	0213.03	Middle	20-30%	2,250	1,614	306
48	121	0213.04	Upper	30-40%	2,174	1,416	304
48	121	0213.05	Upper	20-30%	1,535	1,016	204
48	121	0214.03	Middle	20-30%	3,942	3,061	563
48	121	0214.04	Upper	20-30%	2,981	2,271	181
48	121	0214.05	Middle	40-50%	3,252	2,494	463
48	121	0214.06	Upper	30-40%	2,253	1,840	139
48	121	0214.07	Middle	40-50%	1,966	1,615	198
48	121	0214.08	Middle	20-30%	2,216	1,766	164
48	121	0214.09	Upper	20-30%	2,734	2,179	244
48	121	0215.02	Mod	50-60%	1,675	1,045	342
48	121	0215.05	Middle	30-40%	2,027	1,466	242
48	121	0215.12	Upper	10-20%	1,522	1,328	107
48	121	0215.13	Upper	10-20%	1,316	1,125	57
48	121	0215.14	Upper	10-20%	1,460	1,372	90
48	121	0215.15	Upper	40-50%	3,623	2,803	167
48	121	0215.16	Middle	20-30%	2,338	1,469	161
48	121	0215.17	Middle	70-80%	1,121	791	120
48	121	0215.18	Upper	10-20%	1,050	839	56
48	121	0215.19	Middle	40-50%	4,600	3,257	668
48	121	0215.20	Middle	30-40%	1,267	886	139
48	121	0215.21	Middle	30-40%	1,503	1,295	189
48	121	0215.22	Upper	60-70%	647	487	75
48	121	0215.23	Middle	40-50%	1,101	838	249
48	121	0215.24	Upper	20-30%	590	509	27
48	121	0215.25	Upper	30-40%	2,871	2,590	72
48	121	0215.26	Upper	20-30%	1,959	1,658	98
48	121	0215.27	Upper	20-30%	1,805	1,632	64
48	121	0216.11	Middle	40-50%	1,664	1,296	270
48	121	0216.12	Middle	40-50%	1,466	1,053	177
48	121	0216.13	Mod	60-70%	2,079	1,550	510
48	121	0216.14	Middle	60-70%	1,298	965	161
48	121	0216.15	Middle	60-70%	1,505	1,079	195
48	121	0216.16	Mod	60-70%	1,783	1,029	413
48	121	0216.18	Mod	60-70%	1,273	986	369
48	121	0216.19	Mod	60-70%	1,077	617	244
48	121	0216.20	Mod	60-70%	1,018	454	110
48	121	0216.21	Upper	30-40%	1,306	1,104	65
48	121	0216.22	Upper	40-50%	1,707	1,518	63
48	121	0216.23	Upper	70-80%	2,301	1,612	190

48	121	0216.24	Middle	50-60%	2,947	1,804	266
48	121	0216.25	Upper	40-50%	2,113	1,647	103
48	121	0216.26	Upper	10-20%	755	629	61
48	121	0216.27	Upper	20-30%	4,367	1,518	138
48	121	0216.28	Upper	50-60%	2,550	1,687	301
48	121	0216.29	Upper	40-50%	2,191	1,815	81
48	121	0216.30	Middle	50-60%	1,834	1,406	205
48	121	0216.31	Upper	40-50%	1,840	1,564	114
48	121	0216.32	Upper	30-40%	1,485	1,024	207
48	121	0216.33	Upper	30-40%	1,689	1,288	186
48	121	0216.34	Low	60-70%	2,973	1,120	633
48	121	0216.35	Mod	60-70%	1,983	835	308
48	121	0216.36	Middle	60-70%	4,222	1,398	273
48	121	0216.37	Mod	70-80%	1,943	1,040	411
48	121	0216.38	Middle	50-60%	1,778	766	116
48	121	0217.15	Upper	30-40%	1,598	1,165	47
48	121	0217.16	Middle	30-40%	2,399	1,228	201
48	121	0217.17	Middle	20-30%	2,161	1,602	313
48	121	0217.18	Upper	10-20%	2,970	2,658	129
48	121	0217.19	Upper	10-20%	1,421	1,275	15
48	121	0217.20	Upper	30-40%	994	916	7
48	121	0217.21	Upper	10-20%	1,333	1,157	23
48	121	0217.22	Upper	20-30%	1,518	1,098	102
48	121	0217.23	Middle	60-70%	545	418	44
48	121	0217.24	Upper	20-30%	1,338	1,146	16
48	121	0217.25	Upper	20-30%	1,317	1,046	49
48	121	0217.26	Upper	20-30%	1,060	937	52
48	121	0217.27	Upper	30-40%	1,472	1,332	69
48	121	0217.28	Middle	60-70%	1,102	615	169
48	121	0217.29	Upper	40-50%	1,064	942	46
48	121	0217.30	Upper	30-40%	1,325	1,078	16
48	121	0217.31	Upper	40-50%	1,249	1,145	72
48	121	0217.32	Mod	60-70%	941	498	125
48	121	0217.33	Middle	60-70%	1,134	913	104
48	121	0217.34	Mod	60-70%	1,589	775	320
48	121	0217.35	Middle	50-60%	1,673	638	177
48	121	0217.36	Middle	60-70%	1,118	532	36
48	121	0217.37	Middle	40-50%	1,934	1,067	151
48	121	0217.38	Middle	50-60%	1,273	723	67
48	121	0217.39	Low	60-70%	1,631	885	517
48	121	0217.40	Middle	40-50%	2,052	1,025	221
48	121	0217.41	Middle	40-50%	670	497	141
48	121	0217.42	Middle	40-50%	2,010	1,463	177

48	121	0217.43	Mod	60-70%	1,403	949	243
48	121	0217.44	Low	70-80%	1,085	726	369
48	121	0217.45	Middle	60-70%	1,587	1,206	308
48	121	0217.46	Upper	20-30%	1,112	1,029	29
48	121	0217.47	Upper	10-20%	1,514	1,176	97
48	121	0217.48	Upper	20-30%	1,472	1,223	44
48	121	0217.49	Upper	0-10%	1,005	961	18
48	121	0217.50	Upper	20-30%	1,253	1,179	42
48	121	0217.51	Upper	30-40%	1,431	1,339	45
48	121	0217.52	Upper	30-40%	1,575	1,432	42
48	121	0217.53	Upper	10-20%	1,738	1,587	76
48	121	0218.00	Upper	20-30%	1,597	1,243	81
48	121	0219.00	Upper	20-30%	1,363	1,240	19

### Assessment Area #3 Parker County (367) in Texas (48)

County = PARKER (367), TEXAS (48)							
State Code	County Code	Tract Code	Tract Income	Tract % Minority	Households	Families	Low Income Families
48	367	1401.01	Middle	30-40%	1,588	1,291	262
48	367	1401.02	Mod	10-20%	1,641	1,111	380
48	367	1402.00	Middle	10-20%	2,774	1,502	272
48	367	1403.00	Middle	20-30%	2,126	1,663	339
48	367	1404.03	Middle	0-10%	2,561	1,993	466
48	367	1404.05	Middle	10-20%	2,280	1,521	326
48	367	1404.07	Upper	10-20%	3,807	3,094	412
48	367	1404.08	Middle	10-20%	1,571	1,182	170
48	367	1404.09	Mod	30-40%	1,126	941	358
48	367	1404.10	Middle	0-10%	1,081	882	183
48	367	1404.11	Middle	10-20%	1,424	1,209	284
48	367	1405.01	Middle	10-20%	2,516	1,936	383
48	367	1405.02	Upper	20-30%	1,535	1,061	172
48	367	1406.01	Upper	0-10%	2,692	1,951	206
48	367	1406.02	Middle	10-20%	3,632	2,853	514
48	367	1407.03	Upper	0-10%	2,311	1,874	234
48	367	1407.04	Upper	10-20%	2,518	2,188	130
48	367	1407.05	Upper	10-20%	2,929	2,153	331
48	367	1407.06	Upper	0-10%	2,669	2,156	195

## **VIII. CRA Performance Evaluation**

# **PUBLIC DISCLOSURE**

February 27, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Bank  
Certificate Number: 3121

300 East Third Street  
Burkburnett, Texas 76354

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.



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## 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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit 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.
- A majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution has taken appropriate action in response to substantiated complaints about its performance in meeting assessment area credit needs.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment areas. The institution provided for an excellent level of community development lending and community development services. Additionally, the institution displayed adequate performance regarding qualified investments.

## DESCRIPTION OF INSTITUTION

First Bank, established in 1907, is headquartered in Burkburnett, Texas. First Burkburnett Bancshares, Inc., a one-bank holding company, wholly owns the bank. First Bank does not have any other affiliates or subsidiaries. The bank received a "Satisfactory" rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated January 13, 2020, based on CRA Intermediate Small Institution (ISB) Evaluation Procedures.

First Bank remains a retail focused, community bank. Since the prior evaluation, the bank did not participate in any merger or acquisition activities. The bank did not open or close any full-service branches since the prior evaluation; however, the bank opened a new loan production office in the city of Austin, Texas in May 2021. In total, First Bank operates seven full-service branches including the main office and three loan production offices in the State of Texas. Refer to the Description of Institution's Operations sections for detailed branch descriptions.

First Bank offers a variety of loan products including consumer, commercial, residential real estate, and agricultural loans. It also provides a variety of deposit services including checking accounts, savings accounts, money market deposit accounts, individual retirement accounts, and certificates of deposit. Other alternative services include debit cards, automated teller machines (ATMs), drive-thru facilities, safe deposit boxes, telephone banking, online banking, and mobile banking. The bank operates hours typical for the industry and areas served.

Based on the December 31, 2022, Report of Condition and Income, the bank reported \$631.8 million in total assets, \$530.9 million in net loans, and almost \$549.6 million in total deposits. Overall, the bank experienced significant growth since the prior evaluation, with total assets increasing approximately 34.7 percent, net loans increasing 40.3 percent, and total deposits increasing 33.8 percent.

As seen in the following table, the mix of outstanding loans as of December 31, 2022, reflects a similar distribution to that shown for originated loans under the Scope of Evaluation section. Residential loans (secured by 1-4 family and secured by multi-family) represent the largest loan category of outstanding loans at 38.6 percent, followed by commercial loans (secured by nonfarm nonresidential and commercial and industrial) at 34.0 percent.

<b>Loan Portfolio Distribution as of 12/31/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	114,368	21.2
Secured by Farmland	25,013	4.6
Secured by 1-4 Family Residential Properties	188,830	34.9
Secured by Multifamily (5 or more) Residential Properties	20,132	3.7
Secured by Nonfarm Nonresidential Properties	123,638	22.9
<b>Total Real Estate Loans</b>	<b>471,981</b>	<b>87.3</b>
Commercial and Industrial Loans	59,944	11.1
Agricultural Production and Other Loans to Farmers	2,238	0.4
Consumer Loans	4,532	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2,152	0.4
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>540,847</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Based on the information discussed in this section, as well as other regulatory data, the institution's financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment areas' credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas (AAs) for which examiners will evaluate its CRA performance. First Bank designated two AAs in the State of Texas for this evaluation's review. The first AA includes all of the Wichita Falls, Texas Metropolitan Statistical Area (MSA) (Wichita Falls MSA AA). The second AA includes two non-contiguous portions of the Dallas-Fort Worth-Arlington, Texas MSA (DFW MSA AA). The combined AAs encompass 351 census tracts with the following income designations based on the 2015 American Community Survey (ACS): 12 low-, 45 moderate-, 102 middle-, and 190 upper-income tracts, as well as 2 census tracts with no income designation. The areas conform to CRA regulatory requirements. Refer to the individual discussions of the AAs for more detail.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
Wichita Falls MSA AA	Archer, Clay, Wichita	43	5
DFW MSA AA	Collin, Denton, Parker	308	2
<i>Source: Bank Records</i>			

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from January 13, 2020, to February 27, 2023, the date of the previous evaluation to this evaluation's date. To evaluate performance, examiners applied the Federal Financial Institutions Examination Council's (FFIEC) ISB CRA Examination Procedures, which include the Lending Test and the Community Development Test. See the appendices for additional information regarding each test.

As seen in the table below, the Wichita Falls MSA AA comprises the majority of lending, deposits, and branches. Consequently, examiners performed full-scope procedures and weighed performance more heavily for the Wichita Falls MSA AA when arriving at conclusions and ratings. Examiners also performed full-scope procedures on the DFW MSA AA since this area did not receive a review following full-scope procedures at the previous evaluation.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Wichita Falls MSA AA	153,335	54.9	440,926	71.7	5	71.4
DFW MSA AA	125,947	45.1	98,724	18.3	2	28.6
<b>Total</b>	<b>279,282</b>	<b>100.0</b>	<b>539,650</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>
<i>Source: Bank Records; FDIC Summary of Deposits (06/30/2022)</i>						

## **Activities Reviewed**

For the Lending Test, CRA ISB procedures require examiners to determine the bank's major product lines from which to review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

Considering the bank's overall lending strategy and the bank's dollar volume and number of loans originated during 2021, examiners determined the bank's major product lines include commercial and home mortgage lending at 32.8 and 28.4 percent of dollar volume, respectively. Agricultural and consumer lending do not represent major product lines and would not materially affect any conclusions or ratings. Examiners also considered construction and land development lending, which represents 32.5 percent by dollar volume; however, examiners did not select this product given the lack of comparable data available to measure the bank's lending performance.

The following table shows the bank's 2021 lending activity by loan category, which reflects a generally consistent pattern with the lending emphasis since last evaluation.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction & Land Development	147,721	32.5	320	14.0
Secured by Farmland	18,861	4.2	27	1.2
Secured by 1-4 Family Residential	121,615	26.8	488	21.3
Secured by Multi-Family Residential	7,245	1.6	11	0.4
Secured by Commercial Real Estate	58,621	12.9	74	3.2
<b>Total Real Estate Loans</b>	<b>354,063</b>	<b>78.0</b>	<b>920</b>	<b>40.2</b>
Agriculture	1,466	0.3	34	1.5
Commercial & Industrial	90,386	19.9	919	40.0
Consumer	3,430	0.8	389	17.0
Other Loans	4,604	1.0	32	1.4
<b>Total Loans</b>	<b>453,949</b>	<b>100.0</b>	<b>2,294</b>	<b>100.0</b>
<i>Source: Bank Records (1/1/21 – 12/31/21).</i>				

Examiners identified a small business universe of 954 loans totaling \$61.4 million from the 993 commercial loans totaling \$149.0 million originated in 2021. Examiners used all 954 small business loans to arrive at applicable conclusions for the assessment area concentration. Examiners

used all 751 small business loans totaling \$41.4 million, originated within the combined AAs, to arrive at applicable conclusions for the geographic distribution factor. For the borrower profile distribution performance factor conclusions, examiners used a random sample of 84 small business loans totaling \$3.5 million from the 751 small business loans originated within the combined AAs. Examiners based the sample on a 90 percent confidence interval with a greater than 10 percent precision level. D&B data for 2021 provided a standard of comparison for the small business loans.

For home mortgage, examiners analyzed and presented all home mortgage activity reported according to the Home Mortgage Disclosure Act (HMDA) in 2019, 2020, and 2021 to arrive at applicable conclusions under the assessment area concentration. The bank reported 1,231 home mortgage loans totaling \$293.3 million in 2019; 1,028 home mortgage loans totaling \$552.9 million in 2020; and 2,150 home mortgage loans totaling \$703.2 million in 2021. Examiners did not identify any trends among the various year's data that would affect conclusions or ratings. Consequently, examiners considered all 772 home mortgage loans totaling \$247.1 million originated within the bank's combined AAs in 2021, to arrive at applicable conclusions for the borrower profile and geographic distribution performance factors. Examiners used 2021 peer mortgage aggregate data and the demographics of the institution's AAs based on the 2015 ACS data to assess the bank's performance within these factors.

The following table shows that for the bank's activities for the loan categories reviewed, considering both the dollar volume and number percentages, home mortgage loans account for a higher percentage by dollar and number volume. However, small business loans are derived from the bank's largest product category, commercial lending.

<b>Loan Category Weighting</b>				
<b>Loan Category</b>	<b>Universes of Loan Categories Reviewed</b>			
	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Small Business	61,392	8.0	954	30.7
Home Mortgage	703,202	92.0	2,150	69.3
<b>Total</b>	<b>764,594</b>	<b>100.0</b>	<b>3,104</b>	<b>100.0</b>
<i>Source: Bank Records (1/1/21 – 12/31/21).</i>				

Examiners determined that each product would receive equal weight when arriving at applicable conclusions for the assessment area concentration. Examiners also considered differences in product emphasis, market economics, and credit needs among the bank's AAs during the review period. For the borrower profile and geographic distribution performance factors in the Wichita Falls MSA AA, small business loans will receive more weight. For the borrower profile and geographic distribution performance factors in the DFW MSA AA, home mortgage loans will receive more weight.

The performance evaluation presents information regarding the number and dollar volume of home mortgage and small business loans; however, for the Lending Test, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of families and businesses served.

The scope for the Community Development Test considered all community development activities since the FDIC Performance Evaluation dated January 13, 2020. The scope of this evaluation further encompassed all prior period qualified investments, those purchased prior to the evaluation, but still outstanding as of this evaluation's date.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

First Bank demonstrated a satisfactory overall record regarding the Lending Test. The reasonable loan-to-deposit ratio, majority of loans originated inside of the assessment areas, reasonable geographic distribution performance, and reasonable borrower profile performance all support this conclusion.

#### **Loan-to-Deposit Ratio**

The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activity) given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Report of Condition and Income data, averaged 94.0 percent over the past 12 calendar quarters since the prior evaluation, slightly lower than the average, net LTD ratio of 95.0 percent reported at last evaluation. The bank's quarterly net LTD ratios ranged from a low of 88.4 percent on September 30, 2020, to a high of 100.2 percent on June 30, 2021.

Examiners identified and listed in the following table three similarly situated institutions operating in the bank's general area and reflecting similar asset sizes and lending emphases. As shown, First Bank's ratio ranks second among the ratios. Specifically, the bank's ratio is 0.9 percentage points lower than the highest ratio.

<b>Loan-to-Deposit Ratio Comparative Level</b>		
<b>Bank Name and Location</b>	<b>Total Assets as of 12/31/2022 \$(000s)</b>	<b>Average, Net LTD Ratio (%)</b>
First Bank, Burkburnett, Texas	631,768	94.0
<b>Comparable Banks</b>		
Benchmark Bank, Plano, Texas	1,224,531	70.6
First National Bank, Wichita Falls, Texas	1,154,838	94.9
Pilgrim Bank, Pittsburg, Texas	680,790	73.7
<i>Source: Reports of Condition and Income (3/31/20 – 12/31/2022)</i>		

#### **Assessment Area Concentration**

The bank originated a majority of loans in the institution's AAs. The majority of home mortgage and small business loans originated inside the AAs primarily supports this conclusion. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the combined size and economy of its AAs when arriving at this conclusion.

The following table shows First Bank originated a majority of its home mortgage loans for 2019 and 2020 inside the AAs by number and dollar volume. The table also shows that the bank originated a majority of its home mortgage loans for 2021 outside the AAs by number and dollar volume. Examiners noted during the evaluation period, the bank purchased an existing mortgage company located outside of the AAs in Austin, Texas, which led to the opening of a new loan production office in Austin as of May 2021. Therefore, examiners determined that the bank's 2021 home mortgage performance does not outweigh the bank's 2019 and 2020 home mortgage performance.

Further, as illustrated in the table, the bank originated a majority of its small business loans inside the AAs by number and dollar volume in 2021.

<b>Lending Inside and Outside of the Assessment Area</b>										
	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
<b>Loan Category</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2019	709	57.6	522	42.4	1,231	170,102	58.0	123,207	42.0	293,309
2020	1,028	51.5	968	48.5	1,996	295,063	53.4	257,831	46.6	552,894
2021	772	35.9	1,378	64.1	2,150	247,122	35.1	456,080	64.9	703,202
<b>Subtotal</b>	<b>2,509</b>	<b>46.7</b>	<b>2,868</b>	<b>53.3</b>	<b>5,377</b>	<b>712,287</b>	<b>46.0</b>	<b>837,118</b>	<b>54.0</b>	<b>1,549,405</b>
Small Business										
2021	751	78.7	203	21.3	954	41,431	67.5	19,961	32.5	61,392
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs for the institution as a whole. Reasonable performance in the Wichita Falls MSA AA coupled with reasonable performance in the DFW MSA AA supports this conclusion. Please see the AA review sections that follow for more detail about each individual AA.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes for the institution as a whole. Reasonable performances in the Wichita Falls MSA AA and DFW MSA AA primarily support this conclusion. Please see the AA review sections that follow for more detail about each individual AA.

In response to the COVID-19 pandemic, the Coronavirus Aid Relief and Economic Security Act, signed into law on March 27, 2020, established the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP provides loans to qualified businesses to retain employees through the COVID-19 pandemic, which includes loan forgiveness subject to certain



conditions. Participation in the PPP during the evaluation period reflects the bank's willingness to meet the credit needs of businesses of different sizes, including small businesses in response to the COVID-19 pandemic. Examiners noted the bank was particularly responsive to the needs of businesses in the AAs during the COVID-19 pandemic through their participation in the PPP, which allowed businesses to keep their workforce employed during the state of emergency. First Bank originated approximately 1,426 PPP loans, totaling approximately \$84.7 million, during the evaluation period.

### **Response to Complaints**

The institution has taken appropriate action in response to substantiated complaints about its performance in meeting assessment area credit needs. The bank did receive CRA-related complaints since the previous evaluation. The bank responded to all complaints in a timely and appropriate manner.

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AAs.

### **Community Development Loans**

The bank exhibited an excellent record regarding its community development loans. Excellent performance regarding the dollar volume of community development loans along with excellent responsiveness to the AA needs primarily supports this conclusion. Examiners evaluated the number and dollar volume of community development loans relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that since the last evaluation, the bank granted 25 community development loans totaling \$41.8 million. This level equates to 7.2 percent of average total assets of \$579.1 million and 8.6 percent of average net loans of \$488.5 million since the last evaluation. These levels reflect an increase over the 5.5 percent of average total assets and 6.6 percent of average total loans reported in the prior evaluation.

The following table illustrates the bank's community development loans by purpose and year. As shown, the bank provided community development lending in all four of the community development purpose categories. The majority of community development loans, 85.1 percent, benefitted efforts to revitalize or stabilize communities or support economic development activities, which supports identified community development needs and illustrates the bank's excellent responsiveness to those needs.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	0	0	1	2,400	2	4,331	6	10,616	9	17,346
2021	0	0	0	0	2	3,001	4	5,017	6	8,018
2022	3	3,837	0	0	3	5,785	4	6,805	10	16,427
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>3,837</b>	<b>1</b>	<b>2,400</b>	<b>7</b>	<b>13,116</b>	<b>14</b>	<b>22,438</b>	<b>25</b>	<b>41,791</b>
<i>Source: Bank Data (1/13/2020-2/27/2023)</i>										

The following table contains the distribution of community development loans by AA.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Wichita Falls MSA AA	0	0	1	2,400	3	6,178	9	13,603	13	22,181
DFW MSA AA	0	0	0	0	3	5,610	1	930	4	6,540
Statewide Activities	3	3,837	0	0	1	1,328	4	7,905	8	13,070
Total	3	3,837	1	2,400	7	13,116	14	22,438	25	41,791
Source: Bank Records (01/13/2020-2/27/2023)										

The following points provide notable examples of the bank's community development lending at the broader statewide level.

- **Affordable Housing:** In 2022, the bank originated three loans totaling \$3.8 million to finance the acquisition and renovation of multi-family apartment complexes that provide affordable housing for low- and moderate-income individuals at the broader statewide level.
- **Revitalize or Stabilize:** Since 2020, the bank originated four loans totaling \$7.9 million to facilitate the acquisition or maintenance of businesses or commercial properties located in low- and moderate-income areas. These loans support revitalization and stabilization efforts in low- and moderate-income areas at the broader statewide level.

Refer to the review of each AA for more detail on community development lending activities specific to individual areas.

### **Qualified Investments**

First Bank demonstrated an adequate record regarding its qualified investments. Adequate performance regarding the dollar volume of qualified investments primarily supports this conclusion. Examiners evaluated the number and dollar volume of qualified investments along with their responsiveness to the needs of the AA relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that the bank made 16 qualified investments totaling \$7.0 million, as well as 113 grants and donations totaling \$241 thousand. This level equates to 1.3 percent of average total assets of \$579.6 million and 119.0 percent of average total securities of \$6.1 million since the last evaluation. These levels reflect an increase from the 0.1 percent of average total assets, and a decrease from the 857.0 percent of average securities recorded at last evaluation.

The dollar amount of qualified investments represents a significant increase from the \$4.8 million at the prior evaluation. Additionally, at this evaluation, the bank provided qualified investments in all categories, reflective of the bank's excellent responsiveness to the AA needs. The following table illustrates the community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	177	8	2,604	0	0	0	0	9	2,781
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	7	4,207	0	0	0	0	7	4,207
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>177</b>	<b>15</b>	<b>6,811</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>6,988</b>
Grants & Donations	1	1	107	220	2	10	3	10	113	241
<b>Total</b>	<b>2</b>	<b>178</b>	<b>122</b>	<b>7,031</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>10</b>	<b>129</b>	<b>7,229</b>
<i>Source: Bank Records (01/13/2020-2/27/2023)</i>										

The following contains the distribution of qualified investments by AA.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Wichita Falls MSA AA	1	1	103	5,500	2	10	3	10	109	5,521
DFW MSA AA	1	177	18	1,530	0	0	0	0	19	1,707
Statewide Activities	0	0	1	1	0	0	0	0	1	1
<b>Total</b>	<b>2</b>	<b>178</b>	<b>122</b>	<b>7,031</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>10</b>	<b>129</b>	<b>7,229</b>
<i>Source: Bank Records (01/13/2020-2/27/2023)</i>										

The following point provides an example of the bank's qualified investments at the statewide level.

- **Community Service:** The bank made one donation of \$1000 to the Uvalde Community Response fund to support community service activities that benefit low- and moderate-income individuals at the broader statewide level.

Refer to the review of each AA regarding more detail on qualified investment activities specific to individual areas.

## **Community Development Services**

First Bank established an excellent record of providing community development services. Excellent performances regarding the bank's responsiveness to community development needs lifted the good results regarding the types of services to support this conclusion. Examiners evaluated the types and availability of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that the bank provided 84 community development services totaling 3,598 hours of service. The number of services equates to 3.8 community development services on average, per office, per year since the previous evaluation, and is reflective of good performance. While these levels reflect a decrease from the 4.4 community development services, per office, per year reported in the prior evaluation, the qualitative aspect of the community development services, as described below and within the AA sections, boosted the record to an excellent level. Additionally, at this evaluation, the bank provided community development services in all categories, reflective of the bank's excellent responsiveness to the AA needs.

The following table illustrates the community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020 (Partial)	7	15	2	1	25
2021	7	18	2	1	28
2022	7	21	2	1	31
YTD 2023	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>54</b>	<b>6</b>	<b>3</b>	<b>84</b>
<i>Source: Bank Data</i>					

The following table illustrates the distribution of community development services by AA.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Wichita MSA	21	47	6	3	77
Dallas MSA	0	6	0	0	6
Statewide Activities	0	1	0	0	1
<b>Total</b>	<b>21</b>	<b>54</b>	<b>6</b>	<b>3</b>	<b>84</b>
<i>Source: Bank Records (01/13/2020-2/27/2023)</i>					

As seen above, employees primarily assisted organizations that provided community service (64.2 percent) and affordable housing activities (25.0 percent). Examiners also gave qualitative consideration for service activities done on behalf of Habitat for Humanity as the bank provides these services to Habitat for Humanity at no cost. Habitat for Humanity provides affordable

housing for low- and moderate-income families as well as revitalization and stabilization of low- and moderate-income areas. Bank personnel provide them during normal businesses hours but the responsiveness provides a great impact in meeting a specified need of the bank's AA.

The following points provide examples of the bank's qualified community development services.

- **Affordable Housing:** The bank continues to provide ongoing loan servicing for Habitat for Humanity borrower's mortgage loans at no cost. During the evaluation period, the bank had 46 mortgage loans in loan servicing. Loan servicing includes loan booking, payment processing, escrow account handling, payoff calculations, and on-going customer service. During the evaluation period, First Bank provided approximately 950 hours for this service.
- **Community Services:** Through multiple different community service organizations, the bank promotes childcare, education, health, or social services that target in low- and moderate-income individuals or families. Several bank employees and Board members provided financial or technical expertise or counseling to nonprofit organizations that operate in a low- or moderate-income area and targeted the residents of the area.

The following table illustrates the bank's branching and ATM distributions during the review period. As shown, the bank does not operate any branches or ATMs in low-income census tracts. The bank holds 28.6 percent of its branches in moderate-income census tracts, which reflects an excellent level when compared to the population percentage within those tracts. Because more of the population resides in moderate-income census tracts compared to low-income census tracts, examiners weighted the availability of services in moderate-income census tracts more heavily.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Closed Branches		Closed ATMs	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	12	3.4	44,192	2.4	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	45	12.8	192,526	10.3	2	28.6	2	28.6	0	0.0	0	0.0
Middle	102	29.1	569,793	30.5	1	14.3	1	14.3	0	0.0	0	0.0
Upper	190	54.1	1,056,171	56.6	4	57.1	4	57.1	0	0.0	0	0.0
NA	2	0.6	4,017	0.2	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>351</b>	<b>100.0</b>	<b>1,866,699</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Source: Bank Records												

Besides its office locations, the bank provides other alternative delivery systems that help avail services to low- and moderate-income individuals. The above table shows a similar distribution of ATMs as shown for office locations. In addition to its ATMs, the bank provides other alternative banking services such as internet banking, mobile banking, and electronic banking with bill pay. These alternative delivery systems help avail the bank's services to low- and moderate-income individuals across the AAs.

Lastly, examiners noted the bank was particularly responsive to the needs of businesses in the combined assessment area during the COVID-19 pandemic through their participation in the PPP, which allowed businesses to keep their workforces employed during the state of emergency. As noted previously, First Bank originated 1,426 PPP loans, 276 of which were located in low- or moderate-income geographies.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

### **WICHITA FALLS MSA AA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN WICHITA FALLS MSA AA**

The bank continues to designate all of the Wichita Falls, Texas MSA as its AA. The Wichita Falls MSA AA consists of Archer, Clay, and Wichita Counties, comprised of 43 census tracts. The AA's census tracts reflect the following income designations based on 2015 ACS data: four low-, 12 moderate-, 13 middle-, and 13 upper-income census tracts. There is also one census tract with no income designation.

The bank maintains five branches, including the Main Office, in the Wichita Falls MSA AA. All branches have ATMs located on the branch property. As shown in the table below, both the Main Office and the 901 Lamar Street Branch operate in moderate-income census tracts according to the 2015 ACS.

<b>Office Locations Wichita Falls MSA AA</b>			
<b>County/City/Office</b>	<b>Office Type</b>	<b>Census Tract Income Level</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<b><i>Wichita County:</i></b>			
Burkburnett – 300 East Third	Main Office	Moderate	No
Iowa Park – 318 West Park Street	Branch	Middle	No
Wichita Falls – 4110 Kell Blvd	Branch	Upper	No
Wichita Falls – 901 Lamar Street	Branch	Moderate	No
Wichita Falls – 2801 Midwestern Pkwy	Branch	Upper	No

*Source: Bank records and ACS (2015)*

#### **Economic and Demographic Data**

Wichita Falls remains a regional economic hub for North Texas and South-Central Oklahoma. According to Moody's Analytics, as of March 2023, the Wichita Falls' economy has been resilient as the area benefits from the stable presence of Sheppard Air Force Base and other defense-related

employers. Energy industry employers, as well as, diversification in healthcare and professional services also support the local economy. The area continues to benefit from low living and business costs.

According to the same report, the economic forecast for the area indicates an economy limited by employment growth in the energy industry and stagnant growth in local population and labor force. The area's economy remains at risk as oil prices drop and job cuts in mining and related industries reverse recovery in the sector. Other weakness indicators include weaker wages that will subdue growth in retail and leisure/hospitality more than expected. Longer-term expectations of the economy offer limited potential and average performance among metro areas in the southern United States.

The area's major employers remain Sheppard Air Force Base, United Regional Healthcare System, Wichita Falls Independent School District, and Midwestern State University. Service industries represent the largest portion of the area's businesses at 38.2 percent; followed by retail trade at 13.9 percent; and finance, insurance, and real estate at 9.8 percent. About 65.6 percent of the businesses hire four or fewer employees. The following table shows additional demographic and economic characteristics of the area.

Demographic Information of the Assessment Area Wichita Falls MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	43	9.3	27.9	30.2	30.2	2.3
Population by Geography	151,215	5.4	21.2	35.1	38.3	0.0
Housing Units by Geography	65,162	6.1	23.5	34.5	35.9	0.0
Owner-Occupied Units by Geography	35,703	5.0	19.6	36.8	38.7	0.0
Occupied Rental Units by Geography	19,734	7.4	28.8	26.9	37.0	0.0
Vacant Units by Geography	9,725	7.8	27.3	41.6	23.3	0.0
Businesses by Geography	10,327	3.9	28.0	24.4	43.5	0.1
Farms by Geography	446	2.5	13.5	47.3	36.8	0.0
Family Distribution by Income Level	36,174	21.5	16.8	20.5	41.3	0.0
Household Distribution by Income Level	55,437	23.8	16.3	18.3	41.6	0.0
Median Family Income MSA - 48660 Wichita Falls, TX MSA		\$57,690	Median Housing Value			\$95,990
			Median Gross Rent			\$758
			Families Below Poverty Level			12.3%
Source: 2015 ACS and 2021 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.						

As illustrated in the table below, unemployment rates in all three counties fell between 2020 and 2021; all three counties remained below the state and national averages.

Unemployment Rates Wichita Falls MSA AA		
Area	2020	2021
	%	%
Archer County	5.3	4.2
Clay County	5.5	4.9
Wichita County	6.6	5.3
State of Texas	7.7	5.7
National Average	8.1	5.4
<i>Source: Bureau of Labor Statistics.</i>		

Examiners utilized the 2021 FFIEC-updated Median Family Income (MFI) level to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges, based on the 2021 FFIEC-estimated MFI of \$69,000.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Wichita Falls, TX MSA Median Family Income (48660)				
2021 (\$69,000)	<\$34,500	\$34,500 to <\$55,200	\$55,200 to <\$82,800	≥\$82,800
<i>Source: FFIEC</i>				

## **Competition**

The area contains a moderate level of competition from other chartered banks based on its population, with 40 offices representing 14 institutions. First Bank ranks 5<sup>th</sup> in deposit market share by capturing 11.2 percent of the area's deposits, as of the June 30, 2022 FDIC Deposit Market Share report.

## **Community Contacts**

Examiners utilized an existing community contact from a local community based organization focused on economic development to help assess the area's current economic conditions, community credit needs, and potential opportunities for bank involvement. The contact noted that the area's economic conditions are stable and local institutions are meeting credit needs. Overall, the contact felt that financial institutions have been responsive to the credit and community development needs of the area.

The contact noted that small business and home mortgage lending continue to be in demand as the area economy continues to grow. The area experienced increases in new residents and new businesses during the review period. Rising home prices restrict the availability of affordable housing in the area. The contact further stated that the area benefitted from strong and active local banks.



## **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent primary credit needs of the AA. The significant percentage of businesses with gross annual revenues of \$1 million or less supports this conclusion. In addition, activities that revitalize and stabilize as well as support affordable housing represent the primary community development needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN WICHITA FALLS MSA AA**

### **LENDING TEST**

The bank displayed a satisfactory record in the Wichita Falls MSA AA regarding the Lending Test. Reasonable performances regarding geographic distribution and borrower profile support this conclusion.

### **Geographic Distribution**

The geographic distribution of lending reflects reasonable dispersion throughout the Wichita Falls MSA AA. Reasonable small business and home mortgage lending supports this conclusion. Examiners focused on the bank's level of lending within low- and moderate-income census tracts when arriving at conclusions.

### ***Small Business Loans***

The geographic distribution of small business loans in the Wichita Falls MSA AA reflects reasonable performance.

The following table shows that in low-income census tracts, the bank's percentage of loans by number slightly trails the percentage of businesses (D&B) data by 1.3 percentage points, reflecting reasonable performance. For moderate-income census tracts, the bank's percentage of the number of loans also trails the D&B level by 5.8 percentage points, reflecting reasonable performance.

<b>Geographic Distribution of Small Business Loans Wichita Falls MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.9	17	2.6	1,120	3.5
Moderate	28.0	145	22.2	11,713	36.3
Middle	24.4	176	27.0	5,719	17.7
Upper	43.5	314	48.2	13,687	42.5
Not Available	0.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>652</b>	<b>100.0</b>	<b>32,239</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans in the Wichita Falls MSA AA reflects reasonable performance.

The following table shows that in low-income census tracts, the bank's percentage of loans by number exceeded aggregate performance by 0.3 percentage points, reflecting reasonable performance. For moderate-income census tracts, the bank's percentage of the number of loans also exceeded aggregate performance by 0.6 percentage points, reflecting reasonable performance.

<b>Geographic Distribution of Home Mortgage Loans Wichita Falls MSA AA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	5.0	1.5	3	1.8	456	1.7
Moderate	19.6	15.3	26	15.9	2,816	10.8
Middle	36.8	31.4	46	28.0	6,519	25.0
Upper	38.7	51.7	89	54.3	16,338	62.5
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>	<b>26,129</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the Wichita Falls MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performances regarding small business and home mortgage lending support this conclusion.

### ***Small Business Loans***

The borrower profile distribution of small business loans in the Wichita Falls MSA AA reflects reasonable performance. Examiners focused on the bank's overall levels when arriving at this conclusion.

The following table shows that the bank originated 87.0 percent of its small business loans, by number, to businesses with gross annual revenues of \$1 million or less. This number exceeds the D&B level by 4.4 percentage points, reflecting reasonable performance. It further shows that in the smallest revenue category, the bank granted over half of its loans, supporting reasonable performance.

Detailed Distribution of Small Business Loans by Gross Annual Revenues Wichita Falls MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	51.5	28	51.8	226	12.5
\$100,000 - \$249,999	21.2	7	13.0	197	10.9
\$250,000 - \$499,999	6.4	7	13.0	230	12.7
\$500,000 - \$1,000,000	3.5	5	9.2	250	13.8
<b>Subtotal &lt;= \$1,000,000</b>	<b>82.6</b>	<b>47</b>	<b>87.0</b>	<b>903</b>	<b>50.0</b>
>\$1,000,000	4.5	2	3.7	458	25.4
Revenue Not Available	12.9	5	9.3	445	24.6
<b>Total</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>1,806</b>	<b>100.0</b>
Source: 2021 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%					

### Home Mortgage Loans

The borrower profile distribution of home mortgage loans in the Wichita Falls MSA AA reflects reasonable performance.

The following table shows that the bank originated 6.7 percent of home mortgage loans to low-income borrowers. This activity exceeds aggregate performance by 2.5 percentage points, indicative of reasonable performance. The bank originated 17.7 percent, by number, of home mortgage loans to moderate-income borrowers. This level of activity exceeds aggregate performance by 2.7 percentage points, which is indicative of reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Wichita Falls MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	21.5	4.2	11	6.7	1,018	3.9
Moderate	16.8	15.0	29	17.7	2,887	11.0
Middle	20.5	20.0	24	14.6	4,014	15.4
Upper	41.3	34.6	68	41.5	14,188	54.3
Not Available	0.0	26.2	32	19.5	4,022	15.4
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>	<b>26,129</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

## COMMUNITY DEVELOPMENT TEST

The bank demonstrated an outstanding record regarding the Community Development Test in the Wichita Falls MSA AA. The institution's community development performance demonstrates excellent responsiveness to community development needs in its Wichita Falls MSA AA through

community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's Wichita Falls MSA AA.

### **Community Development Loans**

During the review period, First Bank originated 13 community development loans totaling approximately \$22.2 million. This level of activity represents a significant increase in overall activity from the last evaluation, where the bank reported four community development loans totaling \$10.0 million in this AA. This level of activity represents 53.1 percent of the bank's overall excellent level and aligns with the 54.9 percent of loans attributed to this AA. Consequently, the community development loans proved responsive to the needs of the Wichita Falls MSA AA community.

The following table displays the bank's community development lending in the Wichita Falls MSA AA by year and purpose.

<b>Community Development Lending Wichita Falls MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020 (Partial)	0	0	1	2,400	1	3,177	4	6,841	6	12,418
2021	0	0	0	0	2	3,001	2	3,212	4	6,213
2022	0	0	0	0	0	0	3	3,550	3	3,550
YTD 2023	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2,400</b>	<b>3</b>	<b>6,178</b>	<b>9</b>	<b>13,603</b>	<b>13</b>	<b>22,181</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following provides an example of community development lending originated within the Wichita Falls MSA AA.

- ***Economic Development:*** First Bank originated three loans to local businesses totaling almost \$6.2 million through the PPP to retain their workforce during the COVID-19 Pandemic. Each of these businesses meet the SBA size standards, and provide permanent employment opportunities for low- and moderate-income individuals.

### **Qualified Investments**

First Bank made use of 109 qualified investments and donations totaling \$5.5 million, an increase from the 66 qualified investments and donations totaling \$3.1 million at the previous evaluation. This level of qualified investment activity equates to 76.4 percent of the adequate level of qualified investments bank-wide and compared favorably to the 71.7 percent of the bank's deposits attributed to this AA. Based on the overall investment activity, the bank proved responsive to the needs of the Wichita Falls MSA AA community.

The following table displays the bank's qualified investment activity within the Wichita Fall MSA AA by year and purpose.

Qualified Investments Wichita Falls MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	8	2,604	0	0	0	0	8	2,604
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	5	2,700	0	0	0	0	5	2,700
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>5,304</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>5,304</b>
Qualified Grants & Donations	1	1	90	196	2	10	3	10	96	217
<b>Total</b>	<b>1</b>	<b>1</b>	<b>103</b>	<b>5,500</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>10</b>	<b>109</b>	<b>5,521</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following provides an example of the qualified investment and donation activity in the Wichita Falls MSA AA.

- **Community Service:** Since the last evaluation, the bank maintained eight prior period investments and created five new investments totaling \$5.3 million for independent school district bonds that support educational activities and facilities benefiting low- and moderate-income communities within the AA. The purpose of these bonds is to construct, renovate, and equip new buildings and school buses within each district.

### **Community Development Services**

During the review period, First Bank provided 77 instances of financial expertise to community development-related organizations in the Wichita Falls MSA AA during the evaluation period. This figure reflects an increase over the 63 community development services recorded at the prior evaluation in the Wichita Falls MSA AA. The number of community development services in this area equates to 91.7 percent of the total community development services. The community development services primarily provided for community services targeted to low- and moderate-income individuals, but the bank provided for community development services in all community development categories.

The following table displays the bank's community development service activity within the Wichita Fall MSA AA by year and purpose.

Community Development Services Wichita Falls MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	7	13	2	1	23
2021	7	15	2	1	25
2022	7	19	2	1	29
YTD 2023	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>47</b>	<b>6</b>	<b>3</b>	<b>77</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>					

The following provides an example of the bank's qualified community development services.

- **Revitalize or Stabilize:** A member of the bank provides financial expertise and serves as a Board member/Treasurer to local economic development corporations. The mission of these organizations is to attract and retain businesses to the Wichita Falls MSA AA. These services help support the creation and retention of employment opportunities for low- and moderate-income individuals within the AA.

## DFW MSA AA – Full-Scope Review

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN DFW MSA AA

The bank designates all census tracts within the following counties of the DFW MSA: Collin, Denton, and Parker County. The 308 census tracts reflect the following income designations as of the 2015 ACS data: eight low-, 33 moderate-, 89 middle-, and 177 upper-income census tracts. There is also one census tract with no income designation.

The bank maintains two full-service branches in the DFW MSA AA. Both branches have ATMs located on the branch property. The bank also maintains two loan production offices in the DFW MSA AA. As shown in the table below, both branches are located in upper-income census tracts according to the 2015 ACS data.

Office Locations DFW MSA AA			
County/City/Office	Office Type	Census Tract Income Level	Office Opened or Closed Since Last Evaluation
<b>Denton County:</b> Frisco – 4400 Main Street	Branch	Upper	No
<b>Parker County:</b> Aledo – 900 Bailey Ranch Road	Branch	Upper	No
<i>Source: Bank records and ACS (2015)</i>			

## **Economic and Demographic Data**

The DFW MSA continues to experience strong job growth overall, outpacing the national average through 2022. According to Moody's Analytics, as of March 2023, the DFW area experiences stable demand for professional services because of the many existing and new corporate headquarters located in the metroplex. DFW also serves as a well-positioned distribution center for the Southwest as international trade grows. Every major industry in DFW outperformed the corresponding national average except government. Economic weaknesses of the area include exposure to volatility in the technology and energy industries, as well as diminished housing affordability. According to the same report, the DFW MSA should outperform the national average throughout 2023, though homebuilding will lag, and housing overall will weaken. Longer term, the area is expected to continue above-average performance based on the concentration of corporate headquarters, a multi-faceted economy, and healthy population growth.

The area's major employers include Bank of America Corp., Texas Instruments, and Capital One Finance, as well as various employers focusing on healthcare, government, and education. Service industries represent the largest portion of the area's businesses at 40.3 percent; followed by finance, insurance, and real estate at 11.9 percent; and retail trade at 9.9 percent. About 65.5 percent of the businesses hire four or fewer employees. The following table shows additional demographic and economic characteristics of the area.

Demographic Information of the Assessment Area DFW MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	308	2.6	10.7	28.9	57.5	0.3
Population by Geography	1,715,484	2.1	9.4	30.1	58.2	0.2
Housing Units by Geography	641,631	2.6	9.8	31.3	55.9	0.4
Owner-Occupied Units by Geography	402,243	0.3	5.5	27.8	66.2	0.1
Occupied Rental Units by Geography	203,640	6.8	17.6	36.6	38.0	1.0
Vacant Units by Geography	35,748	4.1	13.6	40.1	41.5	0.7
Businesses by Geography	233,878	2.6	6.7	24.8	65.8	0.2
Farms by Geography	5,019	1.5	6.0	32.8	59.6	0.1
Family Distribution by Income Level	441,768	13.8	13.1	17.2	56.0	0.0
Household Distribution by Income Level	605,883	15.8	13.5	16.5	54.2	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX		\$71,149	Median Housing Value			\$219,293
Median Family Income MSA - 23104 Fort Worth-Arlington-Grapevine, TX		\$69,339	Median Gross Rent			\$1,096
			Families Below Poverty Level			5.8%
Source: 2015 ACS and 2021 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.						

As illustrated in the table below, unemployment rates in all three counties fell between 2020 and 2021, and all counties remained below the state and national averages.

<b>Unemployment Rates DFW MSA AA</b>		
<b>Area</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Collin County	6.3	4.3
Denton County	6.4	4.4
Parker County	5.8	4.4
State of Texas	7.7	5.7
National Average	8.1	5.4
<i>Source: Bureau of Labor Statistics.</i>		

Examiners utilized the 2021 FFIEC-updated MFI level to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges, based on the 2021 FFIEC-estimated MFI.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Dallas-Plano-Irving, TX MSA Median Family Income (19124)</b>				
2021 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
<b>Fort Worth-Arlington-Grapevine, TX MSA Median Family Income (23104)</b>				
2021 (\$80,500)	<\$40,250	\$40,250 to <\$64,400	\$64,400 to <\$96,600	≥\$96,600
<i>Source: FFIEC</i>				

## **Competition**

The area contains a high level of competition from other chartered banks based on its population, with 442 offices representing 92 institutions. First Bank ranks 55<sup>th</sup> in deposit market share by capturing 0.2 percent of the area's deposits, as of the June 30, 2022 FDIC Deposit Market Share report. The competition level serves to restrict lending opportunities.

## **Community Contacts**

Examiners reviewed an existing community contact from a community-based organization that supports affordable housing to help assess the area's current economic conditions, community credit needs, and potential opportunities for bank involvement. Given the nature of the bank's assessment area, information from this contact was specific to Parker County. The contact noted that the area's economic conditions remain stable and local institutions are meeting credit needs. Overall, the contact felt that financial institutions have been responsive to the credit and community development needs of the area.



The contact noted that small business and home mortgage lending continue to be in demand as the area economy continues to grow. The area experienced increases in new residents and new businesses during the review period. Rising home prices restricted the availability of affordable housing in the area. The contact also stated that the area benefitted from strong and active local banks.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending present primary credit needs of the assessment area. The significant percentage of businesses and farms with gross annual revenues of \$1 million or less supports this conclusion. In addition, activities that revitalize and stabilize as well as support affordable housing represent the primary community development needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN DFW MSA AA**

### **LENDING TEST**

The bank displayed satisfactory performance within the DFW MSA AA regarding the Lending Test. The reasonable records regarding geographic distribution and borrower profile support this conclusion.

### **Geographic Distribution**

The geographic distribution of lending reflects reasonable dispersion throughout the DFW MSA AA. Reasonable home mortgage and small business lending support this conclusion. Examiners focused on the bank's level of lending within low- and moderate-income census tracts when arriving at conclusions.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans in the DFW MSA AA reflects reasonable performance.

The following table shows that in low-income census tracts, the bank's percentage of loans by number equaled the aggregate level, reflecting reasonable performance. For moderate-income census tracts, the bank's percentage of the number of loans exceeded aggregate performance by 1.0 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans DFW MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.3	0.2	1	0.2	252	0.1
Moderate	5.5	3.6	28	4.6	8,132	3.7
Middle	27.8	28.9	160	26.3	46,444	21.0
Upper	66.2	67.4	419	68.9	166,165	75.2
Not Available	0.1	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>608</b>	<b>100.0</b>	<b>220,993</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The geographic distribution of small business loans in the DFW MSA AA reflects reasonable performance.

The following table shows that the bank did not originate any small business loans in low-income census tracts, indicative of poor performance. However, examiners considered the limited opportunity for small business lending as supported by the low percentage of businesses (D&B) operating in those areas. For moderate-income census tracts, the bank's percentage of the number of loans trails the D&B level by 4.7 percentage points. Again, considering the limited small business lending opportunity in moderate-income census tracts, this activity reflects reasonable performance.

Geographic Distribution of Small Business Loans DFW MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.6	0	0.0	0	0.0
Moderate	6.7	2	2.0	761	8.3
Middle	24.8	18	18.2	883	9.6
Upper	65.8	79	79.8	7,548	82.1
Not Available	0.2	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	<b>9,192</b>	<b>100.0</b>
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the DFW MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and

businesses of different sizes. Reasonable performances regarding home mortgage and small business lending support this conclusion.

### ***Home Mortgage Loans***

The borrower profile distribution of home mortgage loans in the DFW MSA AA reflects reasonable performance.

The following table shows that the bank originated 0.8 percent of home mortgage loans to low-income borrowers. This activity trails aggregate performance by 1.2 percentage points, indicative of reasonable performance. The bank originated 11.5 percent, by number, of home mortgage loans to moderate-income borrowers. This level of activity exceeds aggregate performance by 1.8 percentage points, supporting reasonable performance.

<b>Distribution of Home Mortgage Loans by Borrower Income Level DFW MSA AA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	13.8	2.0	5	0.8	790	0.4
Moderate	13.1	9.7	70	11.5	15,423	7.0
Middle	17.2	17.6	124	20.4	37,655	17.0
Upper	56.0	50.4	370	60.9	156,606	70.9
Not Available	0.0	20.3	39	6.4	10,521	4.8
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>608</b>	<b>100.0</b>	<b>220,993</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The borrower profile distribution of small business loans in the DFW MSA AA reflects reasonable performance.

The following table shows that the bank originated 73.0 percent of its small business loans, by number, to businesses with gross annual revenues of \$1 million or less. This number trails D&B level by 17.9 percentage points. The table further shows that in the two smallest revenue categories, the bank granted over half of its loans. Considering the overall level of the bank's lending to businesses with gross annual revenues of \$1 million or less, and the percentage of loans where revenue was not available, this activity reflects reasonable performance.

Detailed Distribution of Small Business Loans by Gross Annual Revenues DFW MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	63.0	6	20.0	83	4.8
\$100,000 - \$249,999	21.5	10	33.3	300	17.3
\$250,000 - \$499,999	4.4	4	13.3	126	7.3
\$500,000 - \$1,000,000	2.0	2	6.7	416	24.0
<b>Subtotal &lt;= \$1,000,000</b>	<b>90.9</b>	<b>22</b>	<b>73.0</b>	<b>925</b>	<b>53.0</b>
>\$1,000,000	2.4	4	13.3	628	36.3
Revenue Not Available	6.7	4	13.3	178	10.3
<b>Total</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>1,731</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data, Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

## COMMUNITY DEVELOPMENT TEST

The bank demonstrated a satisfactory record regarding the Community Development Test in the DFW MSA AA. The institution's community development performance demonstrates adequate responsiveness to community development needs in the DFW MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's DFW MSA AA.

### Community Development Loans

During the review period, First Bank originated four community development loans totaling \$6.5 million. This level of activity represents a similar number, but slight increase by dollar volume from that noted at the last evaluation. This level of activity represents 15.6 percent of the overall bank's excellent level of community development lending as compared to the 45.1 percent of loans attributed to this AA. The bank exhibited responsiveness to the needs of the DFW MSA AA community through its community development lending.

The following table displays the bank's community development lending activity by year and purpose in the DFW MSA AA.

Community Development Lending DFW MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	0	0	0	0	1	1,153	0	0	1	1,153
2021	0	0	0	0	0	0	1	930	1	930
2022	0	0	0	0	2	4,457	0	0	2	4,457
YTD 2023	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>5,610</b>	<b>1</b>	<b>930</b>	<b>4</b>	<b>6,540</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following provides an example of a community development loan in the DFW MSA AA.

- ***Economic Development:*** First Bank originated two loans to local businesses totaling \$4.5 million to facilitate working capital and payroll for minimum wage workers. Each of these businesses meet the SBA size standards, and provide permanent employment opportunities for low- and moderate-income individuals.

### **Qualified Investments**

First Bank made use of 19 qualified investments and donations totaling \$1.7 million. This level represents a slight increase from the 10 qualified investments and donations totaling \$1.6 million at the previous evaluation. This level of qualified investment activity equates to 23.6 percent of total dollar volume of the adequate level of qualified investments bank-wide. As noted, the DFW MSA AA contributed 18.3 percent of the bank's deposits. The bank exhibited responsiveness to the needs of the DFW MSA AA community through its community development investments and donations.

The following table displays the bank's qualified investment activity by year and purpose in the DFW MSA AA.

Qualified Investments DFW MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	177	0	0	0	0	0	0	1	177
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	2	1,507	0	0	0	0	2	1,507
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>177</b>	<b>2</b>	<b>1,507</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1,684</b>
Qualified Grants & Donations	0	0	16	23	0	0	0	0	16	23
<b>Total</b>	<b>1</b>	<b>177</b>	<b>18</b>	<b>1,530</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>1,707</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following is an example of a qualified investment made in the DFW MSA AA.

- **Community Service:** Since the last evaluation, the bank purchased two municipal independent school district bonds that support education facilities and activities for students located in low- and moderate-income communities. These bonds support districts where more than 50 percent of students meet the United States Department of Agriculture income eligibility guidelines to receive free or reduced-priced lunches.

## Community Development Services

During the review period, First Bank provided six instances of financial expertise to community development-related organizations in the DFW MSA AA during the evaluation period. This figure reflects a slight decrease from the nine community development services recorded at the prior evaluation. The number of community development services in this area equates to 7.1 percent of the total community development services. The community development services primarily provided for community services targeted to low- and moderate-income individuals, and demonstrated responsiveness to the needs of the DFW MSA AA.

The following table displays the bank's community development service activity within the DFW MSA AA by year and purpose.

Community Development Services DFW MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	0	2	0	0	2
2021	0	2	0	0	2
2022	0	2	0	0	2
YTD 2023	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>					

The following provides an example of the bank's qualified community development services.

- **Community Service:** A member of the bank provides financial expertise and serves as a Board member to a local community service organization. The mission of this organization is to provide financial assistance, job placement, mentoring, and budget accountability for low- and moderate-income individuals and areas in the DFW MSA AA.

## **APPENDICES**

### **INTERMEDIATE 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 bank'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).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.



**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.

## **VII. Written Comments or Complaints**



December 28, 2020

First Bank  
300 East Third  
Burkburnett, TX 76354

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office  
1601 Bryan Street, Suite 1410  
Dallas, Texas 75201

**RE: Comment on FIRST BANK's Community Reinvestment Act (CRA) Performance**

I am submitting this letter to FIRST BANK's Community Reinvestment Act (CRA) public file for consideration on FIRST BANK's CRA Performance Evaluation. I have a couple concerns with FIRST BANK lending in Dallas and would look forward to meeting with FIRST BANK to learn more about the bank's goals and priorities, and to discuss the community needs and opportunities. In particular, I would like FIRST BANK and other lenders to focus on Southern Dallas as I believe the heightened poverty in my neighborhood has held back my community, and the city of Dallas as a whole, for too long.

**Fair Lending Concerns**

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the lending of FIRST BANK in Dallas. This is what NCRC found.<sup>1</sup>

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, **Texas Security Bank made a total of 351 in Dallas County.** This data demonstrated that in 2019, 21.93% (77) of all home loans in Dallas went to minorities however only 2.84% (10) of Texas Bank and Trust's home loans were extended to Blacks (African Americans).
  - Dallas County, Texas's estimated population is 2,641,680. Of that approximately 606,168 are African Americans.

<sup>1</sup> See lending mentioned CRA Report. <https://www.occ.gov/static/cra/craeval/mar20/3656.pdf>

**NOTE: The link is not for First Bank's CRA Report**

- City of Dallas's estimated population is 1,343,573. Of that approximately 322,457 are African Americans.
- Less than 10.80% of the bank's total loans were made in Southern Dallas\*.

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships. I believe that working with my organization can improve FIRST BANK performance.

### **Focus on Southern Dallas**

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than double the 16.6% poverty rate for Dallas County as a whole.<sup>2</sup> The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274 large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.<sup>3</sup> Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.<sup>4</sup> Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated \$500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.<sup>5</sup> Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

Researchers are also predicting that Southern Dallas will be particularly hard hit by COVID-19, both medically and economically, given the unfortunate correlation between poverty and unfavorable health outcomes.<sup>6</sup> I am very concerned about the impact COVID-19 will have on my community that was already facing increasing economic hardship, and I believe that without an intentional focus on Southern Dallas these unfortunate economic trends will continue. To make matters worse, many lenders do not market and/or lend in Southern Dallas. We would look forward to discussing opportunities for

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<sup>2</sup> "Percent of Population Below the Poverty Level in Dallas County, TX." 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at <https://fred.stlouisfed.org/series/S1701ACS048113>.

<sup>3</sup> "Inclusive Recovery in US Cities." Urban Institute. April 2018. Available online at [https://www.urban.org/sites/default/files/publication/97981/inclusive\\_recovery\\_in\\_us\\_cities.pdf](https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf).

<sup>4</sup> "Introduction: Inequality of Economic Opportunity." Katharine Bradbury and Robert K. Triest. RSF: The Russell Sage Foundation Journal of the Social Sciences, Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at [https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata\\_info\\_tab\\_contents](https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents)

<sup>5</sup> "Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies." Brookings Institution. Joseph Parilla. September 28, 2017. Available online at <https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/>.

<sup>6</sup> "Mapping the Areas at Highest Risk of Severe COVID19 in Dallas, Austin and San Antonio." UTHealth School of Public Health Institute for Health Policy. April 2, 2020. Available online at [https://sph.uth.edu/research/centers/ihp/COVID-19\\_Dallas\\_Austin\\_SA%20Final\\_4-3-20.docx.pdf](https://sph.uth.edu/research/centers/ihp/COVID-19_Dallas_Austin_SA%20Final_4-3-20.docx.pdf).



FIRST BANK to be responsive to our community needs and position itself as a leader in addressing inequality in Dallas.

Review your Reasonably Expected Market Area (REMA) to identify redlining that may be happening to the Southern Dallas community.<sup>7</sup>

- Most regulatory agencies will use the term REMA; however, the Federal Reserve Board performs a similar analysis, but uses the term Credit Market Area (CMA).
- FDIC defines an institution's REMA based on the following factors:
  - Where the institution has received applications
  - Where the institution has originated loans
  - The history of mergers and acquisitions
  - The market area as defined by the bank in its written policies and procedures
  - Branch structure and history including closures, acquisitions, and relocations
  - Physical presence including the location of branches/offices, LPOs, brokers, and other third-party originators.
  - Advertising and marketing efforts including print, telemarketing, and direct mail campaigns.
  - The inappropriate exclusion of majority minority census tracts from the institution's assessment area.
- Redlining risk factors include, but are not limited to the following practices:
  1. Offering different loan programs in different areas
  2. Marketing efforts that exclude and/or target certain geographies
  3. Loan programs that exclude certain types of residential property
  4. Loan minimums without consideration of the average home value

The following sections discuss demographic in the Southern Dallas area.

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<sup>7</sup> REMAs are not defined by fair lending laws, but the concept is not new. The Interagency Fair Lending Examination Procedures reference, "credit markets in which the institution is doing business".  
<https://www.ffiec.gov/pdf/fairlend.pdf>

- Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.
- Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.
- Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.
- *The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".*
- *The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.*
- *The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas). \**

#### **Community Ask:**

- Increase mortgage lending to minorities by 50%
- Increase mortgage lending in Low-Income census tracts by 40%
- Increase mortgage lending in Majority Minority Census Tract by 40%
- Advanced implementation of Section 1071 of the Dodd-Frank Act
- Immediate Implementation of Section 342 of the Dodd-Frank Act
- Create positions for CRA Commercial and Mortgage Loan Officers
- Perform a credit needs assessment for Southern Dallas
- Conduct a Redlining Risk Assessment for Dallas County
- Establish special purpose credit programs (SPCPs) to address lending disparities in Southern Dallas
  - <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>

#### **Conclusion**

We appreciate this opportunity to comment on FIRST BANK's CRA performance and would look forward to discussing a plan for Southern Dallas and be a leader in addressing inequality in Dallas.

Sincerely,

*James McGee*

James McGee  
President/Chair

[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)

Southern Dallas Progress Community Development Corporation

DRAFT



Response to Letter received on 1/28/2022

February 2, 2021

James McGee  
President/Chair, Southern Dallas Progress Community Development Corporation  
[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)  
1402 Corinth Street Road Suite 147  
Dallas, TX 75215

RE: Comment on FIRST BANK's Community Reinvestment Act (CRA) Performance

Dear Mr. McGee:

Thank you for taking the opportunity to provide valuable feedback to First Bank regarding our CRA performance.

First Bank is committed to meeting the needs of the communities in our CRA Assessment Areas. As part of our compliance management system we conduct regular monitoring and testing of our lending in low- to moderate-income (LMI) areas and majority minority census tracts (MMCT). Ensuring equal access to credit and services in the areas we identify is a key component of First Bank's commitment to our communities.

First Bank appreciates Southern Dallas Progress Community Development Corporation's input and recommendations to our CRA performance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tracy A. Mohri', written over a light blue circular background.

Tracy A. Mohri  
Lending Compliance Officer





June 27, 2022

Mr. James McGee  
President/Chair  
Southern Dallas Progress Community Development Corporation  
1402 Corinth Street, Suite 147  
Dallas, Texas 75215

Re: Community Reinvestment Act Comment

Dear Mr. McGee:

This letter serves to acknowledge the re-submission of your correspondence dated April 5, 2021, regarding First Bank, Burkburnett, Texas, sent via electronic mail on June 25, 2022. As noted in our previous acknowledgment letter, sent on April 5, 2021, we will consider your comments during the upcoming Community Reinvestment Act evaluation of the institution.

Should you have any questions, please contact me at 972.761.8120 or Review Examiner Lauri S. Angle at 972.761.8337.

Sincerely,

Art H. Khan  
Assistant Regional Director

cc: First Bank, Burkburnett, Texas



April 5, 2021

First Bank  
300 East Third  
Burkburnett, TX 76354

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office  
1601 Bryan Street, Suite 1410  
Dallas, Texas 75201

**RE: Comment on FIRST BANK's Community Reinvestment Act (CRA) Performance**

I am submitting this letter to FIRST BANK Community Reinvestment Act (CRA) public file for consideration on FIRST BANK CRA Performance Evaluation. I have a couple concerns with First Bank's lending in Dallas. FIRST BANK did not respond to several meeting request so I could learn more about the bank's goals and lending priorities. They are not willing to discuss our community development needs and opportunities. We would like FIRST BANK to focus on Southern Dallas as I believe the heightened poverty in my neighborhood has held back my community, and the city of Dallas as a whole, for too long.

**Fair Lending Concerns**

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the lending of FIRST BANK in Dallas. This is what NCRC found.<sup>1</sup>

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, First Bank made a total of 351 in Dallas County. This data demonstrated that in 2019, 21.93% (77) of all home loans in Dallas went to minorities however only 2.84% (10) of First Bank's home loans were extended to Blacks (African Americans).
  - Dallas is now a majority minority city (66.1 percent of population) with 41.8 percent of residents identifying as Hispanic and 24.3 percent identifying as Black.
  - Dallas County, Texas's estimated population is 2,641,680. Of that approximately 606,168 are African Americans.
  - City of Dallas's estimated population is 1,343,573. Of that approximately 322,457 are African Americans.

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<sup>1</sup> See lending mentioned CRA Report. [https://www7.fdic.gov/CRAPES/2020/03121\\_200113.PDF](https://www7.fdic.gov/CRAPES/2020/03121_200113.PDF)

- Less than 10.80% of the bank's total loans were made in Southern Dallas\*.

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships. I believe that working with my organization can improve FIRST BANK performance.

### **Focus on Southern Dallas**

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than double the 16.6% poverty rate for Dallas County as a whole.<sup>2</sup> The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274 large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.<sup>3</sup> Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.<sup>4</sup> Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated \$500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.<sup>5</sup> Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

Researchers are also predicting that Southern Dallas will be particularly hard hit by COVID-19, both medically and economically, given the unfortunate correlation between poverty and unfavorable health outcomes.<sup>6</sup> I am very concerned about the impact COVID-19 will have on my community that was already facing increasing economic hardship, and I believe that without an intentional focus on Southern Dallas these unfortunate economic trends will continue. To make matters worse, many lenders do not market and/or lend in Southern Dallas. We would look forward to discussing opportunities for FIRST BANK to be responsive to our community needs and position itself as a leader in addressing inequality in Dallas.

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<sup>2</sup> "Percent of Population Below the Poverty Level in Dallas County, TX." 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at <https://fred.stlouisfed.org/series/S1701ACS048113>.

<sup>3</sup> "Inclusive Recovery in US Cities." Urban Institute. April 2018. Available online at [https://www.urban.org/sites/default/files/publication/97981/inclusive\\_recovery\\_in\\_us\\_cities.pdf](https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf).

<sup>4</sup> "Introduction: Inequality of Economic Opportunity." Katharine Bradbury and Robert K. Triest. RSF: The Russell Sage Foundation Journal of the Social Sciences, Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at [https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata\\_info\\_tab\\_contents](https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents)

<sup>5</sup> "Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies." Brookings Institution. Joseph Parilla. September 28, 2017. Available online at <https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/>.

<sup>6</sup> "Mapping the Areas at Highest Risk of Severe COVID19 in Dallas, Austin and San Antonio." UTHealth School of Public Health Institute for Health Policy. April 2, 2020. Available online at [https://sph.uth.edu/research/centers/ihp/COVID-19\\_Dallas\\_Austin\\_SA%20Final\\_4-3-20.docx.pdf](https://sph.uth.edu/research/centers/ihp/COVID-19_Dallas_Austin_SA%20Final_4-3-20.docx.pdf).

**Review your Reasonably Expected Market Area (REMA) to identify redlining that may be happening to the Southern Dallas community.** <sup>7</sup>

- Most regulatory agencies will use the term REMA; however, the Federal Reserve Board performs a similar analysis, but uses the term Credit Market Area (CMA).
- FDIC defines an institution's REMA based on the following factors:
  - Where the institution has received applications
  - Where the institution has originated loans
  - The history of mergers and acquisitions
  - The market area as defined by the bank in its written policies and procedures
  - Branch structure and history including closures, acquisitions, and relocations
  - Physical presence including the location of branches/offices, LPOs, brokers, and other third-party originators.
  - Advertising and marketing efforts including print, telemarketing, and direct mail campaigns.
  - The inappropriate exclusion of majority minority census tracts from the institution's assessment area.
- Redlining risk factors include, but are not limited to the following practices:
  1. Offering different loan programs in different areas
  2. Marketing efforts that exclude and/or target certain geographies
  3. Loan programs that exclude certain types of residential property
  4. Loan minimums without consideration of the average home value

**The following sections discuss demographic in the Southern Dallas area.**

- Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.
- Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.
- Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.
- *The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".*
- *The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.*
- *The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas). \**

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<sup>7</sup> REMAs are not defined by fair lending laws, but the concept is not new. The Interagency Fair Lending Examination Procedures reference, "credit markets in which the institution is doing business".

<https://www.ffiec.gov/pdf/fairlend.pdf>



*A digitization of the 1937 Homeowners' Loan Corporation 'Residential Security Map' of Dallas, Texas, including the Area Descriptions which were the basis for the neighborhood security ratings.*

#### *Description*

*The plans, laws, and investments made today will shape our communities tomorrow. Indeed, past policies have deep connections to present conditions. Even the most obscure tax codes and legislative acts can lead to tragic outcomes for some communities while paving the way for triumphant opportunities for others. Whether at the Federal, State, or Local level, understanding the laws of the land and the context in which they were created is critical to understanding how disparities have arisen and to improving the health, education, transportation, housing, and economic landscapes of our cities in an equitable and sustainable way.*

*This web map was developed in order to analyze the historic development patterns in the Dallas region, and to illustrate the legacy of discriminatory policies such as 'Redlining' and the way highway planning and construction interrupted or destroyed the community fabric of the city. The purpose of integrating these spatial data together is to facilitate helpful dialogue about how public decision making and private markets can produce more equitable outcomes for the future health and sustainability of the region.*

<https://www.arcgis.com/home/item.html?id=29041b0623ef482981e1bcc50220eff6>

The practice of 'redlining,' outlawed years ago, is still seen as a factor in the lack of progress for some Southern Dallas neighborhoods.

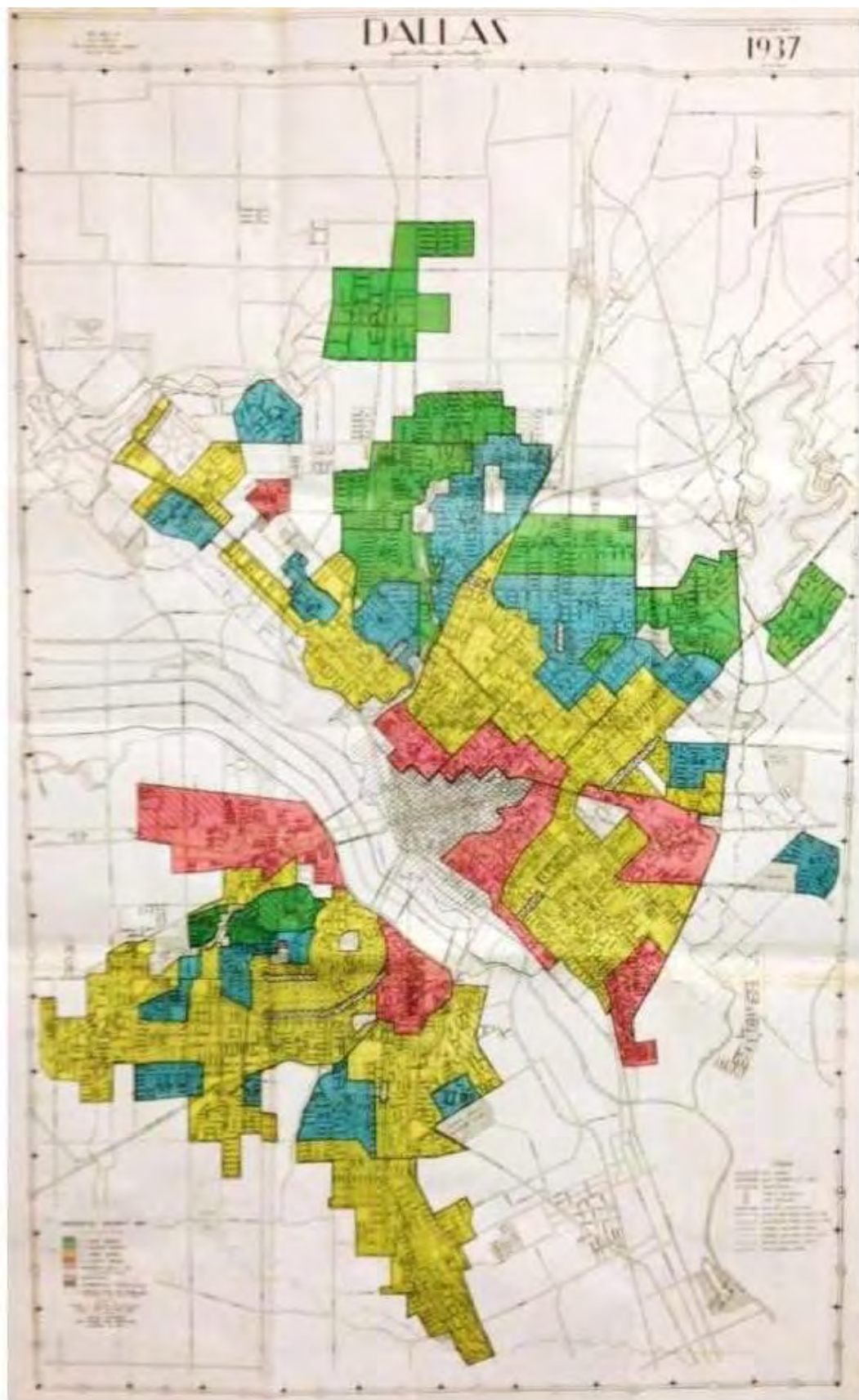
Maps from the 1930s designed some neighborhoods as red zones where investments by banks were considered unsafe.

In Dallas, those neighborhoods tended to be inhabited by people of color and redlining kept them from receiving the investments that other sections of the booming sunbelt city saw over the years.

*An interactive online tool released by the National Community Reinvestment Coalition charts out the effects of some of those injustices, combining notorious "redlining" maps of the 1930s with current data on neighborhood income and demographics. Redlining is a term for the denial of loans, mortgages, and other services based on a neighborhood's demographic makeup — in the U.S., black communities have usually been the ones targeted. The practice gets its name from the red outlines drawn around "high-risk" neighborhoods in maps created in the 1930s by the Homeowners' Loan Corporation, a New Deal agency formed to refinance mortgages during the Great Depression.*

<https://ncrc.org/holc/>

*Those HOLC maps have become infamous as stark visual representations of the government abandoning black communities, as a federal agency labeled nearly any community with a significant minority population "hazardous" for lenders. Researchers at the University of Richmond digitized the maps last year, and its site lets you see HOLC's assessments of each neighborhood, many of them remarkably frank about their racist discrimination. A 1937 HOLC map of Dallas is below. Neighborhoods marked green were considered "best" for government-backed mortgages, blue "still desirable," yellow "definitely declining," and red "hazardous."*



### **23 Southern Dallas Zip Codes**

75116, 75134, 75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

### **Questions from the Southern Dallas Community to USAA Bank**

**Note: USAA, not First Bank**

- How many mortgage loans were made to minority borrowers in Southern Dallas (City of Dallas)?
- How many mortgage loans were made to minority borrowers in Southern Dallas County?
- How many mortgage loans were made to African American borrowers in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many mortgage loans were made to African American borrowers in Southern Dallas County and how many were in low-income census tracts?

### **Community Ask:**

- Increase mortgage lending to minorities by 50%
- Increase mortgage lending in Low-Income census tracts by 40%
- Increase mortgage lending in Majority Minority Census Tract by 40%
- Advanced implementation of Section 1071 of the Dodd-Frank Act
- Immediate Implementation of Section 342 of the Dodd-Frank Act
- Create positions for CRA Mortgage Loan Officers
- Perform a credit needs assessment for Southern Dallas
- Conduct a Redlining Risk Assessment for Dallas County
- Establish special purpose credit programs (SPCPs) to address lending disparities in Southern Dallas
  - <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>

### **Conclusion**

We appreciate this opportunity to comment on FIRST BANK's CRA performance and would look forward to discussing a plan for Southern Dallas and be a leader in addressing inequality in Dallas.

Sincerely,

*James McGee*

James McGee  
President/Chair

[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)

Southern Dallas Progress Community Development Corporation



March 8, 2021

James McGee  
President/Chair, Southern Dallas Progress Community Development Corporation  
[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)  
1402 Corinth Street Road Suite 147  
Dallas, TX 75215

RE: Comment on FIRST BANK's Community Reinvestment Act (CRA) Performance

Dear Mr. McGee:

Thank you for taking the opportunity to provide valuable feedback to First Bank regarding our CRA performance.

First Bank is committed to meeting the needs of the communities in our CRA Assessment Areas. As part of our compliance management system we conduct regular monitoring and testing of our lending in low- to moderate-income (LMI) areas and majority minority census tracts (MMCT). Ensuring equal access to credit and services in the areas we identify is a key component of First Bank's commitment to our communities.

First Bank appreciates Southern Dallas Progress Community Development Corporation's input and recommendations to our CRA performance.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tracy A. Mohri'.

Tracy A. Mohri  
Lending Compliance Officer



# Customer Assistance Form

FDIC 3064-0134 Expiration Date: XX/XX/XXXX

## Privacy Act Statement

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Collection of this information is authorized by 12 U.S.C. §§ 1818 and 1819 and 15 U.S.C. § 57a(f). The information you provide to the FDIC on this form will be used to investigate and respond to your complaint or inquiry. The information you provide may be disclosed to the institution which is the subject of the complaint or inquiry and to any third party sources, when necessary to investigate or resolve the complaint or inquiry; to the Federal or State supervisory authority that has direct supervision over the financial institution that is the subject of the complaint or inquiry; to appropriate Federal, state or local authorities agencies if a violation or possible violation of a civil or criminal law is apparent; to a congressional office in response to an inquiry made at your request; to a court, magistrate or administrative tribunal in the event of litigation, or in accordance with the other "routine uses of records" listed in the FDIC's Consumer Complaint and Inquiry System of Records, # 30-64-0005. Completing this form is voluntary, but failure to provide all of the information may delay or preclude investigation of your complaint or inquiry.

Last Updated 09/23/2015

## Paperwork Reduction Act Statement

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Public reporting burden for this collection of information is estimated to average .25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and review the collection of information.

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Paper Reduction Act Clearance Officer, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429, and the Office of Management and Budget, Paperwork Reduction Project (3064-0134), Washington, D.C. 20503.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection unless it displays a currently valid OMB control number.

Last Updated 09/23/2015

**Please complete this form if you have an inquiry or a complaint regarding your financial institution. Once the form has been submitted you will receive the Customer Assistance Confirmation page indicating that your request has been received.**

### Please note:

- We cannot act as a court of law or as a lawyer on your behalf.
- We cannot give you legal or financial advice.
- We cannot become actively involved in complaints that are in litigation or have been litigated.

\* Required Fields

**Indicate whether you are a:** Consumer

### Requester Information:

Salutation

\*Last Name McGee

\*First Name James

Middle Name

\*Email jmcgee@southerndallasprogress.com

Home Phone Business Phone 4693715487 Mobile Phone 4693715487  
\*Mailing Street 1402 Corinth #147  
\*Mailing City Dallas \*Mailing State/Province TX  
\*Mailing Zip/Postal 75215  
Code  
\*Mailing Country United States  
Best Way to Contact Email  
Best Time to Contact

**Is this request submitted on behalf of you and another individual?** No

\*Last Name \*First Name  
Email  
Home Phone Business Phone Mobile Phone  
\*Mailing Street  
\*Mailing City \*Mailing State/Province  
\*Mailing Zip/Postal  
Code  
\*Mailing Country

**Additional Contact Information:**

**Do you want us to communicate with another individual on your behalf, such as a family member, attorney, or other person representing you about this complaint?** No

If you list someone you authorize us to communicate with the listed individual and provide information to that individual as well.

\*Representative Last Name First Name  
Relationship Email  
Home Phone Business Phone Mobile Phone  
\*Mailing Street  
\*Mailing City \*Mailing State/Province  
\*Mailing Zip/Postal  
Code  
\*Mailing Country

**Does your request involve a specific financial institution?** Yes

\*Financial Institution  
Mailing Street  
\*Mailing City \*Mailing State/Province  
\*Mailing Zip/Postal  
Code  
\*Mailing Country  
Institution Phone  
Number  
FI: Type of accounts

**Have you tried to resolve your complaint with your financial institution or company?** No

\*When? \*Resolve: How  
Resolve: Contact

Name

Resolve:Title

**Have you filed a complaint or contacted another government agency?**

No

\*Gov Agency:  
Agency Name

**Complaint Information:**

Describe events in the order in which they occurred, including any names, phone numbers, and a full description of the problem with the amount(s) and date(s) of any transaction(s). Do not include personal or confidential information such as your social security, credit card, or bank account numbers. If you need to provide **COPIES** of any supporting documentation such as contracts, monthly statements, receipts or any correspondence with the bank (do not send original documents), you may mail or fax this information to:

**\*Please describe below the nature of your complaint or inquiry.**

I have requested several times that this bank provide a copy of the CRA public file and they have refused. FDIC Cert # 3121 Primary Regulator Federal Deposit Insurance Corporation Main Office Address 300 East Third Burkburnett, TX 76354 Primary Website [www.firstbankweb.com](http://www.firstbankweb.com)

Please be advised that the issues described in this complaint will be shared with the financial institution or company in question for their response.

**\*Desired Resolution**

What action by the financial institution or company would resolve this matter to your satisfaction?

Provide me with a copy of the CRA public file

☒ **\*Checking this box authorizes the FDIC to respond to your inquiry**





June 15, 2022

James McGee  
1402 Corinth #147  
Dallas, Texas 75215

RE: FDIC Case Number 01410914

Dear Mr. McGee,

Thank you for your recent submission to the FDIC regarding First Bank's response to your request for our CRA Public File.

First Bank received an email from you on April 15, 2021, requesting our CRA Public file. The public file was mailed to the address 1402 Corinth Street Road Suite 147, Dallas, Texas 75215 which is the address listed on your web site's contact page (see Exhibit A attached). The package was returned to First Bank as "Returned to Sender / Unable to Forward" by the United States Postal Service (see Exhibit B attached). First Bank validated that the address was correct by referencing your web site. We were unable to locate any additional address for Southern Dallas Progress Community Development Corporation.

On June 13, 2022, First Bank received an email from you requesting our CRA Public File. The Public File was mailed to the address on the email signature: Southern Dallas Progress Community Development Corporation, 1402 Corinth St #147 Dallas, Texas 75215 the same day. It is my hope that this delivery is successful.

First Bank is committed to the requirements of the Community Reinvestment Act and would like to ensure your request for our file has been granted. If you have not received the file, please provide First Bank with a current address and we will promptly forward it to you.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Tracy Mohri'.

Tracy Mohri  
Compliance Officer

CC: Holli McClain, SVP/CFO  
FDIC Consumer Response Unit





Send

## Exhibit A



**DONATE NOW**

### Email

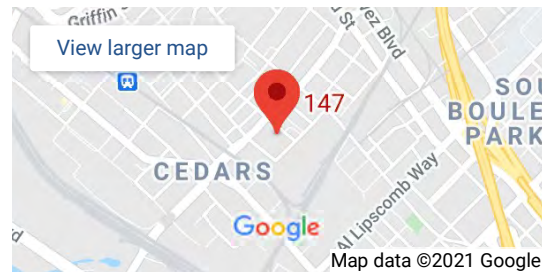
[Info@SouthernDallasProgress.com](mailto:Info@SouthernDallasProgress.com)

### Phone

(469) 371-5487

### Address

1402 Corinth Street Road  
Suite 147  
Dallas, TX 75215



President/Chair

Mr. James H. McGee

[jmcgee@SouthernDallasProgress.com](mailto:jmcgee@SouthernDallasProgress.com)

## Exhibit B



300 E. 3rd Street  
Burkburnett, TX 76354

[FirstBankWeb.com](http://FirstBankWeb.com)



James McGee  
President/Chair, Southern Dallas Progress Community Dev't  
[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)  
1402 Corinth Street Road Suite 147  
Dallas, TX 75215

9308100080166258

ANK

752758211432

NIXIE

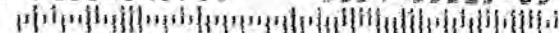
773 FE 1

0005/02/21

RETURN TO SENDER  
ATTEMPTED - NOT KNOWN  
UNABLE TO FORWARD

BC: 76354343700

\*0634-09215-09-45





*Improving Lives, One Community at a Time*

August 3, 2022

First Bank  
300 East Third  
Burkburnett, TX 76354

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office  
1601 Bryan Street, Suite 1410  
Dallas, Texas 75201

**RE: Comment on FIRST BANK's Community Reinvestment Act (CRA) Performance-Compliant**

Dear FDIC,

I am submitting this letter to FIRST BANK Community Reinvestment Act (CRA) public file for consideration on FIRST BANK Performance Evaluation and Fair Lending Exam.

The Community Reinvestment Act (CRA), enacted by Congress in 1977 (12 U.S.C. 2901) and implemented by Regulations 12 CFR parts 25, 228, 345, and 195, is intended to encourage depository institutions to help meet the **credit needs** of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

**Products available for the Underserved/Minority Communities**

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

**First Bank fails to** offer any solutions for the unbanked/underbanked residents in their assessment areas.

- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

First Bank does not have any special-purpose credit programs to address their disparities in home mortgage and small business lending in underserved LMI high minority communities.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- [https://www.hud.gov/sites/dfiles/GC/documents/Special\\_Purpose\\_Credit\\_Program\\_OGC\\_guidance\\_12-6-2021.pdf](https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf)
- [12 CFR § 202.8 - Special purpose credit programs.](#)
  - <https://www.ffiec.gov/PDF/fairlend.pdf>

#### **First Bank DFW MSA Locations:**

4400 Main Street Frisco, TX 75033; Full Service - Brick And Mortar; Located in an upper income census tract and in a white majority community. \*

4500 W. Eldorado Pkwy. Suite 1200 McKinney, TX 75070; Limited Service - Loan Production; Located in a middle-income census tract and in a white majority community. \*

1400 Preston Road Suite 290 Plano, TX 75093; Limited Service - Loan Production; Located in an upper income census tract and in a white majority community. \*

900 Bailey Ranch Road Aledo, TX 76008; Full Service - Brick And Mortar; Located in an upper income census tract and in a white majority community. \*

*\* Justice Department and Office of the Comptroller of the Currency Announce Actions to Resolve Lending Discrimination Claims Against Cadence Bank*

*The department also alleges that **banking branches were concentrated in majority-white neighborhoods**, that the bank's loan officers did not serve the credit needs of majority-Black and Hispanic neighborhoods and that the bank's outreach and marketing avoided those neighborhoods.*

<https://www.justice.gov/opa/pr/justice-department-and-office-comptroller-currency-announce-actions-resolve-lending>

#### **Small Business/Commercial Lending**

First Bank made an extreme low number of loans in Low to Moderate Census Tracts in the DFW MSA.

## **Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA)**

First Bank violates Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) by discriminating against African Americans and other minority consumers. The Equal Credit Opportunity Act (ECOA) prohibits lenders from discriminating based on race and other characteristics.

As both the Equal Credit Opportunity Act (ECOA) and the Interagency Fair Lending Examination Procedures remind us, "A creditor shall not discriminate against an applicant regarding any aspect of a credit transaction"; **this includes small business and commercial lending.**

In terms of the discrimination, we assert that First Bank does engage in the following:

- **Made no efforts to market to African Americans and/or Hispanics in Southern Dallas**
- **Does not specifically target any marketing toward Hispanic and/or African Americans in the DFW MSA and specifically Southern Dallas**
- **Received few applications from African Americans & Hispanics in the DFW MSA**
- **Received almost no applications from applicants for properties located in Low to Moderate Income neighborhoods in the DFW MSA, specifically African American and Hispanic neighborhoods**
- **Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA**

## **Lack of Staff and Board Diversity**

**First Bank does not have any African Americans and/or Hispanics on the Board of Directors.**

**First Bank does not have any African Americans and/or Hispanics on the DFW MSA Leadership Team.**

**First Bank does not have any Commercial Loans Officers in the DFW MSA that are African Americans and/or Hispanics.**

**First Bank does not have any Mortgage Loans Officers in the DFW MSA that are African Americans and/or Hispanics.**

*The DFW MSA is majority minority.*

## **Southern Dallas in the News**

*America's top banking regulator: WFAA's 'Banking Below 30' investigation documenting unfair treatment of minorities 'very troubling'*

<https://www.wfaa.com/article/money/economy/americas-top-banking-regulator-highlights-wfaas-banking-below-30/287-1ff3c06f-a16c-4e61-b18a-3e7a25b17706>

*'Your story woke them up': National regulators get earful about banks ignoring minority community*

<https://www.wfaa.com/article/news/local/investigates/your-story-woke-them-up-national-regulators-get-earful-about-banks-ignoring-minority-community/287-aa788b21-1f36-4c62-93e4-3a4816a196ac>

'Aggressive and coordinated effort': U.S. Justice Department announces major crackdown on banks that deny loans to minorities

<https://www.wfaa.com/article/money/banking-below-30-us-justice-department-announces-major-crackdown-on-banks-that-deny-loans-to-minorities/287-65289d41-be34-48e6-a0a8-c3803bc9ab8d>

Federal regulators will require 2 banks to increase lending to the minority community in Southern Dallas

<https://www.wfaa.com/video/money/banking-below-30-federal-regulators-will-require-2-banks-to-increase-lending-to-the-minority-community-in-southern-dallas/287-c932356e-168b-4e73-b9e8-b44144936271>

WFAA series prompts congressional testimony about 'travesty' of banks refusing to loan to minorities

<https://www.wfaa.com/article/news/local/wfaa-series-prompts-congressional-testimony-about-travesty-of-banks-refusing-to-loan-to-minorities/287-d9458697-69d9-4108-826c-b5c966ad9c14>

### **Conclusion**

The CRA regulation is very clear — a finding that a bank failed to comply with laws on fair and responsible lending trumps otherwise satisfactory or even outstanding CRA performance. The CRA regulations specifically state that a rating will be "adversely affected by evidence of discriminatory or other illegal credit practices," including but not limited to violations of the Equal Credit Opportunity Act, the Fair Housing Act, the Home Ownership and Equity Protection Act, the Federal Trade Commission Act, the Real Estate Settlement Procedures Act and the Truth in Lending Act.

Sincerely,

*James McGee*

James McGee  
President/Chair

[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)

Southern Dallas Progress Community Development Corporation



August 8, 2022

James McGee  
President/Chair, Southern Dallas Progress Community Development Corporation  
[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)  
1402 Corinth Street Road Suite 147  
Dallas, TX 75215

RE: Comment on FIRST BANK's Community Reinvestment Act (CRA) Performance

Dear Mr. McGee:

Thank you for taking the opportunity to provide valuable feedback to First Bank regarding our CRA performance.

First Bank is committed to meeting the needs of the communities in our CRA Assessment Areas and reasonably expected market areas. As part of our compliance management system, we conduct regular monitoring and testing of our lending in low- to moderate-income (LMI) areas. Our Fair Lending Program includes the testing of First Bank's performance in majority minority census tracts. Ensuring equal access to credit and services in the areas we identify is a key component of First Bank's commitment to our communities.

First Bank appreciates Southern Dallas Progress Community Development Corporation's input and recommendations to our CRA performance. This valuable information will be included in our CRA Public file and reviewed with management and First Bank's Board of Directors.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Tracy A. Mohri', written over a light blue circular stamp.

Tracy A. Mohri  
Lending Compliance Officer





October 26, 2022

Chief Executive Officer J. Charles White  
First Bank  
300 East 3<sup>rd</sup> Street  
Burkburnett, Texas 76354

Subject: Application to Establish a Branch

Dear Mr. White:

This letter is in reference to a Community Reinvestment Act ("CRA") protest filed by Southern Dallas Progress Community Development Corporation, concerning your application to establish a branch office in Austin, Texas, filed on October 14, 2022. We reviewed the enclosed correspondence and consider it to constitute a protest for purposes of this application, in accordance with the provisions of 12 C.F.R. Section 303, due to adverse comments regarding First Bank's locations and lending in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area. Therefore, your application will not qualify for expedited processing.

You may provide a written response on the protest to this office until November 8, 2022 (10 business days after the date of this letter), in accordance with 12 C.F.R. Section 303. If you choose to respond in writing to the protester, please provide this office with a copy. A copy shall also be forwarded to each protester and each supervisory authority that received a copy of the application.

Please notify Acting Assistant Regional Director Polly Radford by telephone at (501) 228-6346, extension 6610 or email at [pradford@fdic.gov](mailto:pradford@fdic.gov), within 3 business days of receiving this letter, regarding whether you intend to respond to the protest. Please contact Acting Assistant Regional Director Radford or Review Examiner Lauri S. Angle at (972) 761-8337 or email at [langle@fdic.gov](mailto:langle@fdic.gov) with any questions you may have regarding this matter.

As a reminder, written correspondence should be addressed to Kristie K. Elmquist, Regional Director, FDIC, Dallas Regional Office, and sent as a PDF document through the FDIC's Secure Email portal (<https://securemail.fdic.gov/>) using the following e-mail address: [DALMailRoom@fdic.gov](mailto:DALMailRoom@fdic.gov). Information about how to use secure email and FAQs about the service can be found at <https://www.fdic.gov/secureemail/>.

Sincerely,

Kristie Elmquist  
Regional Director

Enclosure

cc: Southern Dallas Progress Community Development Corporation  
Texas Department of Banking  
FRB - Dallas





*Improving Lives, One Community at a Time*

October 23, 2022

First Bank  
300 East Third  
Burkburnett, TX 76354

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office  
1601 Bryan Street, Suite 1410  
Dallas, Texas 75201

**RE: NOTICE OF Application to be located at 6836 Austin Center Blvd., Austin, Texas 78731 - Protest Letter**

Dear FDIC,

The undersigned community organization is submitting this letter to Protest First Bank 's application for the bank to be located at 6836 Austin Center Blvd., Austin, Texas 78731. We Do Not support the application for the bank relocation to 6836 Austin Center Blvd., Austin, Texas 78731.

The Community Reinvestment Act (CRA) is a law intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods.

First Bank is not meeting the needs the needs of our community, which specifically includes low- and moderate-income neighbor located in Dallas. First Bank *fails* to provide small business and/or consumer lending services in Dallas's majority African American communities.

**Southern Dallas Zip Codes (High Minority Areas/Low to Moderate Income Census Tracts)**

75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

## Concerns:

- First Bank does not have a branch located in a low-income census tract in the DFW MSA.
- First Bank does not have a branch located in a high minority/high poverty<sup>1</sup> census tract in the DFW MSA.
- First Bank does not originate any commercial loans in low-income census tracts in the DFW MSA.
- First Bank does not originate any commercial loans in high minority/ high poverty<sup>2</sup> census tracts in the DFW MSA.
- First Bank does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.
- First Bank does not originate small business loans to businesses with less than a million dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA.
- First Bank does not offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA
- First Bank branch in Dallas is located in white-majority neighborhoods, compared to having none in majority-minority neighborhoods <sup>3</sup>

The Dallas–Fort Worth–Arlington metropolitan statistical area's population was 7,573,136 according to the U.S. Census Bureau's 2019 population estimates, making it the most populous metropolitan area in both Texas and the Southern United States, the fourth largest in the U.S., and the tenth largest in the Americas. The Dallas–Fort Worth metroplex has over one million African-American and the second-largest metro population of African-Americans in Texas.

*Dallas is a majority minority city (66.1 percent of population) with 41.8 percent of residents identifying as Hispanic and 24.3 percent identifying as Black.*

*Dallas is a city with a population of just under 1,344,000, including 24.3 percent African American residents, 41.8 percent Hispanic/Latinx residents, and 3.4 percent Asian residents; and 30.5 White (Non-Hispanic)*

## **Products available for the Underserved/Minority Communities**

Access to affordable credit is a key component of an individual's ability to cultivate a strong financial position and participate fully in the DFW economy. The Equal Credit Opportunity Act of 1974 was passed to protect all consumers, yet the effects of the discrimination endure today.

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<sup>1</sup> High Minority/High Poverty=Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) [https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e\\_0](https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0)

<sup>3</sup> DOJ Redlining Cases/ Few or no branches; <https://www.fhcci.org/wp-content/uploads/2013/08/Jonathan-Bont-Redlining.pdf>

First Bank fails to offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.

- [https://household-survey.fdic.gov/place-data?type=msa&area=Dallas\\_Fort\\_Worth\\_Arlington\\_TX](https://household-survey.fdic.gov/place-data?type=msa&area=Dallas_Fort_Worth_Arlington_TX)
  - The underbanked/unbanked information is available on the FDIC website.
- <https://www.aba.com/about-us/press-room/press-releases/aba-urges-americas-banks-to-offer-bank-on-certified-accounts>

First Bank does not have any special-purpose credit programs to address their disparities in home mortgage and small business lending in underserved high minority communities like Fort Worth.

- <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/>
- [https://www.hud.gov/sites/dfiles/GC/documents/Special\\_Purpose\\_Credit\\_Program\\_OGC\\_guidance\\_12-6-2021.pdf](https://www.hud.gov/sites/dfiles/GC/documents/Special_Purpose_Credit_Program_OGC_guidance_12-6-2021.pdf)
- [12 CFR § 202.8 - Special purpose credit programs.](#)
  - <https://www.ffiec.gov/PDF/fairlend.pdf>

**First Bank DFW MSA Locations:**

4400 Main Street Frisco, TX 75033; Full Service - Brick And Mortar; Located in an upper income census tract and in a white majority community. \*

4500 W. Eldorado Pkwy. Suite 1200 McKinney, TX 75070; Limited Service - Loan Production; Located in a middle-income census tract and in a white majority community. \*

1400 Preston Road Suite 290 Plano, TX 75093; Limited Service - Loan Production; Located in an upper income census tract and in a white majority community. \*

900 Bailey Ranch Road Aledo, TX 76008; Full Service - Brick And Mortar; Located in an upper income census tract and in a white majority community. \*

*\* Justice Department and Office of the Comptroller of the Currency Announce Actions to Resolve Lending Discrimination Claims Against Cadence Bank*

*The department also alleges that **bank branches were concentrated in majority-white neighborhoods**, that the bank's loan officers did not serve the credit needs of majority-Black and Hispanic neighborhoods and that the bank's outreach and marketing avoided those neighborhoods.*

<https://www.justice.gov/opa/pr/justice-department-and-office-comptroller-currency-announce-actions-resolve-lending>

- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, First Bank made a total of 1,407 in DFW MSA. This data demonstrated that in 2020, 17.05% (240) of all home loans in Dallas went to minorities however only 4.05% (57) of First Bank's home loans were extended to Blacks (African Americans).
  - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA
- Small Business Lending
  - Received almost no applications from applicants for properties located in African American and Hispanic Low to Moderate Income neighborhoods in the DFW MSA
  - First Bank does not originate any commercial loans in low-income census tracts in the DFW MSA.
  - First Bank does not originate any commercial loans in high minority/ high poverty<sup>4</sup> census tracts in the DFW MSA.
  - First Bank does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.
  - First Bank does not originate small business loans to businesses with less than a million dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA.

### **Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA)**

First Bank violates Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA) by discriminating against African Americans and other minority consumers. The Equal Credit Opportunity Act (ECOA) prohibits lenders from discriminating based on race and other characteristics.

As both the Equal Credit Opportunity Act (ECOA) and the Interagency Fair Lending Examination Procedures remind us, "A creditor shall not discriminate against an applicant regarding any aspect of a credit transaction"; **this includes small business and commercial lending.**

In terms of the discrimination, we assert that First Bank does engage in the following:

- Made no efforts to market to African Americans and/or Hispanics in Southern Dallas
- Does not specifically target any marketing toward Hispanic and/or African Americans in the DFW MSA and specifically Southern Dallas
- Received few applications from African Americans & Hispanics in the DFW MSA
- Received almost no applications from applicants for properties located in Low to Moderate Income neighborhoods in the DFW MSA, specifically African American and Hispanic neighborhoods
- Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA

### **Lack of Staff and Board Diversity**

First Bank does not have any African Americans and/or Hispanics on the Board of Directors.

First Bank does not have any African Americans and/or Hispanics on the DFW MSA Leadership Team.

First Bank does not have any Commercial Loans Officers in the DFW MSA that are African Americans and/or Hispanics.

First Bank does not have any Mortgage Loans Officers in the DFW MSA that are African Americans and/or Hispanics.

*The DFW MSA is majority minority.*

### **First Bank is not a member of any of the Minority Trade Organizations below:**

<https://regionalhca.org/>

<https://www.namcdfw.org/>

<https://blackcontractors.org/>

<https://aacatx.com/>

### **First Bank is not a member of any of the Minority Chambers below:**

<https://dallasblackchamber.org/>

<https://www.gdhcc.com/>

### **First Bank is not a member of any of the Minority Real Estate Trade Organizations below:**

<https://www.narebdallas.org/>

<http://nahrepdallas.org/>

<https://www.varep.net/index.php/dallas-chapter>

<https://narebnorthtexas.org/nareb-north-texas>

<https://wcdallas.com/>

<https://realestatealliance.org/>

<https://www.areaa.org/dfw>

### **Activities under the CRA since the last CRA Performance Evaluation**

First Bank fails to describe any significant CRA initiatives undertaken, particularly with respect to credit and deposit products and retail banking services targeted toward low- and moderate-income geographies, African American/Hispanic geographies, and individuals, identifying key elements of the products and services, the approximate date introduced, and results achieved to date.

First Bank fails to provide any details current community outreach and marketing efforts to residents and businesses throughout Bank's low-income census tracts, moderate-income census tracts, and major minority census tracts in the DFW MSA.

### **Per FDIC: Identifying and Mitigating Potential Redlining Risks**

First Bank fails to use this information provided by the FDIC.

<https://www.fdic.gov/resources/bankers/fair-lending/documents/fdic-redlining-fair-lending-resources-page.pdf>

The term "redlining" is defined according to the Interagency Fair Lending Examination Procedures as when "[a]n institution provides unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristic(s) of the residents of the area in which the credit seeker resides or will reside, or in which the residential property to be mortgaged is located. Redlining may also include 'reverse redlining,' the practice of targeting certain borrowers or areas with less advantageous products or services based on prohibited characteristics." 2 Redlining does not necessarily involve the complete avoidance of an area but can exist if applicants are treated differently on a prohibited basis characteristic based on where they live. As a bank's lending patterns and the demographic characteristics of a given area may shift over time, so may the level of redlining risk. As a result, a bank may want to review its redlining risk profile on a regular basis.

### **Lending Concerns**

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the small business lending of First Bank in Dallas. This is what NCRC found.

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, First Bank made a total of 351 in the DFW MSA. This data demonstrated that in 2019, 15.38% (54) of all home loans in Dallas went to minorities however only 2.84% (10) of First Bank's home loans were extended to Blacks (African Americans).
  - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority-Black and Hispanic neighborhoods compared to its peers in the DFW MSA

## **Southern Dallas in the News-Federal Reserve**

*America's top banking regulator: WFAA's 'Banking Below 30' investigation documenting unfair treatment of minorities 'very troubling'*

<https://www.wfaa.com/article/money/economy/americas-top-banking-regulator-highlights-wfaas-banking-below-30/287-1ff3c06f-a16c-4e61-b18a-3e7a25b17706>

*'Your story woke them up': National regulators get earful about banks ignoring minority community*

<https://www.wfaa.com/article/news/local/investigates/your-story-woke-them-up-national-regulators-get-earful-about-banks-ignoring-minority-community/287-aa788b21-1f36-4c62-93e4-3a4816a196ac>

## **Conclusion**

On behalf of the Fort Worth Community, would ask that you deny this application and refer this redlining case to the U.S. Department of Housing and Urban Development Fair Housing and Equal Opportunity, Department of Justice and Consumer Financial Protection Bureau for a further investigation.

Sincerely,

*James McGee*

James McGee  
President/Chair

[JMcGee@SouthernDallasProgress.com](mailto:JMcGee@SouthernDallasProgress.com)

Southern Dallas Progress Community Development Corporation



November 3, 2022

James McGee, President/Chair  
Southern Dallas Progress Community Development Corporation  
1402 Corinth St #147  
Dallas, TX 75215

Kristie K. Elmquist, Regional Director  
Federal Deposit Insurance Corporation (FDIC)  
Dallas Regional Office  
600 North Pearl Street, Suite 700  
Dallas, Texas 75201

RE: Protest regarding Application to Establish a Branch

Dear Mr. McGee and Ms. Elmquist,

First Bank has received your letter protesting our application to open a banking branch in Austin, Texas. The information received in the letter is of the utmost importance to First Bank. We welcome feedback from the community. At First Bank, fair and equitable treatment of our current and potential customers is an integral part of our overall commitment to maintaining the highest standards of fair business practices. We appreciate the opportunity to provide you with a response to the concerns noted in the letter.

Addressing First Bank's commitment to fair lending and community reinvestment would not be complete without sharing the Bank's history and core values. First Bank is a locally owned, community bank founded in 1907 in Wichita County, Texas. Since its inception, First Bank has maintained a strong presence in Wichita County with five full-service branches. In serving this rural community, First Bank's business model has its roots in smalltown, relationship banking. First Bank expanded its presence to the Dallas/Fort Worth (DFW) area by opening a Branch in Collin County in 2016 and Parker County in 2019. When considering the location of the branches in these communities, First Bank's Board of Directors were committed to maintaining its rich culture that values relationship and community banking. First Bank's DFW locations are in Frisco close to the historic downtown area and in Aledo with its rural, hometown culture. The bank expansion into the DFW market is in its infancy in relation to the long history of First Bank and its presence is minor considering the overall marketplace and competition of the area.

The protest letter focuses on First Bank's lending and performance in the DFW area. However, considering that First Bank has a 115-year history with a majority of its branches (71%) in Wichita County and two branches with a 6-year history in the DFW area, we will be responding to your concerns from the perspective of First Bank's lending and performance as a whole. This





is an accurate representation of First Bank's lending and banking practices and is in accordance with Federal Regulation for fair lending and the Community Reinvestment Act (CRA or The Act).

Concern #1: First Bank does not have a branch located in a low-income census tract in the DFW MSA.

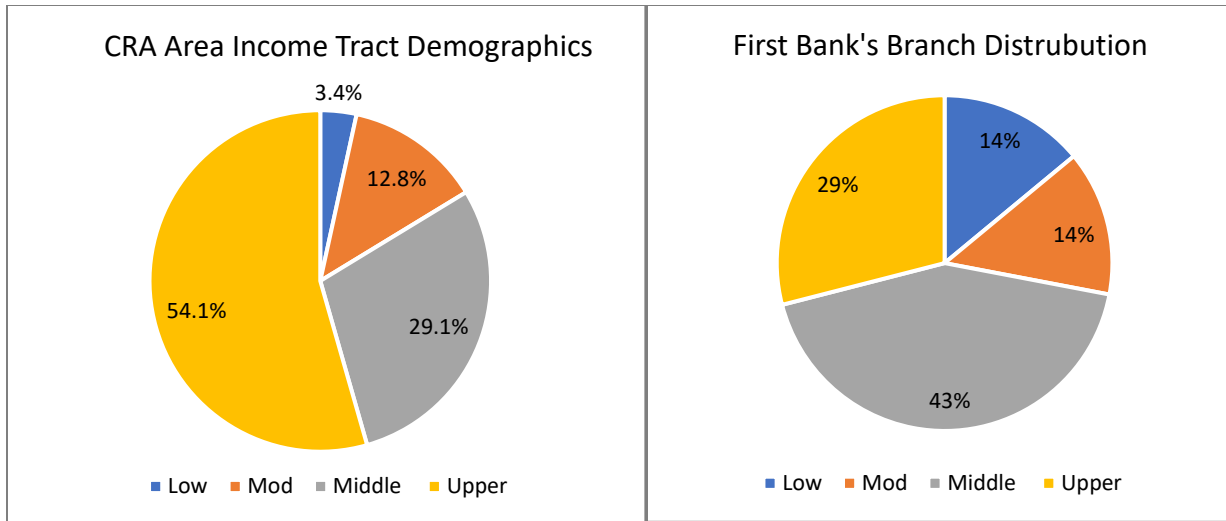
First Bank has seven full-service branches: five in Wichita County, one in Parker County and one in Denton County. Two branches (29%) are in upper income tracts, one (14%) is in moderate income tracts, and three (43%) are in middle-income tracts and one (14%) is in low-income tract. Exhibit A (pages 2-11) attached includes detailed maps reflecting the income census tracts of First Bank's CRA Assessment Areas where its branches are located. Exhibit B attached details the FFIEC's 2022 Geocode Census Reports for each branch indicating the demographics of the areas. First Bank thoroughly examines the demographics of our branches as part of our robust compliance oversight.

First Bank conducts regular economic and demographic analysis of the CRA Assessment Areas. Branch locations for openings and closings are carefully evaluated based on community needs and the Bank's ability to provide adequate services to the area. First Bank's pattern of lending within low- to moderate-income census tracts (LMICT) is analyzed and peer data is used for comparison. The compiled data is reviewed to determine if First Bank is meeting the credit needs of the community within the expected lending areas. Full reports are reviewed with Senior Management and Audit Committee and are considered in strategic planning for the Bank. These reports are available for review by the FDIC, the Bank's regulatory agency.

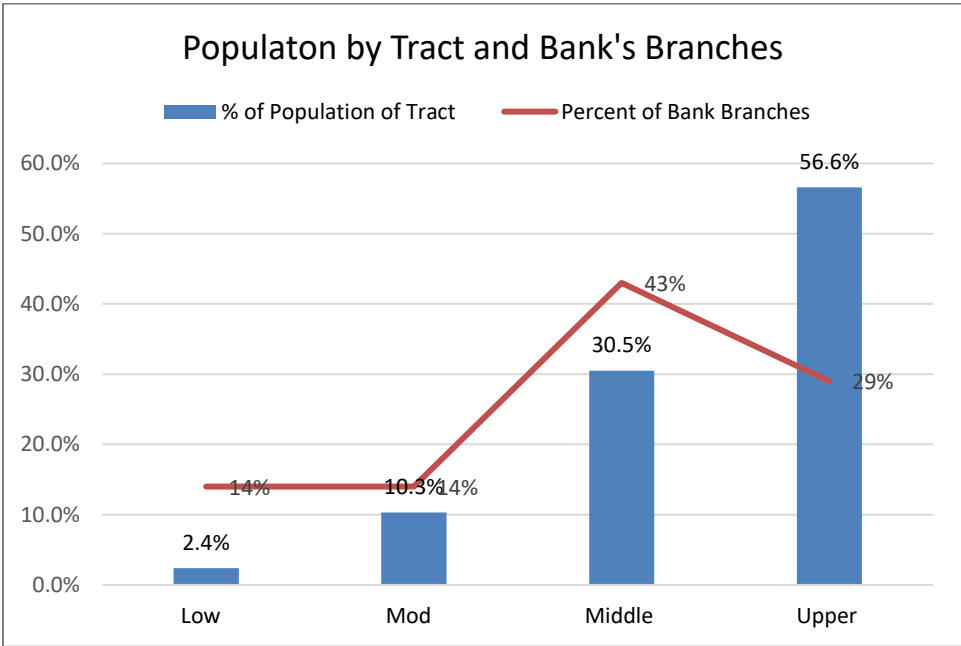
Currently First Bank has three designated Assessment Areas that includes the geographies where the Bank has its main office and branches: Wichita MSA, Collin/Denton Counties and Parker County. As demonstrated below, an evaluation of the census tract income levels in First Bank's CRA Assessment Areas demonstrates an equal distribution of branches in the Income Census Tracts. In accordance with The Act, the distribution of First Bank's Branches represents no illegal discrimination.

	CRA Area Demographics		First Bank's Branch Distribution	
Tract Income	#	%	#	%
Low	12	3.4%	1	14%
Mod	45	12.8%	1	14%
Middle	102	29.1%	3	43%
Upper	190	54.1%	2	29%
<b>Total</b>	<b>349</b>	<b>100.0%</b>	<b>7</b>	<b>100%</b>



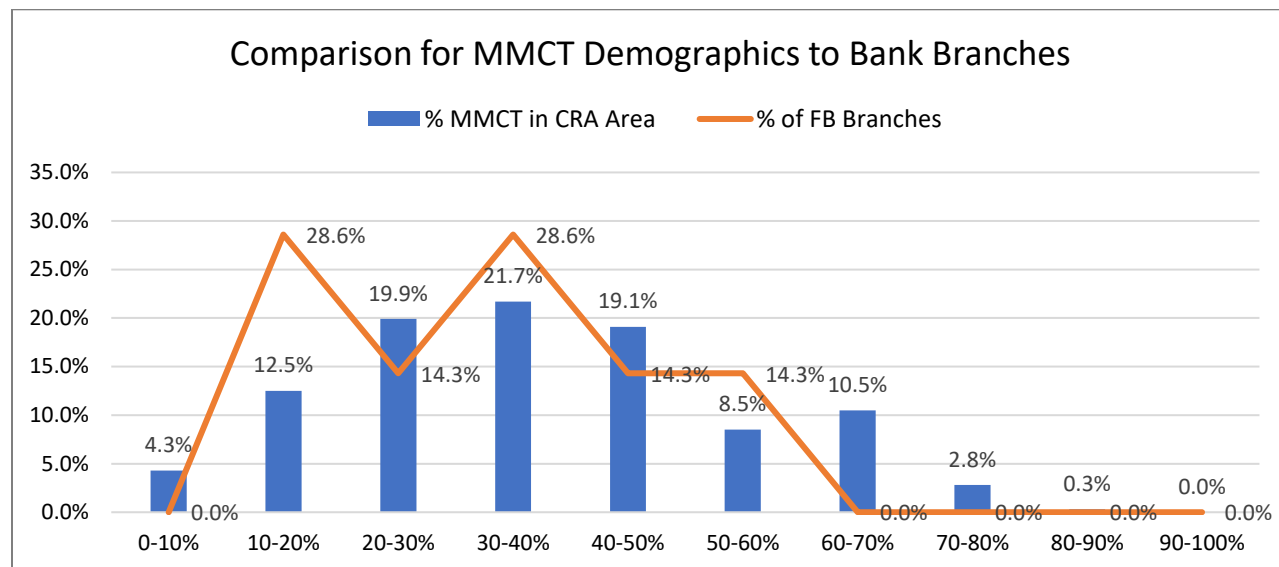


The protest letter specifically noted a concern regarding the lack of branches in Low-Income Census Tracts. Within First Bank’s established Assessment Areas, there are 351 Census Tracts: 12 (3.4%) Low Income, 45 (12.8%) Moderate Income, 102 (29.1%) Middle Income, and 190 (54.1%) Upper Income. As shown below, the locations of First Bank’s Branches are specifically modeled to effectively represent the demographic needs of the community. The FDIC noted in the Bank’s last CRA Performance Exam “the distribution of branches reflects excellent performance.” (Exhibit C, Page 13).



Concern #2: First Bank does not have a branch located in a high minority/high poverty census tract in the DFW MSA.

First Bank's branch locations are a representation of the diversity of the census tracts of the Assessment Areas: Two branches in 10-20%, one branch in the 20-30%, two branches in the 30-40%, one branch in the 40-50% and one branch in the 50-60%. As detailed in the charts below, the location of First Bank's Branches is specifically modeled to effectively represent the diversity and population of the community and indicates no evidence of discrimination.



Tract % Minority	CRA Area Demographics		First Bank's Branch Distribution	
	#	%	#	%
0-10%	15	4.3%	0	0.0%
10-20%	44	12.5%	2	28.6%
20-30%	70	19.9%	1	14.3%
30-40%	76	21.7%	2	28.6%
40-50%	67	19.1%	1	14.3%
50-60%	30	8.5%	1	14.3%
60-70%	37	10.5%	0	0.0%
70-80%	10	2.8%	0	0.0%
80-90%	1	0.3%	0	0.0%
90-100%	0	0.0%	0	0.0%
NA	1	0.0%	0	0.0%
<b>Total</b>	<b>351</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>

Exhibit A (pages 2-11) attached includes detailed maps reflecting the census tracts of First Bank's CRA Assessment Areas where its branches are located. Exhibit B attached details the FFIEC's 2022 Geocode Census Reports for each branch indicating the demographics of the



areas. First Bank examines the demographics of our branches as part of our robust compliance oversight.

It is important to note, when considering the needs of MMCT in lending, First Bank has a robust Fair Lending Program that requires mapping, testing and peer analysis of our Reasonably Expected Market Areas (REMA). First Bank considers its REMA different than the CRA Assessment area. Additional details of this information will be addressed in this letter under concerns noted regarding fair lending and redlining.

Concern #3: First Bank does not originate any commercial loans in low-income census tracts in the DFW MSA.

Concern #4: First Bank does not originate any commercial loans in high minority/ high poverty2 census tracts in the DFW MSA.

As an Intermediate Small Bank under CRA, First Bank does not report CRA data. First Bank requests that the protestor provide the data used for these statements so that we can adequately respond to your concerns.

First Bank's loan data does not support these claims. In the last three CRA Performance Exams, First Bank was rated "Satisfactory" for community reinvestment. The most recent CRA Exam (Exhibit C) documented that First Bank originated a variety of loans including commercial lending. As stated in the CRA Performance Evaluation it was determined that: "First Bank demonstrated a satisfactory overall Lending Test record. The reasonable geographic loan distribution combined with the reasonable borrower profile performance primarily supports this conclusion (Exhibit C, page 6)." Furthermore, First Bank received an "Outstanding" rating for Community Development. The exam credited First Bank with \$22.6 million in Community Development Lending. The examiner concluded that "the bank provided community development lending in the assessment areas in three categories, reflective of the bank's excellent responsiveness to the assessment area needs (Exhibit C, page 9)."

Concern #5: First Bank does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.

Concern #6: First Bank does not originate small business loans to businesses with less than a million dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA.

As mentioned above, First Bank is an Intermediate Small Bank under CRA and does not report CRA data. First Bank requests that the protestor provide the data used for these statements so that we can adequately respond to your concerns.

First Bank's loan data does not support these claims. As stated before, First Bank has a proven history in CRA Performance. In the last three CRA Performance Exams, First Bank received a "Satisfactory" rating. The most recent CRA Exam (Exhibit C) documented that First Bank



# **PUBLIC DISCLOSURE**

February 27, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Bank  
Certificate Number: 3121

300 East Third Street  
Burkburnett, Texas 76354

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.

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## 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 area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit 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.
- A majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution has taken appropriate action in response to substantiated complaints about its performance in meeting assessment area credit needs.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment areas. The institution provided for an excellent level of community development lending and community development services. Additionally, the institution displayed adequate performance regarding qualified investments.

## DESCRIPTION OF INSTITUTION

First Bank, established in 1907, is headquartered in Burkburnett, Texas. First Burkburnett Bancshares, Inc., a one-bank holding company, wholly owns the bank. First Bank does not have any other affiliates or subsidiaries. The bank received a "Satisfactory" rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated January 13, 2020, based on CRA Intermediate Small Institution (ISB) Evaluation Procedures.

First Bank remains a retail focused, community bank. Since the prior evaluation, the bank did not participate in any merger or acquisition activities. The bank did not open or close any full-service branches since the prior evaluation; however, the bank opened a new loan production office in the city of Austin, Texas in May 2021. In total, First Bank operates seven full-service branches including the main office and three loan production offices in the State of Texas. Refer to the Description of Institution's Operations sections for detailed branch descriptions.

First Bank offers a variety of loan products including consumer, commercial, residential real estate, and agricultural loans. It also provides a variety of deposit services including checking accounts, savings accounts, money market deposit accounts, individual retirement accounts, and certificates of deposit. Other alternative services include debit cards, automated teller machines (ATMs), drive-thru facilities, safe deposit boxes, telephone banking, online banking, and mobile banking. The bank operates hours typical for the industry and areas served.

Based on the December 31, 2022, Report of Condition and Income, the bank reported \$631.8 million in total assets, \$530.9 million in net loans, and almost \$549.6 million in total deposits. Overall, the bank experienced significant growth since the prior evaluation, with total assets increasing approximately 34.7 percent, net loans increasing 40.3 percent, and total deposits increasing 33.8 percent.

As seen in the following table, the mix of outstanding loans as of December 31, 2022, reflects a similar distribution to that shown for originated loans under the Scope of Evaluation section. Residential loans (secured by 1-4 family and secured by multi-family) represent the largest loan category of outstanding loans at 38.6 percent, followed by commercial loans (secured by nonfarm nonresidential and commercial and industrial) at 34.0 percent.

<b>Loan Portfolio Distribution as of 12/31/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	114,368	21.2
Secured by Farmland	25,013	4.6
Secured by 1-4 Family Residential Properties	188,830	34.9
Secured by Multifamily (5 or more) Residential Properties	20,132	3.7
Secured by Nonfarm Nonresidential Properties	123,638	22.9
<b>Total Real Estate Loans</b>	<b>471,981</b>	<b>87.3</b>
Commercial and Industrial Loans	59,944	11.1
Agricultural Production and Other Loans to Farmers	2,238	0.4
Consumer Loans	4,532	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2,152	0.4
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>540,847</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		



Based on the information discussed in this section, as well as other regulatory data, the institution's financial condition, size, product offerings, prior performance, and status of any legal impediments did not affect its ability to meet the assessment areas' credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas (AAs) for which examiners will evaluate its CRA performance. First Bank designated two AAs in the State of Texas for this evaluation's review. The first AA includes all of the Wichita Falls, Texas Metropolitan Statistical Area (MSA) (Wichita Falls MSA AA). The second AA includes two non-contiguous portions of the Dallas-Fort Worth-Arlington, Texas MSA (DFW MSA AA). The combined AAs encompass 351 census tracts with the following income designations based on the 2015 American Community Survey (ACS): 12 low-, 45 moderate-, 102 middle-, and 190 upper-income tracts, as well as 2 census tracts with no income designation. The areas conform to CRA regulatory requirements. Refer to the individual discussions of the AAs for more detail.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
Wichita Falls MSA AA	Archer, Clay, Wichita	43	5
DFW MSA AA	Collin, Denton, Parker	308	2
<i>Source: Bank Records</i>			

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from January 13, 2020, to February 27, 2023, the date of the previous evaluation to this evaluation's date. To evaluate performance, examiners applied the Federal Financial Institutions Examination Council's (FFIEC) ISB CRA Examination Procedures, which include the Lending Test and the Community Development Test. See the appendices for additional information regarding each test.

As seen in the table below, the Wichita Falls MSA AA comprises the majority of lending, deposits, and branches. Consequently, examiners performed full-scope procedures and weighed performance more heavily for the Wichita Falls MSA AA when arriving at conclusions and ratings. Examiners also performed full-scope procedures on the DFW MSA AA since this area did not receive a review following full-scope procedures at the previous evaluation.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Wichita Falls MSA AA	153,335	54.9	98,724	71.7	5	71.4
DFW MSA AA	125,947	45.1	440,926	18.3	2	28.6
<b>Total</b>	<b>279,282</b>	<b>100.0</b>	<b>539,650</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>
<i>Source: Bank Records; FDIC Summary of Deposits (06/30/2022)</i>						

## **Activities Reviewed**

For the Lending Test, CRA ISB procedures require examiners to determine the bank's major product lines from which to review. As an initial matter, examiners may select from among the same loan categories used for CRA Large Bank evaluations: home mortgage, small business, small farm, and consumer loans.

Considering the bank's overall lending strategy and the bank's dollar volume and number of loans originated during 2021, examiners determined the bank's major product lines include commercial and home mortgage lending at 32.8 and 28.4 percent of dollar volume, respectively. Agricultural and consumer lending do not represent major product lines and would not materially affect any conclusions or ratings. Examiners also considered construction and land development lending, which represents 32.5 percent by dollar volume; however, examiners did not select this product given the lack of comparable data available to measure the bank's lending performance.

The following table shows the bank's 2021 lending activity by loan category, which reflects a generally consistent pattern with the lending emphasis since last evaluation.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction & Land Development	147,721	32.5	320	14.0
Secured by Farmland	18,861	4.2	27	1.2
Secured by 1-4 Family Residential	121,615	26.8	488	21.3
Secured by Multi-Family Residential	7,245	1.6	11	0.4
Secured by Commercial Real Estate	58,621	12.9	74	3.2
<b>Total Real Estate Loans</b>	<b>354,063</b>	<b>78.0</b>	<b>920</b>	<b>40.2</b>
Agriculture	1,466	0.3	34	1.5
Commercial & Industrial	90,386	19.9	919	40.0
Consumer	3,430	0.8	389	17.0
Other Loans	4,604	1.0	32	1.4
<b>Total Loans</b>	<b>453,949</b>	<b>100.0</b>	<b>2,294</b>	<b>100.0</b>
<i>Source: Bank Records (1/1/21 – 12/31/21).</i>				

Examiners identified a small business universe of 954 loans totaling \$61.4 million from the 993 commercial loans totaling \$149.0 million originated in 2021. Examiners used all 954 small business loans to arrive at applicable conclusions for the assessment area concentration. Examiners

used all 751 small business loans totaling \$41.4 million, originated within the combined AAs, to arrive at applicable conclusions for the geographic distribution factor. For the borrower profile distribution performance factor conclusions, examiners used a random sample of 84 small business loans totaling \$3.5 million from the 751 small business loans originated within the combined AAs. Examiners based the sample on a 90 percent confidence interval with a greater than 10 percent precision level. D&B data for 2021 provided a standard of comparison for the small business loans.

For home mortgage, examiners analyzed and presented all home mortgage activity reported according to the Home Mortgage Disclosure Act (HMDA) in 2019, 2020, and 2021 to arrive at applicable conclusions under the assessment area concentration. The bank reported 1,231 home mortgage loans totaling \$293.3 million in 2019; 1,028 home mortgage loans totaling \$552.9 million in 2020; and 2,150 home mortgage loans totaling \$703.2 million in 2021. Examiners did not identify any trends among the various year's data that would affect conclusions or ratings. Consequently, examiners considered all 772 home mortgage loans totaling \$247.1 million originated within the bank's combined AAs in 2021, to arrive at applicable conclusions for the borrower profile and geographic distribution performance factors. Examiners used 2021 peer mortgage aggregate data and the demographics of the institution's AAs based on the 2015 ACS data to assess the bank's performance within these factors.

The following table shows that for the bank's activities for the loan categories reviewed, considering both the dollar volume and number percentages, home mortgage loans account for a higher percentage by dollar and number volume. However, small business loans are derived from the bank's largest product category, commercial lending.

<b>Loan Category Weighting</b>				
<b>Loan Category</b>	<b>Universes of Loan Categories Reviewed</b>			
	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Small Business	61,392	8.0	954	30.7
Home Mortgage	703,202	92.0	2,150	69.3
<b>Total</b>	<b>764,594</b>	<b>100.0</b>	<b>3,104</b>	<b>100.0</b>
<i>Source: Bank Records (1/1/21 – 12/31/21).</i>				

Examiners determined that each product would receive equal weight when arriving at applicable conclusions for the assessment area concentration. Examiners also considered differences in product emphasis, market economics, and credit needs among the bank's AAs during the review period. For the borrower profile and geographic distribution performance factors in the Wichita Falls MSA AA, small business loans will receive more weight. For the borrower profile and geographic distribution performance factors in the DFW MSA AA, home mortgage loans will receive more weight.

The performance evaluation presents information regarding the number and dollar volume of home mortgage and small business loans; however, for the Lending Test, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of families and businesses served.

The scope for the Community Development Test considered all community development activities since the FDIC Performance Evaluation dated January 13, 2020. The scope of this evaluation further encompassed all prior period qualified investments, those purchased prior to the evaluation, but still outstanding as of this evaluation's date.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

First Bank demonstrated a satisfactory overall record regarding the Lending Test. The reasonable loan-to-deposit ratio, majority of loans originated inside of the assessment areas, reasonable geographic distribution performance, and reasonable borrower profile performance all support this conclusion.

#### **Loan-to-Deposit Ratio**

The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activity) given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Report of Condition and Income data, averaged 94.0 percent over the past 12 calendar quarters since the prior evaluation, slightly lower than the average, net LTD ratio of 95.0 percent reported at last evaluation. The bank's quarterly net LTD ratios ranged from a low of 88.4 percent on September 30, 2020, to a high of 100.2 percent on June 30, 2021.

Examiners identified and listed in the following table three similarly situated institutions operating in the bank's general area and reflecting similar asset sizes and lending emphases. As shown, First Bank's ratio ranks second among the ratios. Specifically, the bank's ratio is 0.9 percentage points lower than the highest ratio.

<b>Loan-to-Deposit Ratio Comparative Level</b>		
<b>Bank Name and Location</b>	<b>Total Assets as of 12/31/2022 \$(000s)</b>	<b>Average, Net LTD Ratio (%)</b>
First Bank, Burkburnett, Texas	631,768	94.0
<b>Comparable Banks</b>		
Benchmark Bank, Plano, Texas	1,224,531	70.6
First National Bank, Wichita Falls, Texas	1,154,838	94.9
Pilgrim Bank, Pittsburg, Texas	680,790	73.7
<i>Source: Reports of Condition and Income (3/31/20 – 12/31/2022)</i>		

#### **Assessment Area Concentration**

The bank originated a majority of loans in the institution's AAs. The majority of home mortgage and small business loans originated inside the AAs primarily supports this conclusion. Examiners considered the bank's asset size and office structure as well as the loan categories reviewed relative to the combined size and economy of its AAs when arriving at this conclusion.

The following table shows First Bank originated a majority of its home mortgage loans for 2019 and 2020 inside the AAs by number and dollar volume. The table also shows that the bank originated a majority of its home mortgage loans for 2021 outside the AAs by number and dollar volume. Examiners noted during the evaluation period, the bank purchased an existing mortgage company located outside of the AAs in Austin, Texas, which led to the opening of a new loan production office in Austin as of May 2021. Therefore, examiners determined that the bank's 2021 home mortgage performance does not outweigh the bank's 2019 and 2020 home mortgage performance.

Further, as illustrated in the table, the bank originated a majority of its small business loans inside the AAs by number and dollar volume in 2021.

<b>Lending Inside and Outside of the Assessment Area</b>										
	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
<b>Loan Category</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2019	709	57.6	522	42.4	1,231	170,102	58.0	123,207	42.0	293,309
2020	1,028	51.5	968	48.5	1,996	295,063	53.4	257,831	46.6	552,894
2021	772	35.9	1,378	64.1	2,150	247,122	35.1	456,080	64.9	703,202
<b>Subtotal</b>	<b>2,509</b>	<b>46.7</b>	<b>2,868</b>	<b>53.3</b>	<b>5,377</b>	<b>712,287</b>	<b>46.0</b>	<b>837,118</b>	<b>54.0</b>	<b>1,549,405</b>
Small Business										
2021	751	78.7	203	21.3	954	41,431	67.5	19,961	32.5	61,392
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs for the institution as a whole. Reasonable performance in the Wichita Falls MSA AA coupled with reasonable performance in the DFW MSA AA supports this conclusion. Please see the AA review sections that follow for more detail about each individual AA.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes for the institution as a whole. Reasonable performances in the Wichita Falls MSA AA and DFW MSA AA primarily support this conclusion. Please see the AA review sections that follow for more detail about each individual AA.

In response to the COVID-19 pandemic, the Coronavirus Aid Relief and Economic Security Act, signed into law on March 27, 2020, established the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP provides loans to qualified businesses to retain employees through the COVID-19 pandemic, which includes loan forgiveness subject to certain

conditions. Participation in the PPP during the evaluation period reflects the bank's willingness to meet the credit needs of businesses of different sizes, including small businesses in response to the COVID-19 pandemic. Examiners noted the bank was particularly responsive to the needs of businesses in the AAs during the COVID-19 pandemic through their participation in the PPP, which allowed businesses to keep their workforce employed during the state of emergency. First Bank originated approximately 1,426 PPP loans, totaling approximately \$84.7 million, during the evaluation period.

### **Response to Complaints**

The institution has taken appropriate action in response to substantiated complaints about its performance in meeting assessment area credit needs. The bank did receive CRA-related complaints since the previous evaluation. The bank responded to all complaints in a timely and appropriate manner.

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AAs.

### **Community Development Loans**

The bank exhibited an excellent record regarding its community development loans. Excellent performance regarding the dollar volume of community development loans along with excellent responsiveness to the AA needs primarily supports this conclusion. Examiners evaluated the number and dollar volume of community development loans relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that since the last evaluation, the bank granted 25 community development loans totaling \$41.8 million. This level equates to 7.2 percent of average total assets of \$579.1 million and 8.6 percent of average net loans of \$488.5 million since the last evaluation. These levels reflect an increase over the 5.5 percent of average total assets and 6.6 percent of average total loans reported in the prior evaluation.

The following table illustrates the bank's community development loans by purpose and year. As shown, the bank provided community development lending in all four of the community development purpose categories. The majority of community development loans, 85.1 percent, benefitted efforts to revitalize or stabilize communities or support economic development activities, which supports identified community development needs and illustrates the bank's excellent responsiveness to those needs.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	0	0	1	2,400	2	4,331	6	10,616	9	17,346
2021	0	0	0	0	2	3,001	4	5,017	6	8,018
2022	3	3,837	0	0	3	5,785	4	6,805	10	16,427
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>3,837</b>	<b>1</b>	<b>2,400</b>	<b>7</b>	<b>13,116</b>	<b>14</b>	<b>22,438</b>	<b>25</b>	<b>41,791</b>
<i>Source: Bank Data (1/13/2020-2/27/2023)</i>										

The following table contains the distribution of community development loans by AA.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Wichita Falls MSA AA	0	0	1	2,400	3	6,178	9	13,603	13	22,181
DFW MSA AA	0	0	0	0	3	5,610	1	930	4	6,540
Statewide Activities	3	3,837	0	0	1	1,328	4	7,905	8	13,070
Total	3	3,837	1	2,400	7	13,116	14	22,438	25	41,791
Source: Bank Records (01/13/2020-2/27/2023)										

The following points provide notable examples of the bank's community development lending at the broader statewide level.

- **Affordable Housing:** In 2022, the bank originated three loans totaling \$3.8 million to finance the acquisition and renovation of multi-family apartment complexes that provide affordable housing for low- and moderate-income individuals at the broader statewide level.
- **Revitalize or Stabilize:** Since 2020, the bank originated four loans totaling \$7.9 million to facilitate the acquisition or maintenance of businesses or commercial properties located in low- and moderate-income areas. These loans support revitalization and stabilization efforts in low- and moderate-income areas at the broader statewide level.

Refer to the review of each AA for more detail on community development lending activities specific to individual areas.

### **Qualified Investments**

First Bank demonstrated an adequate record regarding its qualified investments. Adequate performance regarding the dollar volume of qualified investments primarily supports this conclusion. Examiners evaluated the number and dollar volume of qualified investments along with their responsiveness to the needs of the AA relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that the bank made 16 qualified investments totaling \$7.0 million, as well as 113 grants and donations totaling \$241 thousand. This level equates to 1.3 percent of average total assets of \$579.6 million and 119.0 percent of average total securities of \$6.1 million since the last evaluation. These levels reflect an increase from the 0.1 percent of average total assets, and a decrease from the 857.0 percent of average securities recorded at last evaluation.

The dollar amount of qualified investments represents a significant increase from the \$4.8 million at the prior evaluation. Additionally, at this evaluation, the bank provided qualified investments in all categories, reflective of the bank's excellent responsiveness to the AA needs. The following table illustrates the community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	177	8	2,604	0	0	0	0	9	2,781
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	7	4,207	0	0	0	0	7	4,207
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>177</b>	<b>15</b>	<b>6,811</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>6,988</b>
Grants & Donations	1	1	107	220	2	10	3	10	113	241
<b>Total</b>	<b>2</b>	<b>178</b>	<b>122</b>	<b>7,031</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>10</b>	<b>129</b>	<b>7,229</b>
<i>Source: Bank Records (01/13/2020-2/27/2023)</i>										

The following contains the distribution of qualified investments by AA.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Wichita Falls MSA AA	1	1	103	5,500	2	10	3	10	109	5,521
DFW MSA AA	1	177	18	1,530	0	0	0	0	19	1,707
Statewide Activities	0	0	1	1	0	0	0	0	1	1
<b>Total</b>	<b>2</b>	<b>178</b>	<b>122</b>	<b>7,031</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>10</b>	<b>129</b>	<b>7,229</b>
<i>Source: Bank Records (01/13/2020-2/27/2023)</i>										

The following point provides an example of the bank's qualified investments at the statewide level.

- **Community Service:** The bank made one donation of \$1000 to the Uvalde Community Response fund to support community service activities that benefit low- and moderate-income individuals at the broader statewide level.

Refer to the review of each AA regarding more detail on qualified investment activities specific to individual areas.



## **Community Development Services**

First Bank established an excellent record of providing community development services. Excellent performances regarding the bank's responsiveness to community development needs lifted the good results regarding the types of services to support this conclusion. Examiners evaluated the types and availability of services relative to the considerations noted for the Community Development Test when arriving at this conclusion.

The following table shows that the bank provided 84 community development services totaling 3,598 hours of service. The number of services equates to 3.8 community development services on average, per office, per year since the previous evaluation, and is reflective of good performance. While these levels reflect a decrease from the 4.4 community development services, per office, per year reported in the prior evaluation, the qualitative aspect of the community development services, as described below and within the AA sections, boosted the record to an excellent level. Additionally, at this evaluation, the bank provided community development services in all categories, reflective of the bank's excellent responsiveness to the AA needs.

The following table illustrates the community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020 (Partial)	7	15	2	1	25
2021	7	18	2	1	28
2022	7	21	2	1	31
YTD 2023	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>54</b>	<b>6</b>	<b>3</b>	<b>84</b>
<i>Source: Bank Data</i>					

The following table illustrates the distribution of community development services by AA.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Wichita MSA	21	47	6	3	77
Dallas MSA	0	6	0	0	6
Statewide Activities	0	1	0	0	1
<b>Total</b>	<b>21</b>	<b>54</b>	<b>6</b>	<b>3</b>	<b>84</b>
<i>Source: Bank Records (01/13/2020-2/27/2023)</i>					

As seen above, employees primarily assisted organizations that provided community service (64.2 percent) and affordable housing activities (25.0 percent). Examiners also gave qualitative consideration for service activities done on behalf of Habitat for Humanity as the bank provides these services to Habitat for Humanity at no cost. Habitat for Humanity provides affordable

housing for low- and moderate-income families as well as revitalization and stabilization of low- and moderate-income areas. Bank personnel provide them during normal businesses hours but the responsiveness provides a great impact in meeting a specified need of the bank's AA.

The following points provide examples of the bank's qualified community development services.

- **Affordable Housing:** The bank continues to provide ongoing loan servicing for Habitat for Humanity borrower's mortgage loans at no cost. During the evaluation period, the bank had 46 mortgage loans in loan servicing. Loan servicing includes loan booking, payment processing, escrow account handling, payoff calculations, and on-going customer service. During the evaluation period, First Bank provided approximately 950 hours for this service.
- **Community Services:** Through multiple different community service organizations, the bank promotes childcare, education, health, or social services that target in low- and moderate-income individuals or families. Several bank employees and Board members provided financial or technical expertise or counseling to nonprofit organizations that operate in a low- or moderate-income area and targeted the residents of the area.

The following table illustrates the bank's branching and ATM distributions during the review period. As shown, the bank does not operate any branches or ATMs in low-income census tracts. The bank holds 28.6 percent of its branches in moderate-income census tracts, which reflects an excellent level when compared to the population percentage within those tracts. Because more of the population resides in moderate-income census tracts compared to low-income census tracts, examiners weighted the availability of services in moderate-income census tracts more heavily.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Closed Branches		Closed ATMs	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	12	3.4	44,192	2.4	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	45	12.8	192,526	10.3	2	28.6	2	28.6	0	0.0	0	0.0
Middle	102	29.1	569,793	30.5	1	14.3	1	14.3	0	0.0	0	0.0
Upper	190	54.1	1,056,171	56.6	4	57.1	4	57.1	0	0.0	0	0.0
NA	2	0.6	4,017	0.2	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>351</b>	<b>100.0</b>	<b>1,866,699</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Source: Bank Records												

Besides its office locations, the bank provides other alternative delivery systems that help avail services to low- and moderate-income individuals. The above table shows a similar distribution of ATMs as shown for office locations. In addition to its ATMs, the bank provides other alternative banking services such as internet banking, mobile banking, and electronic banking with bill pay. These alternative delivery systems help avail the bank's services to low- and moderate-income individuals across the AAs.

Lastly, examiners noted the bank was particularly responsive to the needs of businesses in the combined assessment area during the COVID-19 pandemic through their participation in the PPP, which allowed businesses to keep their workforces employed during the state of emergency. As noted previously, First Bank originated 1,426 PPP loans, 276 of which were located in low- or moderate-income geographies.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

### **WICHITA FALLS MSA AA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN WICHITA FALLS MSA AA**

The bank continues to designate all of the Wichita Falls, Texas MSA as its AA. The Wichita Falls MSA AA consists of Archer, Clay, and Wichita Counties, comprised of 43 census tracts. The AA's census tracts reflect the following income designations based on 2015 ACS data: four low-, 12 moderate-, 13 middle-, and 13 upper-income census tracts. There is also one census tract with no income designation.

The bank maintains five branches, including the Main Office, in the Wichita Falls MSA AA. All branches have ATMs located on the branch property. As shown in the table below, both the Main Office and the 901 Lamar Street Branch operate in moderate-income census tracts according to the 2015 ACS.

<b>Office Locations Wichita Falls MSA AA</b>			
<b>County/City/Office</b>	<b>Office Type</b>	<b>Census Tract Income Level</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<b><i>Wichita County:</i></b>			
Burkburnett – 300 East Third	Main Office	Moderate	No
Iowa Park – 318 West Park Street	Branch	Middle	No
Wichita Falls – 4110 Kell Blvd	Branch	Upper	No
Wichita Falls – 901 Lamar Street	Branch	Moderate	No
Wichita Falls – 2801 Midwestern Pkwy	Branch	Upper	No
<i>Source: Bank records and ACS (2015)</i>			

#### **Economic and Demographic Data**

Wichita Falls remains a regional economic hub for North Texas and South-Central Oklahoma. According to Moody's Analytics, as of March 2023, the Wichita Falls' economy has been resilient as the area benefits from the stable presence of Sheppard Air Force Base and other defense-related

employers. Energy industry employers, as well as, diversification in healthcare and professional services also support the local economy. The area continues to benefit from low living and business costs.

According to the same report, the economic forecast for the area indicates an economy limited by employment growth in the energy industry and stagnant growth in local population and labor force. The area's economy remains at risk as oil prices drop and job cuts in mining and related industries reverse recovery in the sector. Other weakness indicators include weaker wages that will subdue growth in retail and leisure/hospitality more than expected. Longer-term expectations of the economy offer limited potential and average performance among metro areas in the southern United States.

The area's major employers remain Sheppard Air Force Base, United Regional Healthcare System, Wichita Falls Independent School District, and Midwestern State University. Service industries represent the largest portion of the area's businesses at 38.2 percent; followed by retail trade at 13.9 percent; and finance, insurance, and real estate at 9.8 percent. About 65.6 percent of the businesses hire four or fewer employees. The following table shows additional demographic and economic characteristics of the area.

Demographic Information of the Assessment Area Wichita Falls MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	43	9.3	27.9	30.2	30.2	2.3
Population by Geography	151,215	5.4	21.2	35.1	38.3	0.0
Housing Units by Geography	65,162	6.1	23.5	34.5	35.9	0.0
Owner-Occupied Units by Geography	35,703	5.0	19.6	36.8	38.7	0.0
Occupied Rental Units by Geography	19,734	7.4	28.8	26.9	37.0	0.0
Vacant Units by Geography	9,725	7.8	27.3	41.6	23.3	0.0
Businesses by Geography	10,327	3.9	28.0	24.4	43.5	0.1
Farms by Geography	446	2.5	13.5	47.3	36.8	0.0
Family Distribution by Income Level	36,174	21.5	16.8	20.5	41.3	0.0
Household Distribution by Income Level	55,437	23.8	16.3	18.3	41.6	0.0
Median Family Income MSA - 48660 Wichita Falls, TX MSA		\$57,690	Median Housing Value			\$95,990
			Median Gross Rent			\$758
			Families Below Poverty Level			12.3%
Source: 2015 ACS and 2021 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.						

As illustrated in the table below, unemployment rates in all three counties fell between 2020 and 2021; all three counties remained below the state and national averages.

Unemployment Rates Wichita Falls MSA AA		
Area	2020	2021
	%	%
Archer County	5.3	4.2
Clay County	5.5	4.9
Wichita County	6.6	5.3
State of Texas	7.7	5.7
National Average	8.1	5.4
<i>Source: Bureau of Labor Statistics.</i>		

Examiners utilized the 2021 FFIEC-updated Median Family Income (MFI) level to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges, based on the 2021 FFIEC-estimated MFI of \$69,000.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Wichita Falls, TX MSA Median Family Income (48660)				
2021 (\$69,000)	<\$34,500	\$34,500 to <\$55,200	\$55,200 to <\$82,800	≥\$82,800
<i>Source: FFIEC</i>				

## **Competition**

The area contains a moderate level of competition from other chartered banks based on its population, with 40 offices representing 14 institutions. First Bank ranks 5<sup>th</sup> in deposit market share by capturing 11.2 percent of the area's deposits, as of the June 30, 2022 FDIC Deposit Market Share report.

## **Community Contacts**

Examiners utilized an existing community contact from a local community based organization focused on economic development to help assess the area's current economic conditions, community credit needs, and potential opportunities for bank involvement. The contact noted that the area's economic conditions are stable and local institutions are meeting credit needs. Overall, the contact felt that financial institutions have been responsive to the credit and community development needs of the area.

The contact noted that small business and home mortgage lending continue to be in demand as the area economy continues to grow. The area experienced increases in new residents and new businesses during the review period. Rising home prices restrict the availability of affordable housing in the area. The contact further stated that the area benefitted from strong and active local banks.

## **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent primary credit needs of the AA. The significant percentage of businesses with gross annual revenues of \$1 million or less supports this conclusion. In addition, activities that revitalize and stabilize as well as support affordable housing represent the primary community development needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN WICHITA FALLS MSA AA**

### **LENDING TEST**

The bank displayed a satisfactory record in the Wichita Falls MSA AA regarding the Lending Test. Reasonable performances regarding geographic distribution and borrower profile support this conclusion.

### **Geographic Distribution**

The geographic distribution of lending reflects reasonable dispersion throughout the Wichita Falls MSA AA. Reasonable small business and home mortgage lending supports this conclusion. Examiners focused on the bank's level of lending within low- and moderate-income census tracts when arriving at conclusions.

### ***Small Business Loans***

The geographic distribution of small business loans in the Wichita Falls MSA AA reflects reasonable performance.

The following table shows that in low-income census tracts, the bank's percentage of loans by number slightly trails the percentage of businesses (D&B) data by 1.3 percentage points, reflecting reasonable performance. For moderate-income census tracts, the bank's percentage of the number of loans also trails the D&B level by 5.8 percentage points, reflecting reasonable performance.

<b>Geographic Distribution of Small Business Loans Wichita Falls MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.9	17	2.6	1,120	3.5
Moderate	28.0	145	22.2	11,713	36.3
Middle	24.4	176	27.0	5,719	17.7
Upper	43.5	314	48.2	13,687	42.5
Not Available	0.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>652</b>	<b>100.0</b>	<b>32,239</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans in the Wichita Falls MSA AA reflects reasonable performance.

The following table shows that in low-income census tracts, the bank's percentage of loans by number exceeded aggregate performance by 0.3 percentage points, reflecting reasonable performance. For moderate-income census tracts, the bank's percentage of the number of loans also exceeded aggregate performance by 0.6 percentage points, reflecting reasonable performance.

<b>Geographic Distribution of Home Mortgage Loans Wichita Falls MSA AA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	5.0	1.5	3	1.8	456	1.7
Moderate	19.6	15.3	26	15.9	2,816	10.8
Middle	36.8	31.4	46	28.0	6,519	25.0
Upper	38.7	51.7	89	54.3	16,338	62.5
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>	<b>26,129</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the Wichita Falls MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performances regarding small business and home mortgage lending support this conclusion.

### ***Small Business Loans***

The borrower profile distribution of small business loans in the Wichita Falls MSA AA reflects reasonable performance. Examiners focused on the bank's overall levels when arriving at this conclusion.

The following table shows that the bank originated 87.0 percent of its small business loans, by number, to businesses with gross annual revenues of \$1 million or less. This number exceeds the D&B level by 4.4 percentage points, reflecting reasonable performance. It further shows that in the smallest revenue category, the bank granted over half of its loans, supporting reasonable performance.

Detailed Distribution of Small Business Loans by Gross Annual Revenues Wichita Falls MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	51.5	28	51.8	226	12.5
\$100,000 - \$249,999	21.2	7	13.0	197	10.9
\$250,000 - \$499,999	6.4	7	13.0	230	12.7
\$500,000 - \$1,000,000	3.5	5	9.2	250	13.8
<b>Subtotal &lt;= \$1,000,000</b>	<b>82.6</b>	<b>47</b>	<b>87.0</b>	<b>903</b>	<b>50.0</b>
>\$1,000,000	4.5	2	3.7	458	25.4
Revenue Not Available	12.9	5	9.3	445	24.6
<b>Total</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>1,806</b>	<b>100.0</b>
Source: 2021 D&B Data, Bank Data Due to rounding, totals may not equal 100.0%					

### Home Mortgage Loans

The borrower profile distribution of home mortgage loans in the Wichita Falls MSA AA reflects reasonable performance.

The following table shows that the bank originated 6.7 percent of home mortgage loans to low-income borrowers. This activity exceeds aggregate performance by 2.5 percentage points, indicative of reasonable performance. The bank originated 17.7 percent, by number, of home mortgage loans to moderate-income borrowers. This level of activity exceeds aggregate performance by 2.7 percentage points, which is indicative of reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Wichita Falls MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	21.5	4.2	11	6.7	1,018	3.9
Moderate	16.8	15.0	29	17.7	2,887	11.0
Middle	20.5	20.0	24	14.6	4,014	15.4
Upper	41.3	34.6	68	41.5	14,188	54.3
Not Available	0.0	26.2	32	19.5	4,022	15.4
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>	<b>26,129</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

## COMMUNITY DEVELOPMENT TEST

The bank demonstrated an outstanding record regarding the Community Development Test in the Wichita Falls MSA AA. The institution's community development performance demonstrates excellent responsiveness to community development needs in its Wichita Falls MSA AA through



community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's Wichita Falls MSA AA.

### **Community Development Loans**

During the review period, First Bank originated 13 community development loans totaling approximately \$22.2 million. This level of activity represents a significant increase in overall activity from the last evaluation, where the bank reported four community development loans totaling \$10.0 million in this AA. This level of activity represents 53.1 percent of the bank's overall excellent level and aligns with the 54.9 percent of loans attributed to this AA. Consequently, the community development loans proved responsive to the needs of the Wichita Falls MSA AA community.

The following table displays the bank's community development lending in the Wichita Falls MSA AA by year and purpose.

<b>Community Development Lending Wichita Falls MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020 (Partial)	0	0	1	2,400	1	3,177	4	6,841	6	12,418
2021	0	0	0	0	2	3,001	2	3,212	4	6,213
2022	0	0	0	0	0	0	3	3,550	3	3,550
YTD 2023	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2,400</b>	<b>3</b>	<b>6,178</b>	<b>9</b>	<b>13,603</b>	<b>13</b>	<b>22,181</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following provides an example of community development lending originated within the Wichita Falls MSA AA.

- ***Economic Development:*** First Bank originated three loans to local businesses totaling almost \$6.2 million through the PPP to retain their workforce during the COVID-19 Pandemic. Each of these businesses meet the SBA size standards, and provide permanent employment opportunities for low- and moderate-income individuals.

### **Qualified Investments**

First Bank made use of 109 qualified investments and donations totaling \$5.5 million, an increase from the 66 qualified investments and donations totaling \$3.1 million at the previous evaluation. This level of qualified investment activity equates to 76.4 percent of the adequate level of qualified investments bank-wide and compared favorably to the 71.7 percent of the bank's deposits attributed to this AA. Based on the overall investment activity, the bank proved responsive to the needs of the Wichita Falls MSA AA community.

The following table displays the bank's qualified investment activity within the Wichita Fall MSA AA by year and purpose.

Qualified Investments Wichita Falls MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	8	2,604	0	0	0	0	8	2,604
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	5	2,700	0	0	0	0	5	2,700
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>5,304</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>5,304</b>
Qualified Grants & Donations	1	1	90	196	2	10	3	10	96	217
<b>Total</b>	<b>1</b>	<b>1</b>	<b>103</b>	<b>5,500</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>10</b>	<b>109</b>	<b>5,521</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following provides an example of the qualified investment and donation activity in the Wichita Falls MSA AA.

- **Community Service:** Since the last evaluation, the bank maintained eight prior period investments and created five new investments totaling \$5.3 million for independent school district bonds that support educational activities and facilities benefiting low- and moderate-income communities within the AA. The purpose of these bonds is to construct, renovate, and equip new buildings and school buses within each district.

### **Community Development Services**

During the review period, First Bank provided 77 instances of financial expertise to community development-related organizations in the Wichita Falls MSA AA during the evaluation period. This figure reflects an increase over the 63 community development services recorded at the prior evaluation in the Wichita Falls MSA AA. The number of community development services in this area equates to 91.7 percent of the total community development services. The community development services primarily provided for community services targeted to low- and moderate-income individuals, but the bank provided for community development services in all community development categories.

The following table displays the bank's community development service activity within the Wichita Fall MSA AA by year and purpose.

Community Development Services Wichita Falls MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	7	13	2	1	23
2021	7	15	2	1	25
2022	7	19	2	1	29
YTD 2023	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>47</b>	<b>6</b>	<b>3</b>	<b>77</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>					

The following provides an example of the bank's qualified community development services.

- **Revitalize or Stabilize:** A member of the bank provides financial expertise and serves as a Board member/Treasurer to local economic development corporations. The mission of these organizations is to attract and retain businesses to the Wichita Falls MSA AA. These services help support the creation and retention of employment opportunities for low- and moderate-income individuals within the AA.

## DFW MSA AA – Full-Scope Review

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN DFW MSA AA

The bank designates all census tracts within the following counties of the DFW MSA: Collin, Denton, and Parker County. The 308 census tracts reflect the following income designations as of the 2015 ACS data: eight low-, 33 moderate-, 89 middle-, and 177 upper-income census tracts. There is also one census tract with no income designation.

The bank maintains two full-service branches in the DFW MSA AA. Both branches have ATMs located on the branch property. The bank also maintains two loan production offices in the DFW MSA AA. As shown in the table below, both branches are located in upper-income census tracts according to the 2015 ACS data.

Office Locations DFW MSA AA			
County/City/Office	Office Type	Census Tract Income Level	Office Opened or Closed Since Last Evaluation
<b>Collin County:</b> Frisco – 4400 Main Street	Branch	Upper	No
<b>Parker County:</b> Aledo – 900 Bailey Ranch Road	Branch	Upper	No
<i>Source: Bank records and ACS (2015)</i>			

## **Economic and Demographic Data**

The DFW MSA continues to experience strong job growth overall, outpacing the national average through 2022. According to Moody's Analytics, as of March 2023, the DFW area experiences stable demand for professional services because of the many existing and new corporate headquarters located in the metroplex. DFW also serves as a well-positioned distribution center for the Southwest as international trade grows. Every major industry in DFW outperformed the corresponding national average except government. Economic weaknesses of the area include exposure to volatility in the technology and energy industries, as well as diminished housing affordability. According to the same report, the DFW MSA should outperform the national average throughout 2023, though homebuilding will lag, and housing overall will weaken. Longer term, the area is expected to continue above-average performance based on the concentration of corporate headquarters, a multi-faceted economy, and healthy population growth.

The area's major employers include Bank of America Corp., Texas Instruments, and Capital One Finance, as well as various employers focusing on healthcare, government, and education. Service industries represent the largest portion of the area's businesses at 40.3 percent; followed by finance, insurance, and real estate at 11.9 percent; and retail trade at 9.9 percent. About 65.5 percent of the businesses hire four or fewer employees. The following table shows additional demographic and economic characteristics of the area.

Demographic Information of the Assessment Area DFW MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	308	2.6	10.7	28.9	57.5	0.3
Population by Geography	1,715,484	2.1	9.4	30.1	58.2	0.2
Housing Units by Geography	641,631	2.6	9.8	31.3	55.9	0.4
Owner-Occupied Units by Geography	402,243	0.3	5.5	27.8	66.2	0.1
Occupied Rental Units by Geography	203,640	6.8	17.6	36.6	38.0	1.0
Vacant Units by Geography	35,748	4.1	13.6	40.1	41.5	0.7
Businesses by Geography	233,878	2.6	6.7	24.8	65.8	0.2
Farms by Geography	5,019	1.5	6.0	32.8	59.6	0.1
Family Distribution by Income Level	441,768	13.8	13.1	17.2	56.0	0.0
Household Distribution by Income Level	605,883	15.8	13.5	16.5	54.2	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX		\$71,149	Median Housing Value			\$219,293
Median Family Income MSA - 23104 Fort Worth-Arlington-Grapevine, TX		\$69,339	Median Gross Rent			\$1,096
			Families Below Poverty Level			5.8%
Source: 2015 ACS and 2021 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.						

As illustrated in the table below, unemployment rates in all three counties fell between 2020 and 2021, and all counties remained below the state and national averages.

<b>Unemployment Rates DFW MSA AA</b>		
<b>Area</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Collin County	6.3	4.3
Denton County	6.4	4.4
Parker County	5.8	4.4
State of Texas	7.7	5.7
National Average	8.1	5.4
<i>Source: Bureau of Labor Statistics.</i>		

Examiners utilized the 2021 FFIEC-updated MFI level to analyze home mortgage loans under the borrower profile criterion. The following table shows the applicable income ranges, based on the 2021 FFIEC-estimated MFI.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Dallas-Plano-Irving, TX MSA Median Family Income (19124)</b>				
2021 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
<b>Fort Worth-Arlington-Grapevine, TX MSA Median Family Income (23104)</b>				
2021 (\$80,500)	<\$40,250	\$40,250 to <\$64,400	\$64,400 to <\$96,600	≥\$96,600
<i>Source: FFIEC</i>				

## **Competition**

The area contains a high level of competition from other chartered banks based on its population, with 442 offices representing 92 institutions. First Bank ranks 55<sup>th</sup> in deposit market share by capturing 0.2 percent of the area's deposits, as of the June 30, 2022 FDIC Deposit Market Share report. The competition level serves to restrict lending opportunities.

## **Community Contacts**

Examiners reviewed an existing community contact from a community-based organization that supports affordable housing to help assess the area's current economic conditions, community credit needs, and potential opportunities for bank involvement. Given the nature of the bank's assessment area, information from this contact was specific to Parker County. The contact noted that the area's economic conditions remain stable and local institutions are meeting credit needs. Overall, the contact felt that financial institutions have been responsive to the credit and community development needs of the area.

The contact noted that small business and home mortgage lending continue to be in demand as the area economy continues to grow. The area experienced increases in new residents and new businesses during the review period. Rising home prices restricted the availability of affordable housing in the area. The contact also stated that the area benefitted from strong and active local banks.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending present primary credit needs of the assessment area. The significant percentage of businesses and farms with gross annual revenues of \$1 million or less supports this conclusion. In addition, activities that revitalize and stabilize as well as support affordable housing represent the primary community development needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN DFW MSA AA**

### **LENDING TEST**

The bank displayed satisfactory performance within the DFW MSA AA regarding the Lending Test. The reasonable records regarding geographic distribution and borrower profile support this conclusion.

### **Geographic Distribution**

The geographic distribution of lending reflects reasonable dispersion throughout the DFW MSA AA. Reasonable home mortgage and small business lending support this conclusion. Examiners focused on the bank's level of lending within low- and moderate-income census tracts when arriving at conclusions.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans in the DFW MSA AA reflects reasonable performance.

The following table shows that in low-income census tracts, the bank's percentage of loans by number equaled the aggregate level, reflecting reasonable performance. For moderate-income census tracts, the bank's percentage of the number of loans exceeded aggregate performance by 1.0 percentage points, reflecting reasonable performance.

Geographic Distribution of Home Mortgage Loans DFW MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.3	0.2	1	0.2	252	0.1
Moderate	5.5	3.6	28	4.6	8,132	3.7
Middle	27.8	28.9	160	26.3	46,444	21.0
Upper	66.2	67.4	419	68.9	166,165	75.2
Not Available	0.1	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>608</b>	<b>100.0</b>	<b>220,993</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The geographic distribution of small business loans in the DFW MSA AA reflects reasonable performance.

The following table shows that the bank did not originate any small business loans in low-income census tracts, indicative of poor performance. However, examiners considered the limited opportunity for small business lending as supported by the low percentage of businesses (D&B) operating in those areas. For moderate-income census tracts, the bank's percentage of the number of loans trails the D&B level by 4.7 percentage points. Again, considering the limited small business lending opportunity in moderate-income census tracts, this activity reflects reasonable performance.

Geographic Distribution of Small Business Loans DFW MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.6	0	0.0	0	0.0
Moderate	6.7	2	2.0	761	8.3
Middle	24.8	18	18.2	883	9.6
Upper	65.8	79	79.8	7,548	82.1
Not Available	0.2	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>99</b>	<b>100.0</b>	<b>9,192</b>	<b>100.0</b>
Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the DFW MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and

businesses of different sizes. Reasonable performances regarding home mortgage and small business lending support this conclusion.

### ***Home Mortgage Loans***

The borrower profile distribution of home mortgage loans in the DFW MSA AA reflects reasonable performance.

The following table shows that the bank originated 0.8 percent of home mortgage loans to low-income borrowers. This activity trails aggregate performance by 1.2 percentage points, indicative of reasonable performance. The bank originated 11.5 percent, by number, of home mortgage loans to moderate-income borrowers. This level of activity exceeds aggregate performance by 1.8 percentage points, supporting reasonable performance.

<b>Distribution of Home Mortgage Loans by Borrower Income Level DFW MSA AA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	13.8	2.0	5	0.8	790	0.4
Moderate	13.1	9.7	70	11.5	15,423	7.0
Middle	17.2	17.6	124	20.4	37,655	17.0
Upper	56.0	50.4	370	60.9	156,606	70.9
Not Available	0.0	20.3	39	6.4	10,521	4.8
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>608</b>	<b>100.0</b>	<b>220,993</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The borrower profile distribution of small business loans in the DFW MSA AA reflects reasonable performance.

The following table shows that the bank originated 73.0 percent of its small business loans, by number, to businesses with gross annual revenues of \$1 million or less. This number trails D&B level by 17.9 percentage points. The table further shows that in the two smallest revenue categories, the bank granted over half of its loans. Considering the overall level of the bank's lending to businesses with gross annual revenues of \$1 million or less, and the percentage of loans where revenue was not available, this activity reflects reasonable performance.



Detailed Distribution of Small Business Loans by Gross Annual Revenues DFW MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	63.0	6	20.0	83	4.8
\$100,000 - \$249,999	21.5	10	33.3	300	17.3
\$250,000 - \$499,999	4.4	4	13.3	126	7.3
\$500,000 - \$1,000,000	2.0	2	6.7	416	24.0
<b>Subtotal &lt;= \$1,000,000</b>	<b>90.9</b>	<b>22</b>	<b>73.0</b>	<b>925</b>	<b>53.0</b>
>\$1,000,000	2.4	4	13.3	628	36.3
Revenue Not Available	6.7	4	13.3	178	10.3
<b>Total</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>1,731</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data, Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>					

## COMMUNITY DEVELOPMENT TEST

The bank demonstrated a satisfactory record regarding the Community Development Test in the DFW MSA AA. The institution's community development performance demonstrates adequate responsiveness to community development needs in the DFW MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's DFW MSA AA.

### Community Development Loans

During the review period, First Bank originated four community development loans totaling \$6.5 million. This level of activity represents a similar number, but slight increase by dollar volume from that noted at the last evaluation. This level of activity represents 15.6 percent of the overall bank's excellent level of community development lending as compared to the 45.1 percent of loans attributed to this AA. The bank exhibited responsiveness to the needs of the DFW MSA AA community through its community development lending.

The following table displays the bank's community development lending activity by year and purpose in the DFW MSA AA.

Community Development Lending DFW MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	0	0	0	0	1	1,153	0	0	1	1,153
2021	0	0	0	0	0	0	1	930	1	930
2022	0	0	0	0	2	4,457	0	0	2	4,457
YTD 2023	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>5,610</b>	<b>1</b>	<b>930</b>	<b>4</b>	<b>6,540</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following provides an example of a community development loan in the DFW MSA AA.

- ***Economic Development:*** First Bank originated two loans to local businesses totaling \$4.5 million to facilitate working capital and payroll for minimum wage workers. Each of these businesses meet the SBA size standards, and provide permanent employment opportunities for low- and moderate-income individuals.

### **Qualified Investments**

First Bank made use of 19 qualified investments and donations totaling \$1.7 million. This level represents a slight increase from the 10 qualified investments and donations totaling \$1.6 million at the previous evaluation. This level of qualified investment activity equates to 23.6 percent of total dollar volume of the adequate level of qualified investments bank-wide. As noted, the DFW MSA AA contributed 18.3 percent of the bank's deposits. The bank exhibited responsiveness to the needs of the DFW MSA AA community through its community development investments and donations.

The following table displays the bank's qualified investment activity by year and purpose in the DFW MSA AA.

Qualified Investments DFW MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	177	0	0	0	0	0	0	1	177
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	2	1,507	0	0	0	0	2	1,507
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>177</b>	<b>2</b>	<b>1,507</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1,684</b>
Qualified Grants & Donations	0	0	16	23	0	0	0	0	16	23
<b>Total</b>	<b>1</b>	<b>177</b>	<b>18</b>	<b>1,530</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>1,707</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>										

The following is an example of a qualified investment made in the DFW MSA AA.

- **Community Service:** Since the last evaluation, the bank purchased two municipal independent school district bonds that support education facilities and activities for students located in low- and moderate-income communities. These bonds support districts where more than 50 percent of students meet the United States Department of Agriculture income eligibility guidelines to receive free or reduced-priced lunches.

## Community Development Services

During the review period, First Bank provided six instances of financial expertise to community development-related organizations in the DFW MSA AA during the evaluation period. This figure reflects a slight decrease from the nine community development services recorded at the prior evaluation. The number of community development services in this area equates to 7.1 percent of the total community development services. The community development services primarily provided for community services targeted to low- and moderate-income individuals, and demonstrated responsiveness to the needs of the DFW MSA AA.

The following table displays the bank's community development service activity within the DFW MSA AA by year and purpose.

Community Development Services DFW MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	0	2	0	0	2
2021	0	2	0	0	2
2022	0	2	0	0	2
YTD 2023	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
<i>Source: Bank Records (1/13/2020-2/27/2023)</i>					

The following provides an example of the bank's qualified community development services.

- **Community Service:** A member of the bank provides financial expertise and serves as a Board member to a local community service organization. The mission of this organization is to provide financial assistance, job placement, mentoring, and budget accountability for low- and moderate-income individuals and areas in the DFW MSA AA.

## **APPENDICES**

### **INTERMEDIATE 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 bank'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).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.



**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

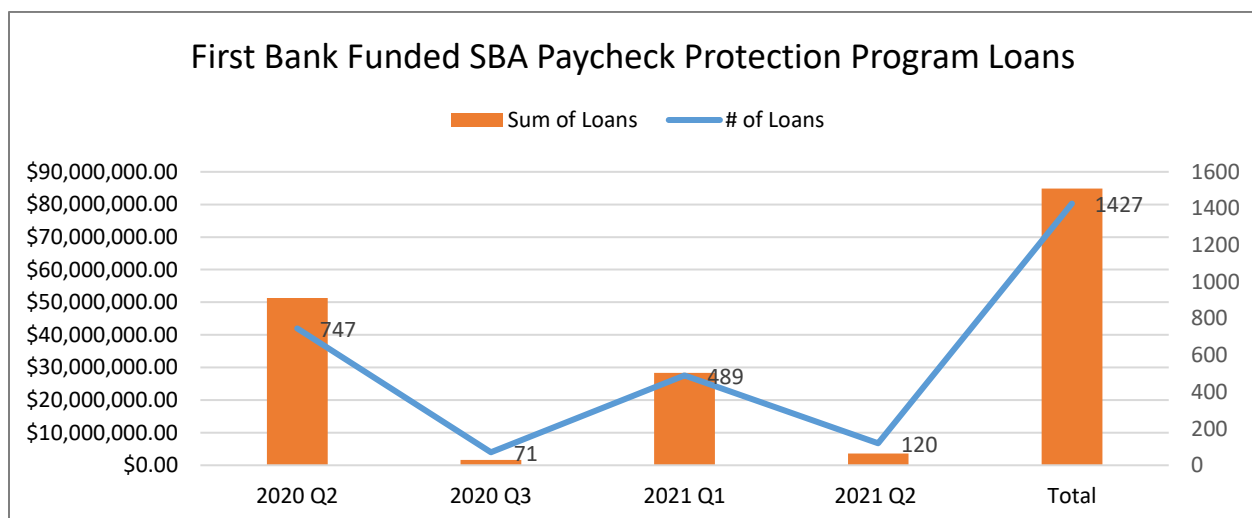
**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**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.

originated a substantial number of small business loans (573 loans, totaling \$43.0 million). As stated in the CRA Performance Evaluation it was determined that: “First Bank demonstrated a satisfactory overall Lending Test record. The reasonable geographic loan distribution combined with the reasonable borrower profile performance primarily supports this conclusion (Exhibit C, page 6).”

First Bank was a leader for the Paycheck Protection Program (PPP) implemented by the CARES Act. PPP Loans are a U.S. Small Business Administration loan that helped businesses keep their workforce employed during the COVID-19 crisis. In 2020 and 2021 First Bank worked tirelessly to process applications and fund loans for Small Businesses. As detailed below, the Bank made 1427 PPP Loans totaling \$84,883,611. Visit the following web site for more information about the PPP Loan Program that supported small businesses and their employees during the COVID19 pandemic: <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program>.



**Concern #7: First Bank does not offer any solutions for the 163,000 unbanked/underbanked residents in the DFW MSA.**

First Bank has a variety of solutions to benefit individuals that are unbanked/underbanked in our communities. The following services are available at all branches to ensure First Bank meets the needs of our communities:

- Internet Banking
- ITIN Cards accepted for Identification
- Matricula Consular Card from Mexico accepted for Identification
- Mobile Banking
- Bilingual Employees
- Online Loan Applications
- Small-Dollar Consumer Loans



- ATM Drive Through Service
- Saturday Bank Hours
- Low or No Down Payment Mortgage Loans
- No Fee Checking Accounts
- Down Payment Assistance Mortgage Loans
- Fully Staffed Lobbies
- Locations in or near Low to Moderate Income Areas
- Extended Weekday Drive Through Hours

First Bank's signature account, EChecking, is an affordable deposit product available at all branches. Our EChecking Account offers:

- No monthly service charges
- No minimum balance requirements
- No charge for debit / ATM card
- Free First Bank ATM withdrawals
- Unlimited withdrawals and deposit transactions
- Free online banking
- Free text banking
- Free mobile banking
- Free e-statement with check images

In the Bank's CRA Performance Exam the FDIC notes, "Besides its office locations, the bank provides excellent alternative delivery systems that help avail services to low- and moderate-income individuals." The report also states, "Given the similarity, the bank provided an excellent distribution of its ATMs in low- and moderate-income geographies. In addition to its ATMs, the bank provides other alternative banking services such as internet banking, mobile banking, and electronic banking with bill pay. Given the excellent branch and ATM distributions, the alternative banking systems, and the availability of services to low- and moderate-income individuals and geographies reflects excellent performance. (Exhibit C, page 14)

Concern #8: First Bank branch in Dallas is located in white-majority neighborhoods, compared to having none in majority-minority neighborhoods

To the contrary, First Bank does not have any branches in Dallas, Texas.

Concern #9: First Bank does not have any special-purpose credit programs to address their disparities in home mortgage and small business lending in underserved high minority communities like Fort Worth.

First Bank has a broad range of lending options designed to meet the needs of underserved communities. For consumer Non-Real Estate Lending, First Bank offers the following loan options:



- Auto Purchase
- Auto Refinance
- Unsecured Loans
- Cash Secured Loans
- Overdraft Loans
- Small-Dollar Consumer Loans
- No Credit Score Required on consumer loans

By accepting ITIN Cards and Matricula Consular Card from Mexico as a primary form of identification, First Bank can serve a significant Hispanic customer base for both deposit and lending products.

First Bank has a wide variety of special-purpose Mortgage Loan products that are designed for first time homebuyers and individuals and families with low- to moderate-income levels:

Special Loan Program	Program Advantage	Program Information
FHA Loans	3.5% Down payment and expanded qualifying options	<a href="https://www.fha.com/fha_loan_requirements">https://www.fha.com/fha_loan_requirements</a>
FHLMC HomePossible Advantage	For low- and moderate-income buyers	<a href="https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/home-possible">https://sf.freddiemac.com/working-with-us/origination-underwriting/mortgage-products/home-possible</a>
FNMA HomeReady	First Time Home Buyers with low and moderate incomes	<a href="https://www.fanniemae.com/singlefamily/homeready#">https://www.fanniemae.com/singlefamily/homeready#</a>
SETH Goldstar	Down Payment Assistance for home buyers with low- and moderate-incomes	<a href="https://www.sethgoldstar.com/">https://www.sethgoldstar.com/</a>
TSAHC Down Payment Assistance	Down Payment Assistance for home buyers with low- and moderate-incomes	<a href="https://www.tsahc.org/homebuyers-renters/loans-down-payment-assistance">https://www.tsahc.org/homebuyers-renters/loans-down-payment-assistance</a>
TSHAC Homes for Texas Heroes	For teachers, fire fighters and EMS personnel, police and correctional officers, and veterans.	<a href="https://www.tsahc.org/homebuyers-renters/homes-for-texas-heroes-program">https://www.tsahc.org/homebuyers-renters/homes-for-texas-heroes-program</a>
TSAHC Home Sweet Home Loan Program	For Texas home buyers with low- and moderate-incomes.	<a href="https://www.tsahc.org/homebuyers-renters/home-sweet-texas-home-loan-program">https://www.tsahc.org/homebuyers-renters/home-sweet-texas-home-loan-program</a>



USDA Loans	Zero percent Down Payment for home buyers with low- and moderate- incomes in designated rural areas.	<a href="https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program">https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program</a>
VA Loans	Zero percent down for Military and Veterans	<a href="https://www.benefits.va.gov/homeloans">https://www.benefits.va.gov/homeloans</a>
Wichita Falls First Time Home Buyer Program	First Time Home Buyer Program offers Down Payment Assistance for home buyers with low- and moderate-incomes.	<a href="http://www.wichitafallstx.gov/1466/HOME-Investment-Partnership-Program">http://www.wichitafallstx.gov/1466/HOME-Investment-Partnership-Program</a>
VA Interest Rate Reduction Refinance	Refinance to Lower the rate with no qualifying on existing VA Loan holders.	<a href="https://www.va.gov/housing-assistance/home-loans/loan-types/interest-rate-reduction-loan/">https://www.va.gov/housing-assistance/home-loans/loan-types/interest-rate-reduction-loan/</a>

Concern #10: Activities under the CRA since the last CRA Performance Evaluation. First Bank fails to describe any significant CRA initiatives undertaken, particularly with respect to credit and deposit products and retail banking services targeted toward low- and moderate-income geographies, African American/Hispanic geographies, and individuals, identifying key elements of the products and services, the approximate date introduced, and results achieved to date.

The Bank's regulator, the FDIC, has not requested or required that the Bank provide written CRA initiatives, current community outreach and marketing efforts with documented results and timelines. However, we are happy to share a few of our CRA Initiatives, our community outreach efforts, and the active way we engage with our communities.

With a satisfactory rating for the last three CRA Performance Exams, First Bank has a proven history of community reinvestment. The Bank continues, year after year, to maintain the same level of responsiveness to our community. The following initiatives are intrinsic to the Bank's regular business practices:

- First Bank has a Volunteer Policy that grants employees up to 16 hours of paid time off each year to volunteer for a 501(c)(3) nonprofit community organization.
- Branch locations for openings and closings are carefully evaluated based on community needs and the Bank's ability to provide adequate services to the area.
- On an annual basis management evaluates the FDIC's Deposit Market Share Reports for each assessment area. Peer Group analysis is conducted and considered. The results are measured and reported.



- First Bank's lending is mapped and analyzed. If areas are not being adequately served, strategic marketing is implemented in the identified areas.
- First Bank grants a vacation day to employee's who contribute to the United Way. These funds are earmarked for low- to moderate-income areas or projects.
- Tract penetration and market share for lending is analyzed with the use of peer data.
- The Loan Committee considers the community needs when reviewing and approving loans.
- Loan to Deposit Ratio is calculated and reported each quarter.
- Loan types and availability is considered for mortgage and consumer lending. Loan products designed for first time homebuyers and low- to moderate-income applicants are implemented and advertised consistently.
- First Bank's Marketing Department ensures that the Bank's website, marketing, and advertising is diverse and inclusive of the demographics of our lending areas.

First Bank commits considerable time and resources to support the needs in our communities. See attached Exhibit A, page 12 and 13 for a few examples of our current community outreach efforts. Please visit our website page "Community Involvement" for more information of our current community activities: <https://www.firstbankweb.com/community>

Here are a few of First Bank's Signature Community Development Programs:

The Boys and Girls Clubs. First Bank is a committed partner with the Boys and Girls Clubs. The mission of the Boys & Girls Clubs is to "enable all young people, especially those who need us most, to realize their full potential as responsible, productive, and caring citizens". In November 2021 First Bank was responsive to an immediate need for educational technology at three of the locations. The Bank donated \$30,000 to the organization to enhance the educational technology lab at their Northwest, Central, and Southeast locations. All three of these locations are in LMICTs. The lab is used by students in the after-school program to access Google Classroom and complete their homework before they go home for the evening. Many of these students do not have a WIFI connection at home.

Habitat for Humanity. First Bank partners with Habitat for Humanity by providing ongoing loan servicing of their borrower's mortgage loans for no cost. The management of First Bank is committed to providing the systems, processes and employees needed to serve these families in the community. Habitat for Humanity is committed to meeting the housing needs of low- to moderate-income families. To qualify for a Habitat for Humanity loan, individuals or families must be low- to moderate-income. The homes that Habitat builds or improves are in low- to moderate-income areas.

Hotter'N Hell Hundred. First Bank has been the proud "Presenting Sponsor" of this event since 2017. In addition to the significant sponsor donation, First Bank invests multiple employee hours to volunteering at the event by providing banking services such as: making deposits,



record keeping, running the cash office at multiple sites, providing cash machines, making change, etc... The average growth of the Wichita County area is only about 1% annually. The historic Hotter'N Hell event hosted in Wichita Falls has a substantial annual economic impact to the county. The event provides revitalization & stabilization of a depressed economy and promotes economic development especially for small business owners.

Partner in Education (PIE) Booker T. Washington Elementary School. First Bank is honored to be an ongoing Partner in Education (PIE) with Booker T. Washington Elementary School. Washington Elementary is located in a moderate-income census tract in Wichita Falls. The school's minority student enrollment is over 75%. In addition, over 90% of the student population is considered economically disadvantaged. First Bank regularly collaborates with the school for such activities as: Literacy Nights, Ongoing Room Service, Teacher Appreciation Service, and other events.

Cornerstone North Central Texas. First Bank partners with Cornerstone North Central Texas by volunteering and supporting the organizations ongoing efforts. Cornerstones Goal: Cornerstone meets our Neighbors where they are in their cycle of need and walks alongside them to guide them toward a position of empowerment. Some Neighbors find themselves in a financial crisis due to a job loss, prolonged illness, or other unexpected event. Other Neighbors may be caught in a generational cycle of poverty and need a hand up to break free. By partnering with community businesses, volunteers, and other nonprofits, Cornerstone is able to provide coaching and resources to empower every Neighbor who is ready to make a positive, lasting change.

COVID19 Hardships. In January of 2020, First Bank was responsive to the needs of its customers as the COVID19 pandemic was creating a significant economic impact on our customers. First Bank granted hardship forbearances on consumer and commercial loans. While the CARES Act required lenders to offer a 6-month forbearance on Federally Backed Mortgage Loans, First Bank extended this same relief to all consumers and businesses. The forbearance terms included a suspension of late credit reporting during the hardship.

COVID19 PPP Loan Initiative: First Bank was a leader in accepting and processing Paycheck Protection Program Loans (PPP) available under the CARES Act. PPP Loans are an SBA-backed loan that helped businesses keep their workforce employed during the COVID-19 crisis. First Bank processed and funded 1427 SBA Paycheck Protection Program loans in the amount of \$84,883,611.

In June 2022, First Bank learned about a Homeownership Fair that the Southern Dallas Progress Corporation was hosting. The President of First Bank's Mortgage Department emailed and called Mr. McGee at the number on the flyer stating that we would like to participate and sponsor the event. We were eager to be an active participant in the event. Unfortunately, First Bank received no responses after multiple attempts to contact Mr. McGee.





Concern #11: First Bank fails to provide any details current community outreach and marketing efforts to residents and businesses throughout Bank's low-income census tracts, moderate-income census tracts, and major minority census tracts in the DFW MSA

First Bank requests that the protestor provide the data used for these statements so that we can adequately respond to your concerns.

First Bank's marketing and advertising records support a clear initiative to reach a diverse customer base that includes LMICT and MMCT. Community reinvestment and fair lending is considered in all of First Bank's marketing and advertising. As noted above, First Bank's Marketing Department ensures that the Bank's website, marketing, and advertising is diverse and inclusive of the demographics of the Bank's marketing areas. We invite you to visit our websites and social media pages:

- <https://www.firstbankweb.com/>
- <https://firstbankhomeloans.com/>
- <https://www.facebook.com/search/top?q=first%20bnak>
- <https://www.facebook.com/FirstBankHomeLoans>
- <https://www.instagram.com/firstbankhomeloans1907/>
- <https://www.instagram.com/firstbank1907/>

Based on information contained in the Bank's fair lending reviews, the Marketing Department is informed of target groups that are protected where First Bank is receiving minimal applications. Armed with that information, our marketing team intentionally designs advertising images to attract customers from these protected groups. See Exhibit A pages 14-15 for a few examples of First Bank's marketing efforts published within the last six months.

In June 2022, the Bank invested in the development of an intentional digital marketing campaign to target MMCTs in First Bank's REMA in an effort to increase lending activity. Maps and demographics of each area were analyzed, and advertisements were designed to reach the minority and income elements of the areas to ensure maximum effectiveness. The advertisements focused on purchase or refinance home loans with images reflective of the demographics of the target area. A video highlighting First Bank's Special Purpose Loan Program with Down Payment Assistance (DPA) for first time homebuyers was run in all identified areas. The digital campaign resulted in 659,748 digital images viewed by consumers on various electronic devices. A Fair Lending Marketing Campaign Executive Report was finalized in September 2022 for Board of Director's review. First Bank is happy to provide the 18-page report for examination by the FDIC, its primary regulator. See Exhibit A pages 16-17 for examples from the marketing campaign.



Concern #11: Per FDIC: Identifying and Mitigating Potential Redlining Risks. First Bank fails to use this information provided by the FDIC

First Bank requests that the protestor provide the data used for these statements so that we can adequately respond to your concerns.

At First Bank, fair and equitable treatment of our current and potential customers is an integral part of our overall commitment to maintaining the highest standards of fair business practices. Annually, the Bank's employees review and sign First Bank's Fair Lending Statement that establishes the highest level of commitment to ensuring the Bank's adherence to fair lending regulations. Attached is First Bank's Fair Lending Statement (Exhibit D).

Contrary to the concern noted above, First Bank has a Board approved Fair Lending Policy and Program that is modeled after the Interagency Fair Lending Examination Procedures. The program includes the requirement for monitoring the following areas for fair lending: Underwriting, Processing Time, Pricing, Steering, Redlining and Marketing. It is the goal of First Bank to prevent or identify and self-correct illegal disparate treatment in transactions and products.

Senior Management and the Board of Directors provide oversight to the Bank's Fair Lending Program. First Bank's Fair Lending Program and corresponding audits and reviews were examined by the FDIC and found to be satisfactory in the last Fair Lending Exam. First Bank is happy to provide our recent fair lending testing for examination by the FDIC, its primary regulator.

First Bank conducts annual redlining testing that is in accordance with the information provided in the protest letter (Identifying and Mitigating Potential Redlining Risks at <https://www.fdic.gov/resources/bankers/fair-lending/documents/fdic-redlining-fair-lending-resourcespage.pdf>). Each annual testing includes a review of the Bank's REMA by considering the following:

1. the institution's method of attracting business, such as the institution's marketing and outreach efforts and strategies, as well as the channels by which loan applications are taken, including but not limited to, branch or loan production office locations or mortgage subsidiaries, online applications, and an institution's use of third parties (such as mortgage brokers or realtors); and
2. where the institution has received loan applications and originated loans.

First Bank's established REMA is larger than the CRA Assessment Area based on the Bank's mortgage lending activity. Once the REMA is confirmed, each area is evaluated individually with the use of the Bank's HMDA Loan Application Registry (LAR) and published peer data. For testing purposes, a peer is defined as all HMDA reporting lenders, but excluding lenders with



less than one-half, or more than twice of First Bank's activity. For each identified area First Bank evaluates percentage of Applications in MMCTs, Distribution of Loans by Tract % Minority, Lender Market Share by Tract % Minority, Population Penetration by Tract % Minority and Statistical Analysis for FFIEC Redlining Risk Factors.

The most recent Fair Lending Redlining Annual Review was issued to Senior Management and the Board of Directors in April 2022. First Bank is happy to provide the 56-page report for examination by the FDIC, its primary regulator.

Concern #12: According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, First Bank made a total of 351 in the DFW MSA. This data demonstrated that in 2019, 15.38% (54) of all home loans in Dallas went to minorities however only 2.84% (10) of First Bank's home loans were extended to Blacks (African Americans).

- Made a smaller percentage of HMDA-reportable residential mortgage loans in majority Black and Hispanic neighborhoods compared to its peers in the DFW MSA.
- According to the Home Mortgage Disclosure Act (HMDA) data from 2019 to 2020, First Bank made a total of 1,407 in DFW MSA. This data demonstrated that in 2020, 17.05% (240) of all home loans in Dallas went to minorities however only 4.05% (57) of First Bank's home loans were extended to Blacks (African Americans).
  - Made a smaller percentage of HMDA-reportable residential mortgage loans in majority Black and Hispanic neighborhoods compared to its peers in the DFW MSA

As detailed in the response to concern #11, First Bank conducts annual redlining testing that is in accordance with the Interagency Fair Lending Examination Procedures. Each annual testing includes a review of the Bank's REMA by considering the following: the institution's method of attracting business, such as the institution's marketing and outreach efforts and strategies, as well as the channels by which loan applications are taken, including but not limited to, branch or loan production office locations or mortgage subsidiaries, online applications, and an institution's use of third parties (such as mortgage brokers or realtors); and where the institution has received loan applications and originated loans.

In the Annual Redlining Risk Reviews for 2018 and 2019, the lending and marketing efforts were reviewed for Dallas County. Based on the review, Dallas County was not considered in the Bank's REMA in 2018 and 2019. However, the Bank conducted monitoring of the county as an emerging market. Dallas County was added to First Bank's REMA in 2021 after the redlining review was conducted on the Bank's 2020 HMDA Data with peer benchmarks.

In the 2018 & 2019 Annual Redlining Risk Reviews, Comprehensive Fair Lending Scoping Reports for Dallas County were evaluated. The reports indicated that First Bank had a comparable distribution of applications to its peers by income census tracts and by tract %



minority. In addition, the Statistical Analysis for FFIEC Redlining Risk Factors for applications did not indicate any statistically significant redlining concerns for both of these years.

In the 2020 Fair Lending Annual Redlining Risk Review, First Bank showed a comparable distribution of applications to its peers by income census tracts and by tract % minority in Dallas County. The Statistical Analysis for FFIEC Redlining Risk Factors for applications in the county was also evaluated. This analysis, with a confidence level of 95%, indicated no statistically significant redlining concerns for Dallas County.

The Bank's most recent Fair Lending Redlining Annual Review based on 2021 data was issued to Senior Management and the Board of Directors in April 2022. As in prior years, the reviews showed a comparable distribution of applications to its peers by income census tracts and by tract % minority. The Statistical Analysis for FFIEC Redlining Risk Factors for applications was also evaluated for the county. This analysis, with a confidence level of 95%, indicated no statistically significant redlining concerns.

First Bank's last Fair Lending Exam was performed in 2020 by the FDIC. In that exam, no fair lending concerns were noted. Since the exam, First Bank has conducted fair lending reviews in accordance with its Fair Lending Program that is modeled after the Interagency Fair Lending Examination Procedures. Finalized reports are issued to Senior Management and the Board of Directors.

In general, First Bank's fair lending reviews have shown acceptable results. Any areas of concern are addressed by Management and corrective action is implemented. For example, the Digital Marketing Campaign was a corrective action taken by management to address areas with limited lending in the Bank's REMA (see response to concern #11 and Exhibit A for details on the campaign). As mentioned before, when fair lending reviews reveal a sparse number of applications from a protected class, the Marketing Department is notified to target that audience in the Bank's advertising and marketing efforts.

As mentioned before, First Bank is happy to provide our fair lending reviews to the FDIC, its primary regulator.

#### Concern #13: Small Business Lending

- Received almost no applications from applicants for properties located in African American and Hispanic Low to Moderate Income neighborhoods in the DFW MSA
- First Bank does not originate any commercial loans in low-income census tracts in the DFW MSA.
- First Bank does not originate any commercial loans in high minority/ high poverty census tracts in the DFW MSA.
- First Bank does not originate any small business loans to businesses with less than a million dollar in revenue that was in low-income census tracts in the DFW MSA.



- First Bank does not originate small business loans to businesses with less than a million
- dollar in revenue that was in high minority/ high poverty census tracts in the DFW MSA

As an Intermediate Small Bank under the Community Reinvestment Act, First Bank does not report CRA data. First Bank requests that the protestor provide the data used for these statements so that we can adequately respond to your concerns.

First Bank's loan data does not support these claims. Please reference the responses noted for Concerns #3, #4 and #5 that address First Bank Small Business lending.

Concern #14: Lack of Staff and Board Diversity –

- First Bank does not have any African Americans and/or Hispanics on the Board of Directors.
- First Bank does not have any African Americans and/or Hispanics on the DFW MSA Leadership Team.
- First Bank does not have any African Americans and/or Hispanics on the DFW MSA Leadership Team.
- First Bank does not have any Commercial Loans Officers in the DFW MSA that are African Americans and/or Hispanics.
- First Bank does not have any Mortgage Loans Officers in the DFW MSA that are African Americans and/or Hispanics.

First Bank requests that the protestor provide the information used for these statements so that we can adequately respond to your concerns.

First Bank is a privately owned company. The names and demographic information of the Board of Directors is not public information. The qualifications for a position on First Bank's Board of Directors has no discriminatory elements.

First Bank employs individuals from all protected classes as defined by ECOA. Individuals of various ages, races, ethnicities, genders, and marital statuses are represented on the Board of Directors, Senior Management positions, as Loan Officers, in Operational roles, in New Account positions and more. First Bank is proud of the diversity of its employees.

Thank you for taking the time to review First Bank's response to your concerns. As you can see, fair and equitable treatment of our current and potential customers is an integral part of First Bank's overall commitment to maintaining the highest standards of fair business practices. First Bank has maintained an outstanding legacy of community reinvestment. Our robust fair lending and compliance management systems are designed to continually monitor the Bank's efforts to ensure we meet the credit and lending needs of the areas we serve.





First Bank respectfully requests that the FDIC accept this response along with the attached documentation as an acceptable mitigation to the concerns cited in the protest letter and approve our application.

Respectfully,

A handwritten signature in black ink, appearing to read 'Tracy A. Mohri'.

Tracy A. Mohri  
Lending Compliance Officer

CC: Chuck White, Chairman and CEO  
Holli McClain, Senior Vice President, CFO  
Chuck Miller, President, First Bank Mortgage

Enclosure



# Welcome to First Bank

*Invested in Our Community ~ Since 1907*



## Our Locations ~ Wichita County

Always looking towards the future, First Bank continually evaluates the banking needs of the communities we serve. First Bank has maintained a strong presence in Wichita County and the surrounding area with five full-service branches: Burkburnett [Home Office], Kell Boulevard in Wichita Falls, Downtown Wichita Falls, Iowa Park and Midwestern Parkway in Wichita Falls. To meet the needs of our customers, the Wichita County branches offer fully staffed lobbies, ATMs and Drive-Through banking.

### **First Bank Home Office**

300 E 3rd Street  
Burkburnett, TX 76354  
Tract Code: 0135.01

### **First Bank Plaza Branch**

2801 Midwestern Pkwy # 200,  
Wichita Falls, TX 76308  
Tract Code: 0120.00

### **First Bank Kell Branch**

4110 Kell W Blvd  
Wichita Falls, TX 76309  
Tract Code: 0126.00

### **First Bank Downtown Branch**

901 Lamar Street  
Wichita Falls, TX 76301  
Tract Code: 0101.00

### **First Bank Iowa Park Branch**

318 W Park Ave  
Iowa Park, TX 76367  
Tract Code: 0136.00





# Our Locations ~ Collin, Denton and Parker Counties

First Bank has slowly expanded its presence into Collin, Denton and Parker Counties. In considering the location of the branches and loan production offices in these communities, First Bank was committed to maintaining its rich culture that values relationship and community banking. First Bank's DFW locations are in Frisco close to the historic downtown area and in Aledo with its rural, hometown culture. The bank expansion into the DFW market is in its infancy in relation to the long history of First Bank and its presence is minor considering the overall marketplace and competition of the area.

The Frisco and the Aledo Branches offers spacious lobbies, ATM service and Drive-Through service. The expanded spaces also offered the opportunity to hire more loan officers, tellers, and new account representatives.

## **First Bank Frisco Branch**

4400 Main Street  
Frisco, TX 75033  
Tract Code: 0215.26





## **First Bank Aledo Branch**

900 Bailey Ranch Road  
Aledo, TX 76008  
Tract Code: 1407.07








## Keys for Maps

### High Minority

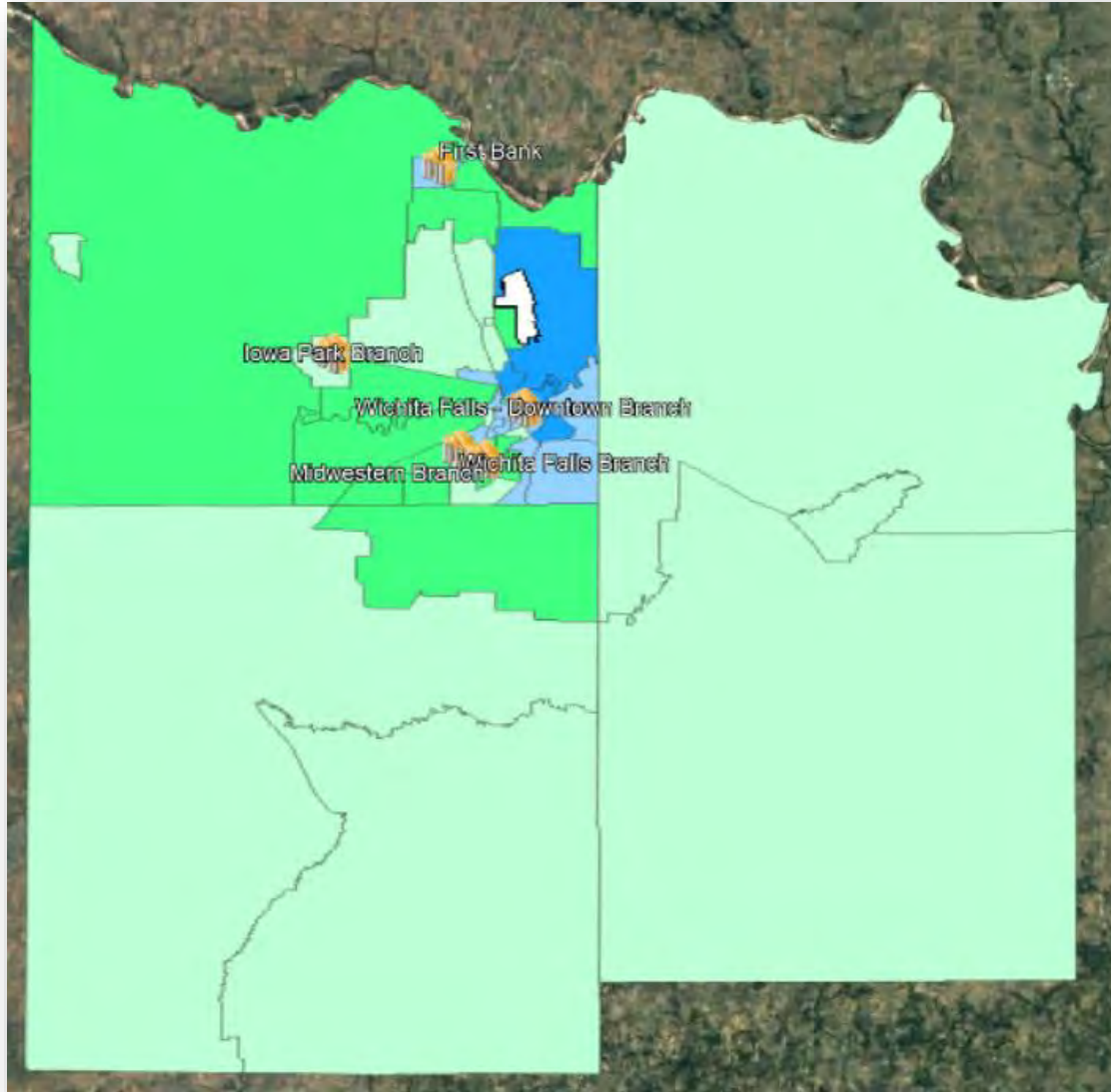
	<50% Minority	(Dodger Blue)
	50-80% Minority	(Lt Columbia Blue)
	>80% Minority	(Screamin' Green)
	Unk/NA	(White w/thick border)

### Tract Income

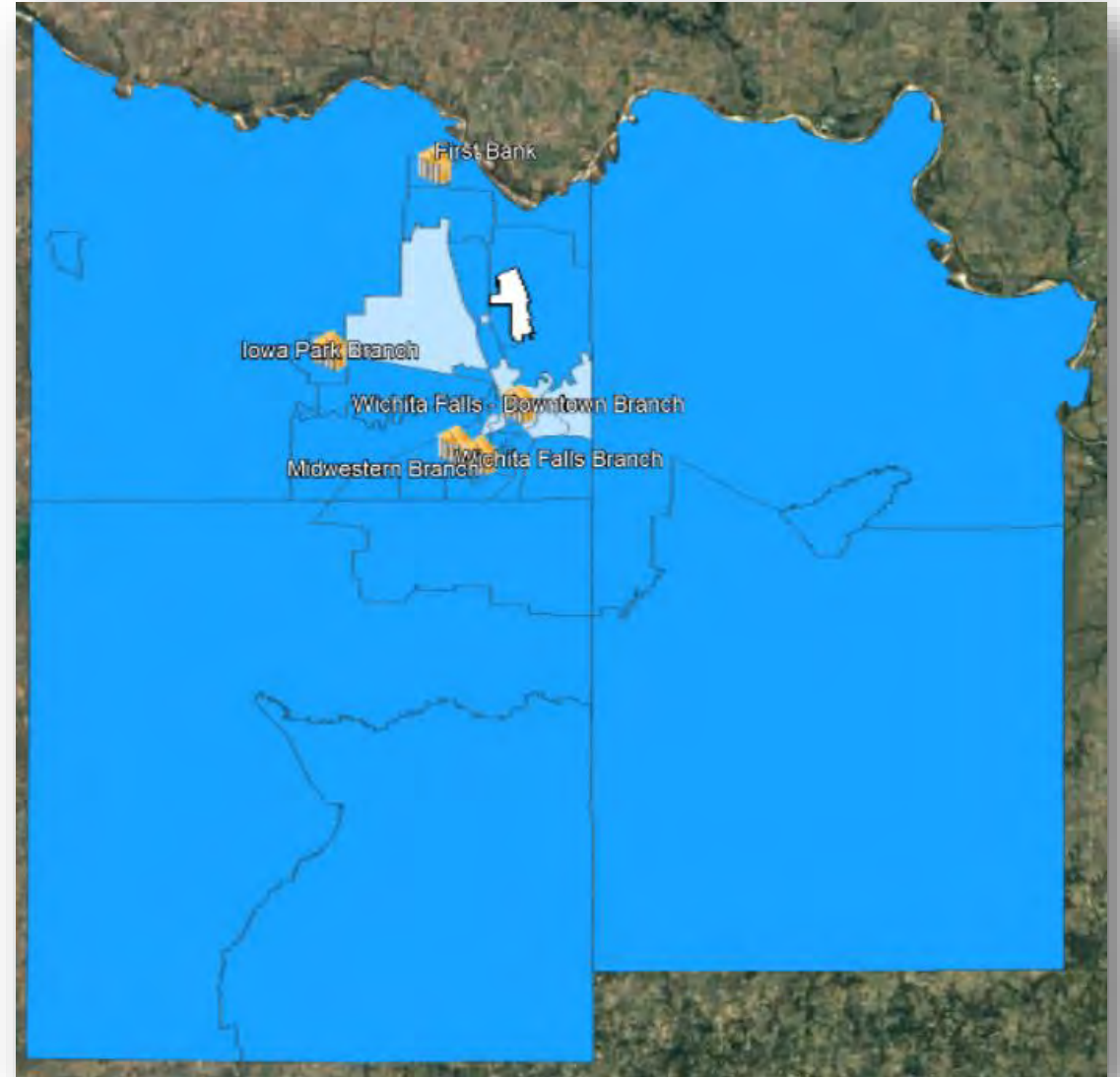
	Low	(Dodger Blue)
	Mod	(Columbia Blue)
	Middle	(Lt Cyan)
	Upper	(Screamin' Green)
	Unk/NA	(White w/thick border)

# Wichita MSA Mapping

Census Tracts Review by % Income

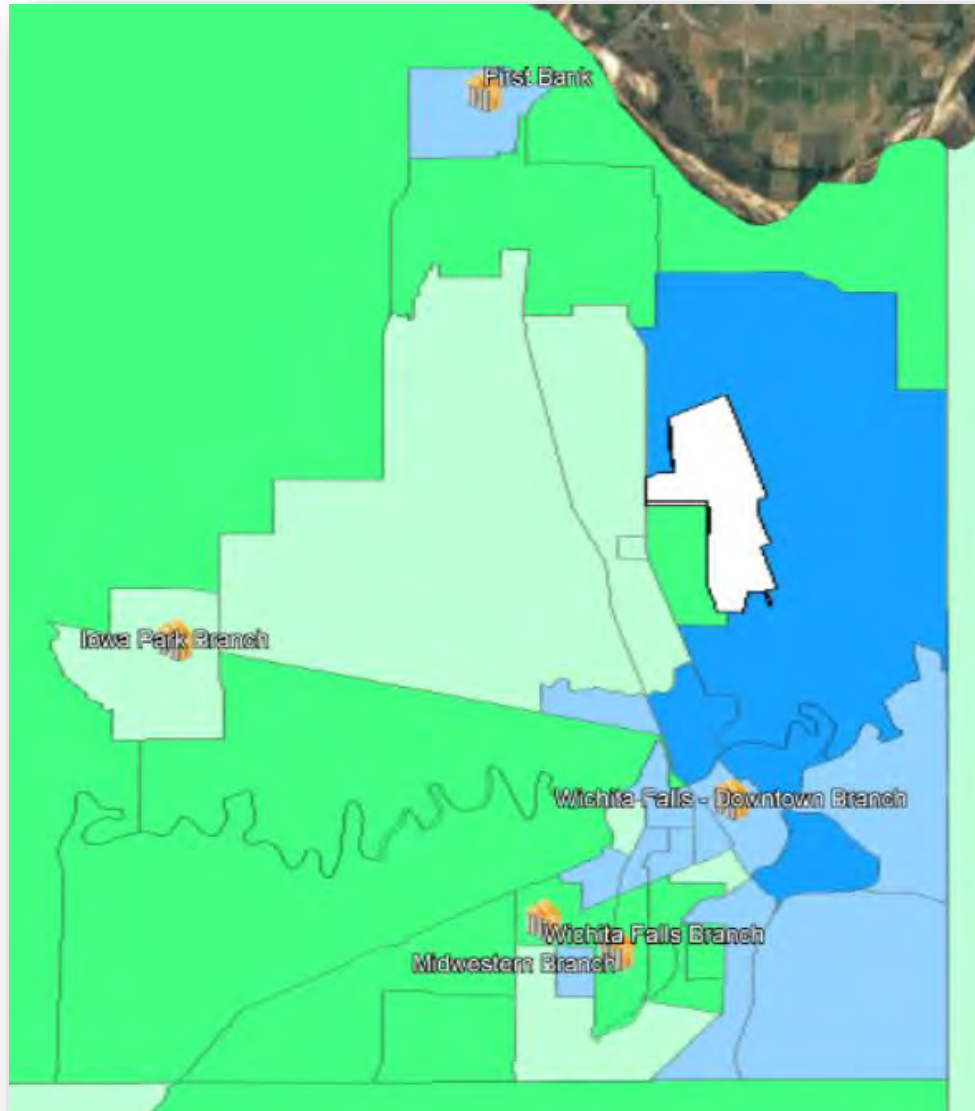


Census Tract Review by % Minority



# Wichita MSA Branches

Census Tracts Review by % Income



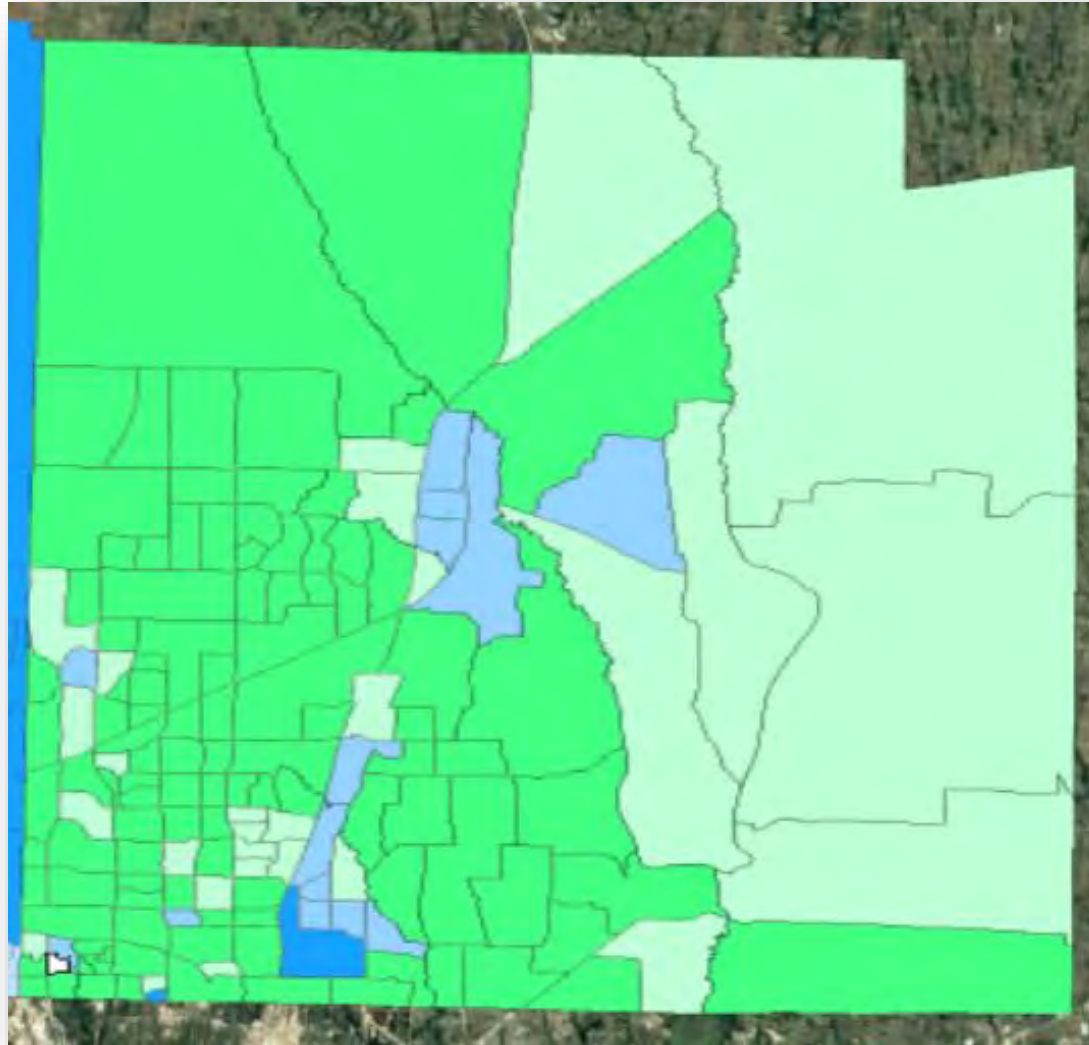
Census Tract Review by % Minority



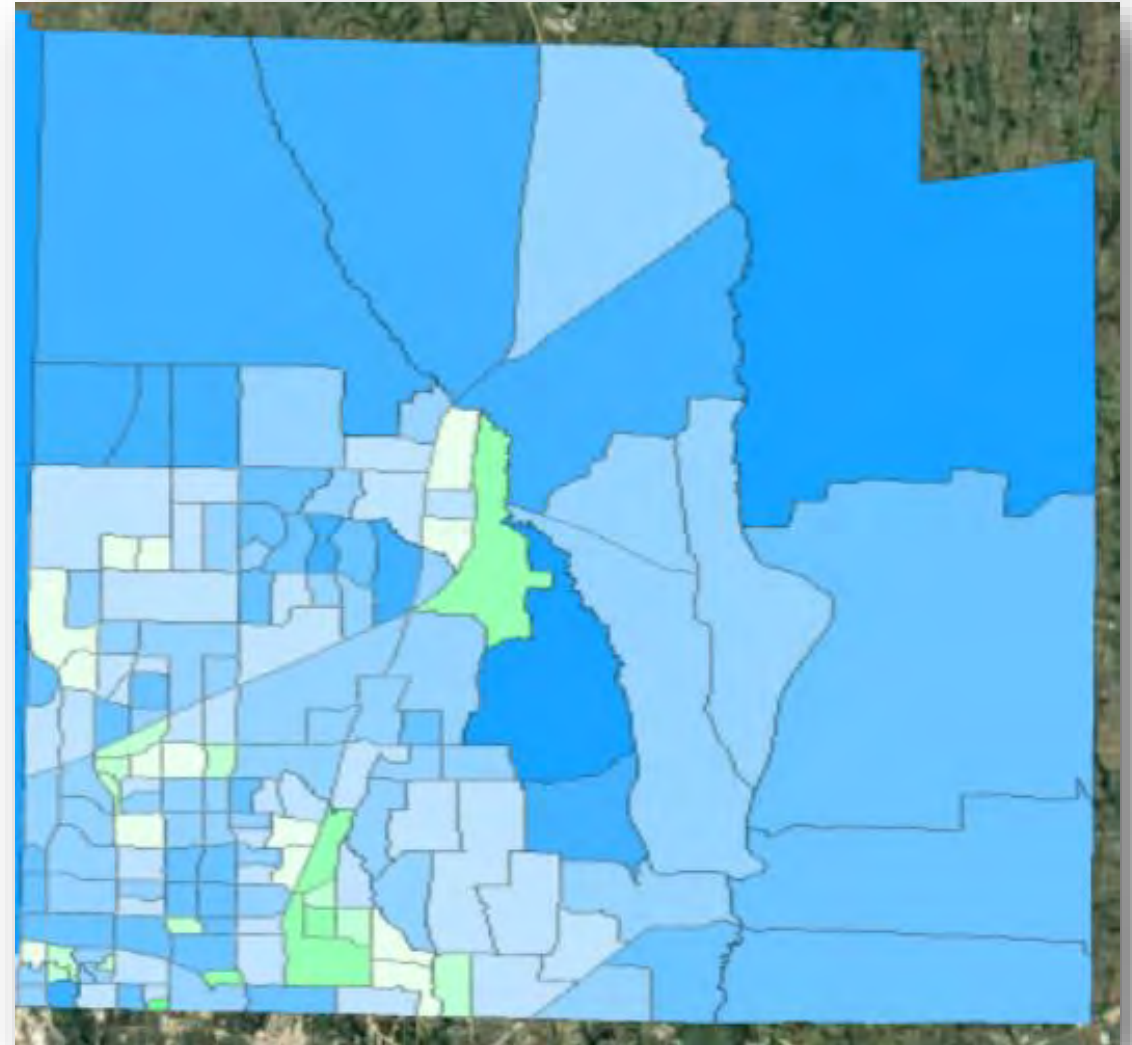


# Collin County Mapping

Census Tracts Review by % Income

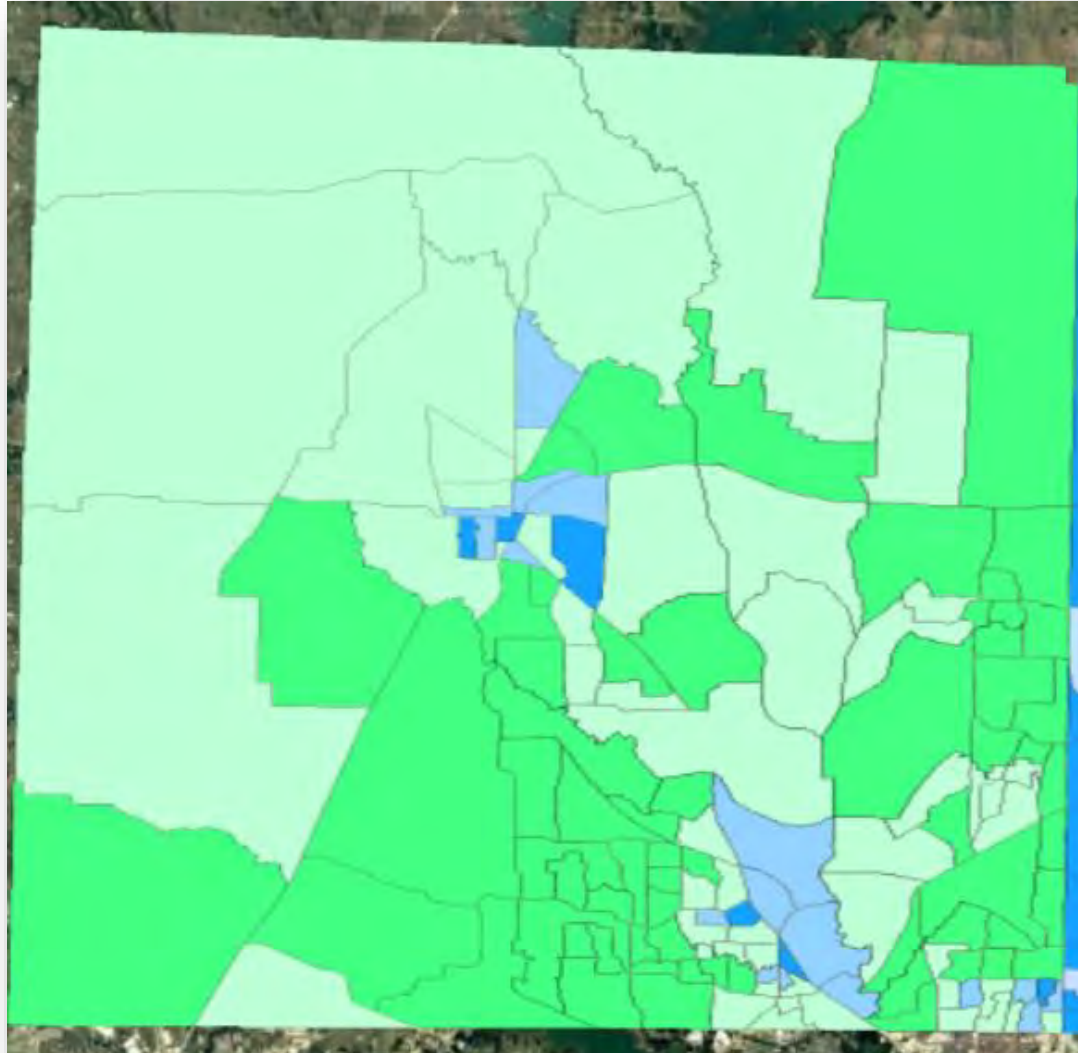


Census Tract Review by % Minority

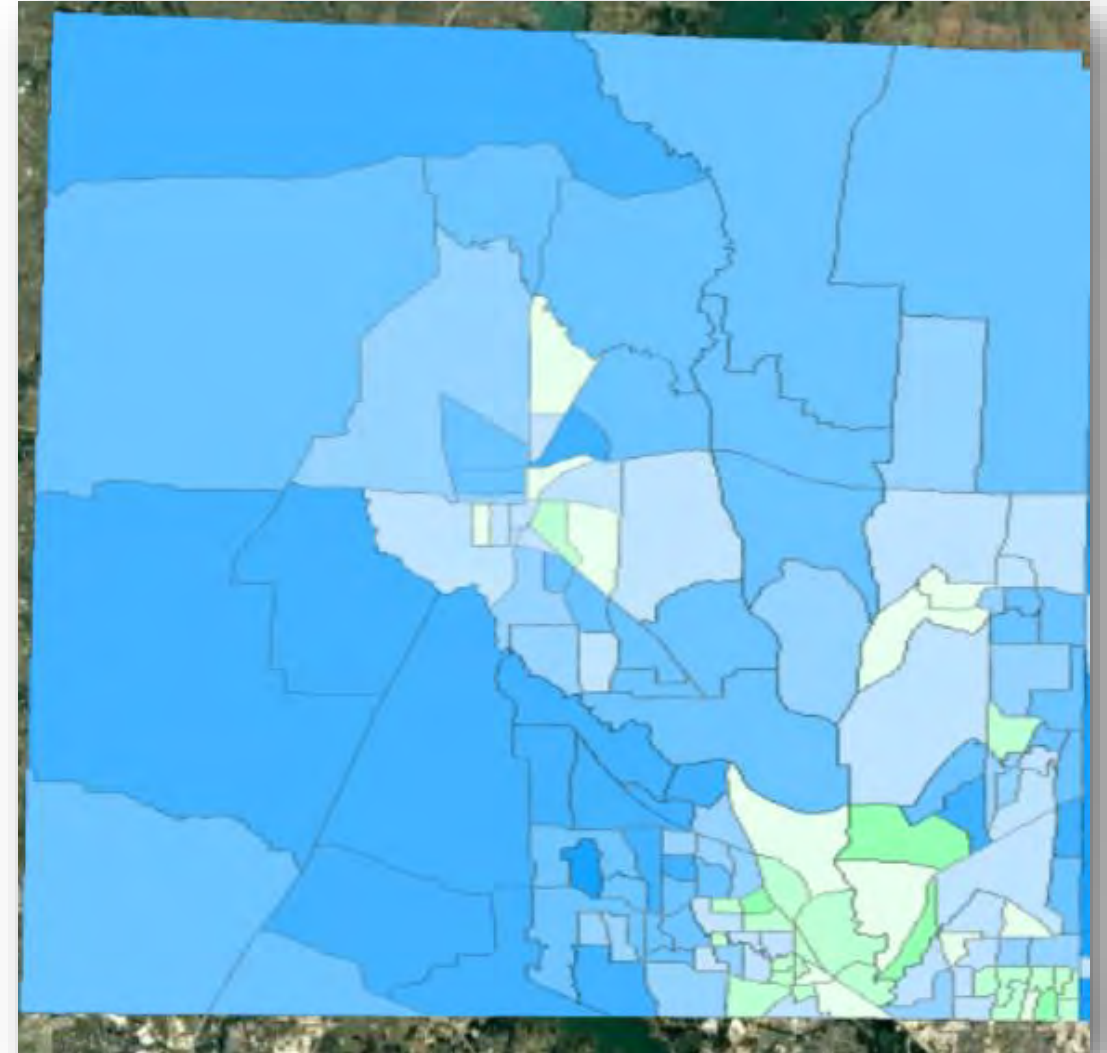


# Denton County Mapping

Census Tracts Review by % Income



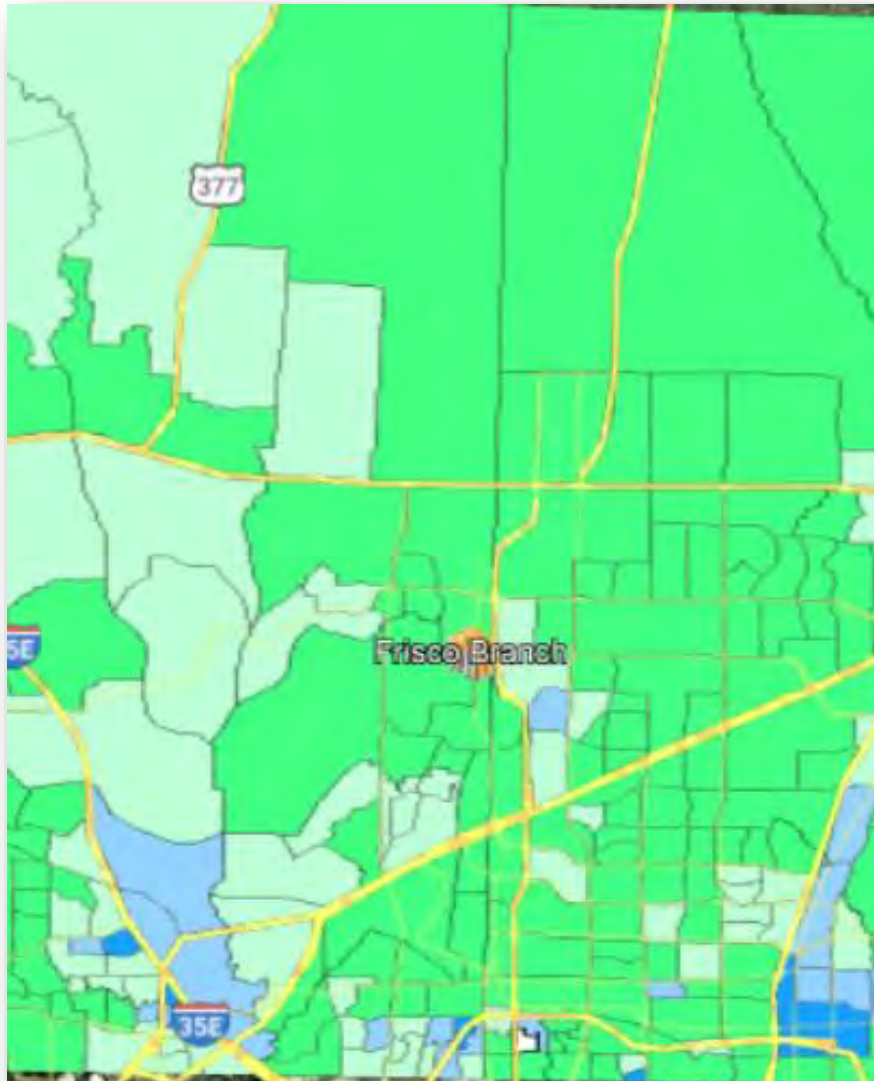
Census Tract Review by % Minority



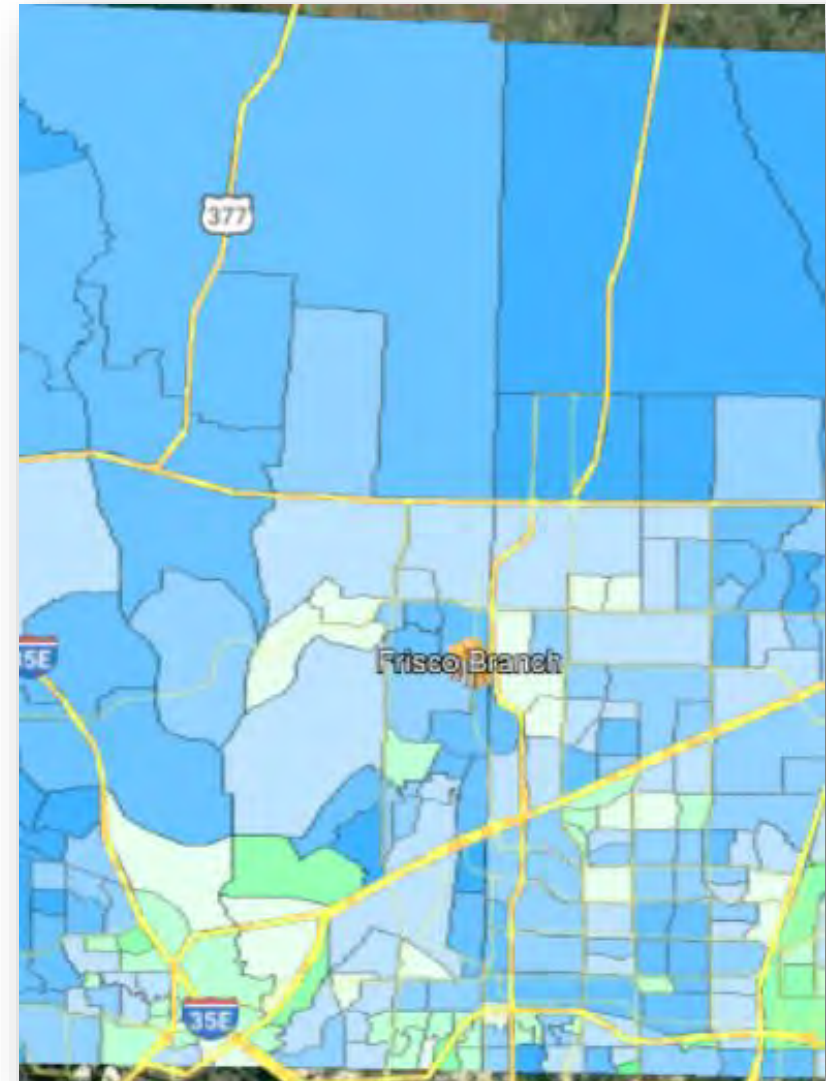


# Frisco Branch Map

Census Tracts Review by % Income

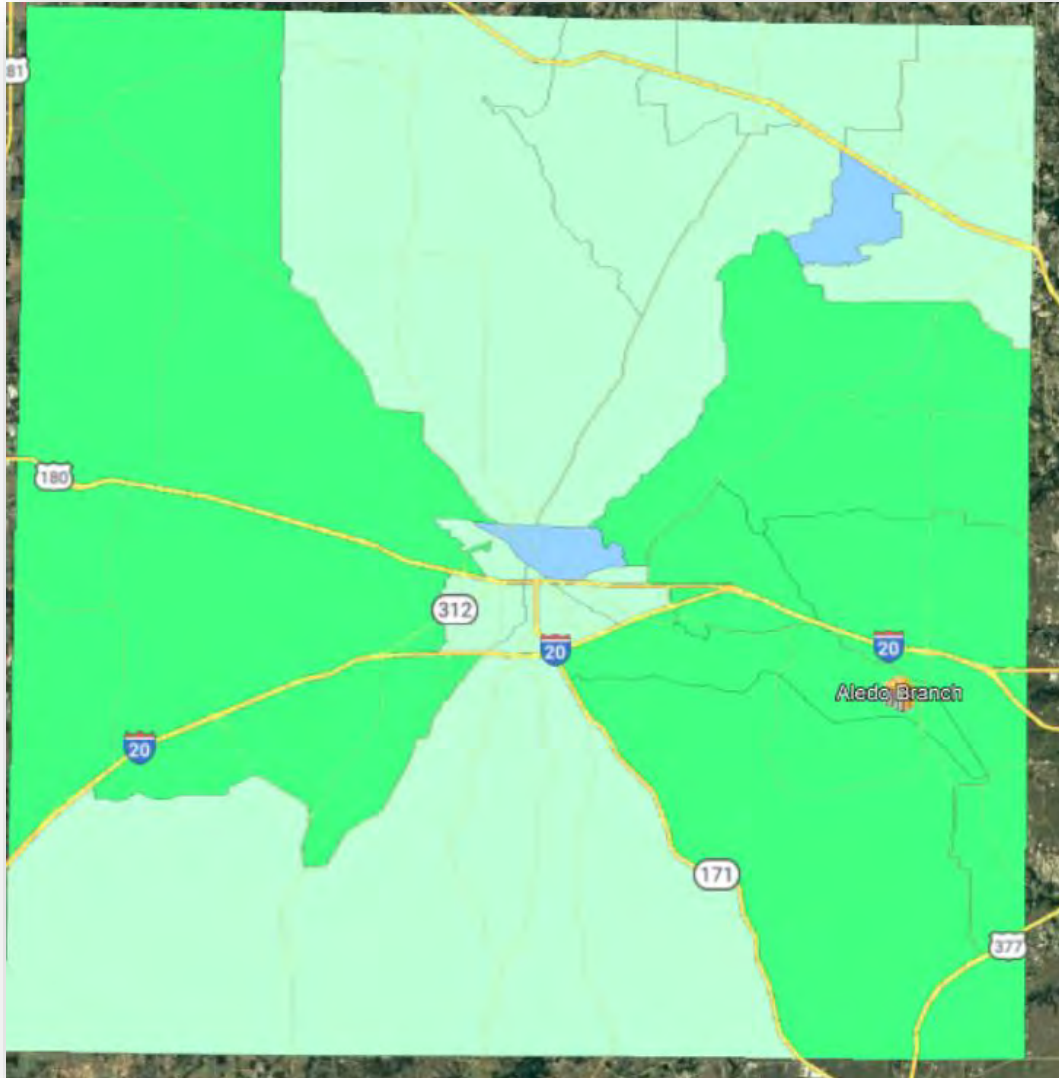


Census Tract Review by % Minority

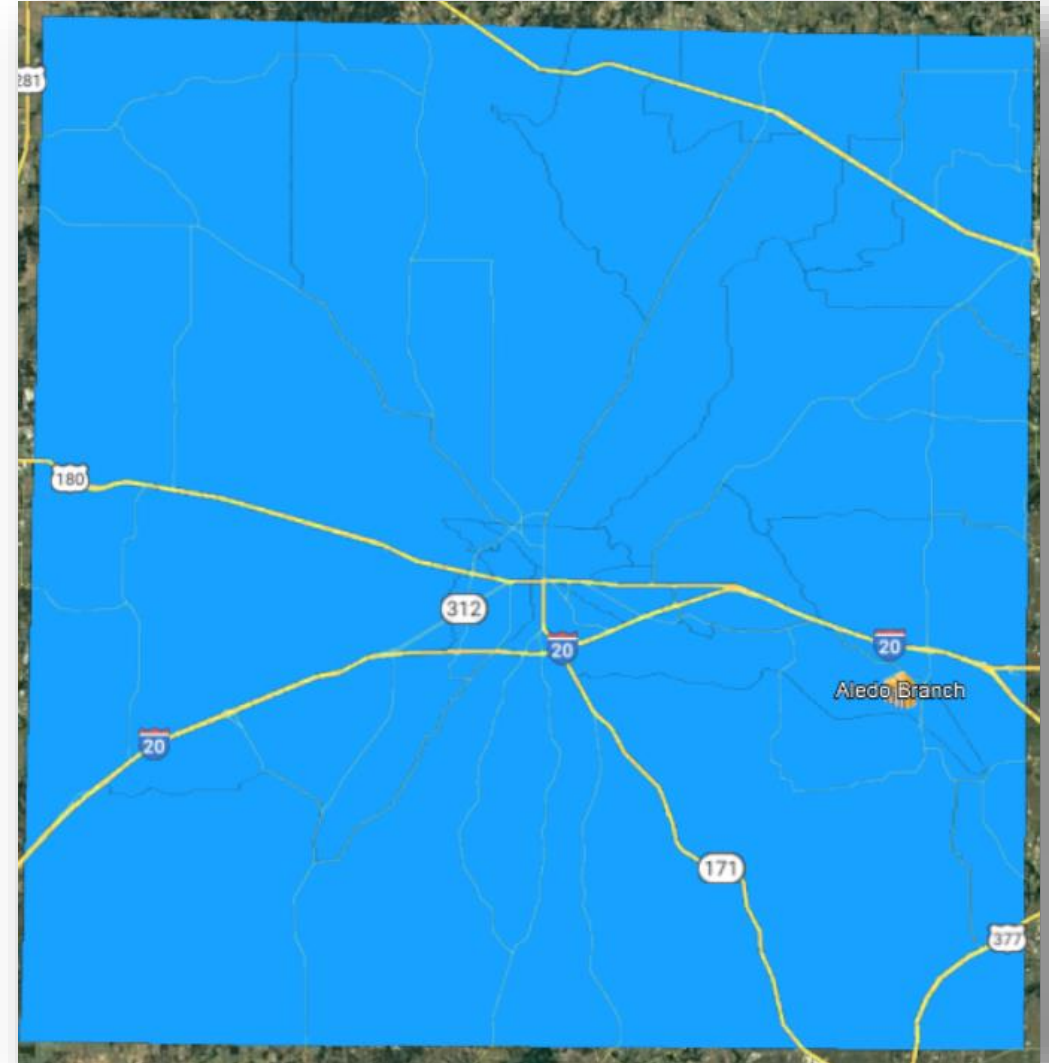


# Parker County Mapping

Census Tracts Review by % Income



Census Tract Review by % Minority



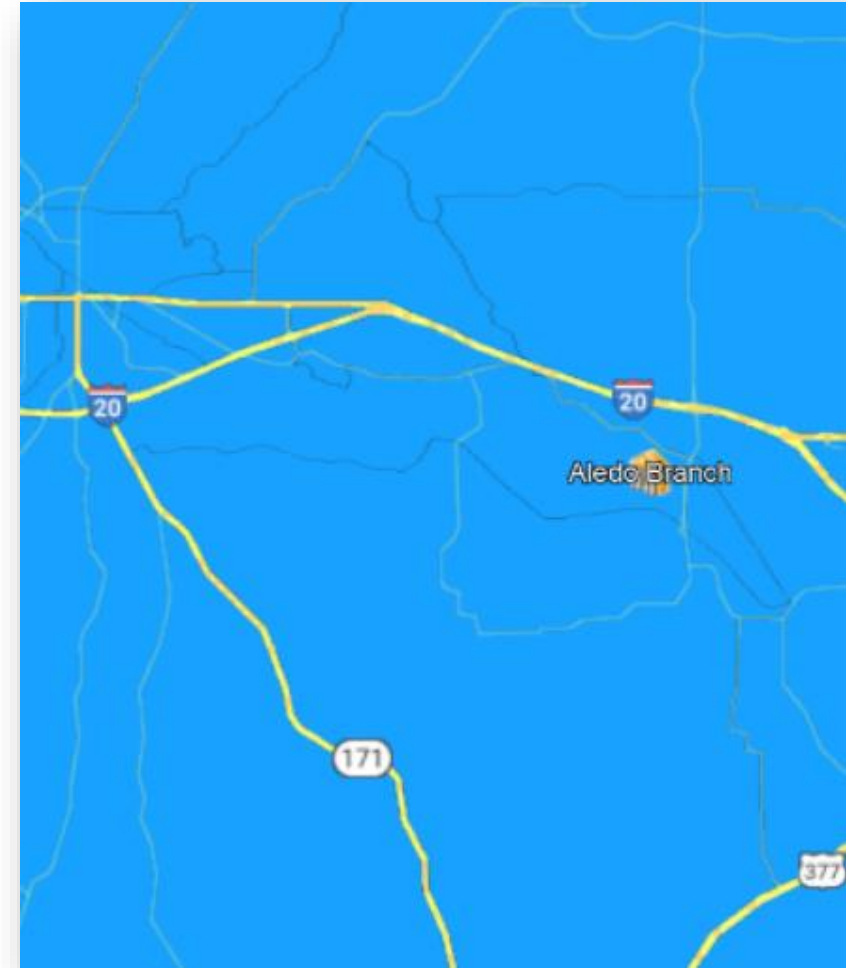


# Aledo Branch Map

Census Tracts Review by % Income



Census Tract Review by % Minority



# Community Outreach



*March, 2022*

## Supporting Financial Literacy for Elementary Students

First Bank hosted 108 first graders from Coder Elementary at our Aledo location. Aledo President Dan Herbert provided financial education from the FDIC's Money Smart Program, and the students received a tour of the bank followed by lunch after the activities.



*November, 2021*

## Investing in Our Community: The Boys and Girls Clubs of Wichita Falls

First Bank has donated \$30,000 to the Boys and Girls Club of Wichita Falls to enhance the educational technology lab at their Northwest, Central, and Southeast locations.



*April, 2021*

## Children's Aid Society Easter Egg Hunt

Each year the Children's Aid Society has an Easter egg hunt for the children at the home. First Bank employees enjoyed stuffing Easter eggs for their hunt!



*May, 2022*

## Financial Education at Fain Elementary School

First Bank's Mikayla Schreiber visited Fain Elementary, and read "The Berenstain Bears' Trouble with Money" to 73 kindergarten students. She distributed educational kits, and discussed the topics of earning, spending, saving, gifting, needs vs. wants, and banking.

## *Invested in Our Community*

Visit our web site at <https://www.firstbankweb.com/community> for more stories!





August, 2021

### Answering the Call for Partners in Education

Kate Burgess Elementary had an urgent need for headphones in their classrooms. Partners in Education asked if First Bank would be willing to donate 100 pairs. We answered the call by donating all 400 pairs needed to the school.



June, 2021

### Casual for a Cause: Boys and Girls Clubs of Wichita Falls

Every Friday, our employees contribute to our Casual for a Cause fund to support a local charity. We were honored to present a check for June to the Boys & Girls Clubs of Wichita Falls Alumni & Friends.



May, 2020

### First Bank Donates Thousands to Local Food Bank

On April 30, 2020, First Bank donated thousands to to the Wichita Falls Area Food Bank, joining other banks in the "Texas Banks 4 Food Banks" campaign.

## Community Outreach

Visit our web site at <https://www.firstbankweb.com/community> for more stories!




## Marketing Efforts to Reach a Diverse Customer Base

**First Bank**  
July 1 · 🌐

The #CommunityBankBenefit comes from how much we love to invest in local businesses. 🍞 There are 2.7 million small businesses in Texas, and First Bank is proud to help them grow throughout the state. If your small business wants to grow, we have a variety of business banking options to get you started: <https://firstbankweb.com/business>

#FirstBank #CommunityBank #BankLocal #Texas



Member FDIC

**First Bank Home Loans**  
October 7 at 9:01 AM · 🌐

Save yourself from house hunting heartbreak by getting pre-qualified for a home before you "fall in love".

...  
#knowledgeispower #mortgagetips #financetips #dfwhomes #austinhomes #dfwrealtor #realestate #mortgage #lender #lenderstips #dfwlender #firsttimebuyer #texas #wichtafalls #dfw #austin #dallas #firstbankhomeloans

### KNOW BEFORE YOU GO →

Cost of homeownership for the first time home buyer

- Down Payment**  
To calculate down payment take the sales price of the house and calculate that by the "percentage" you plan to put down. Ex: \$250,000 sales price X 5% ("down") = \$12,500 (down payment costs)
- Closing Costs**  
These are a combination of taxes, insurance, loan origination charges and fees paid to the title company. They average between 3%-6%; since this can vary widely, talk with a mortgage professional to get an accurate quote
- Moving Costs**  
While there's no "written rule" it's widely accepted that Realtor costs are covered by the SELLER. This means that a buyer generally has full Realtor representation at ZERO cost. Oh yeah, take a victory lap.


**First Bank** Member FDIC



**First Bank**  
September 2 · 🌐

Part of our #CommunityBankBenefit is that our straightforward values lead us to give you straightforward advice. Whether it's tips about lending options or how to help build credit, we are here for your long term success 🍌. Stop in any time to get the advice you need. <https://firstbankweb.com/personal>

#FirstBank #CommunityBank #BankLocal #Texas



**First Bank** Member FDIC

**First Bank**  
August 5 · 🌐

Our #CommunityBankBenefit is that we know when you might need a little extra help. With school starting, we want to make sure you have what you need for your children to succeed at school. A personal loan is a great way to help cover the added cost while staying on track for the month. Apply now at <https://firstbankweb.com/personal/products/personal-loans>

#FirstBank #CommunityBank #BankLocal #Texas

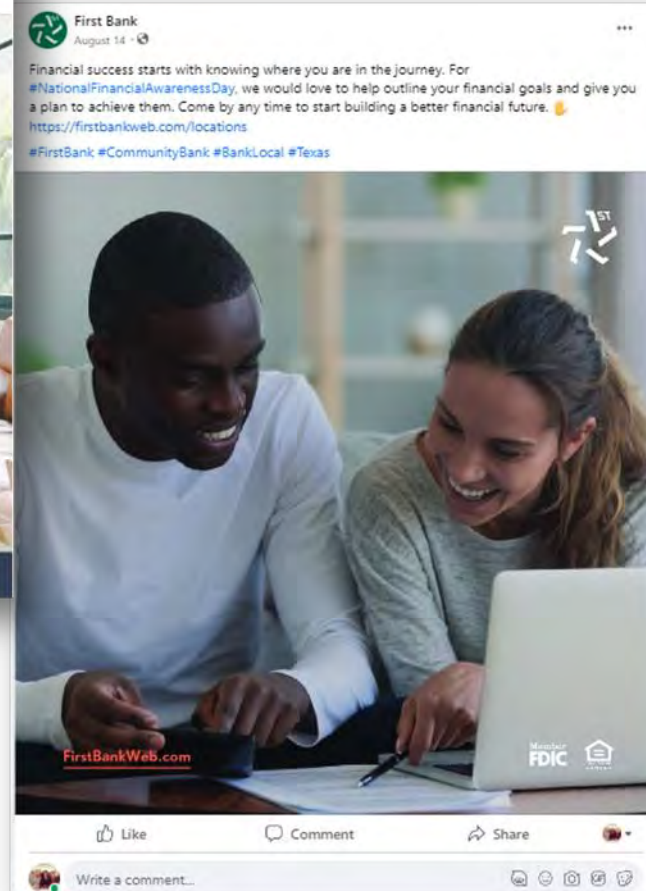


**First Bank** Member FDIC

These advertisements were published within the last 6 months.



# Marketing Efforts to Reach a Diverse Customer Base



These advertisements were published within the last 6 months.



# Targeted Fair Lending Digital Marketing Campaign



TWO WORDS:  
**PROACTIVE  
COMMUNICATION!**

 **First Bank**

If you're purchasing a new home or refinancing, all it takes is a few minutes to take the first step in our application process.



## The next chapter in your family's story book – a new home!

Picture yourself in a new home. Rolling hills, white picket fence, master suite, family room, back patio and spacious yard - a place to call home. With our great rates we can help create that picture.


 **First Bank**

If you're purchasing a new home or refinancing, all it takes is a few minutes to take the first step in our application process.



## Home Sweet Home Loan.

First Bank has mortgage options for just about any need or budget. We do everything we can to ensure the home you buy is the happily ever after experience you're dreaming of.

 **First Bank**

# Targeted Fair Lending Digital Marketing Campaign



These images represent a video highlighting First Bank's Down Payment Assistance Program for first time homebuyers.



*Invested in Our Community ~ Since 1907*







## EXHIBIT B

## 2022 FFIEC Geocode Census Report

Address: 900 BAILEY RANCH RD, ALEDO, TX, 76008  
 MSA: 23104 - FORT WORTH-ARLINGTON-GRAPEVINE, TX  
 State: 48 - TEXAS  
 County: 367 - PARKER COUNTY  
 Tract Code: 1407.07

## Summary Census Demographic Information

Tract Income Level	Upper
Underserved or Distressed Tract	No
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$92,400
2022 Estimated Tract Median Family Income	\$157,385
2010 Tract Median Family Income	\$140,781
Tract Median Family Income %	170.33
Tract Population	4100
Tract Minority %	19.29
Tract Minority Population	791
Owner-Occupied Units	1041
1- to 4- Family Units	1211

## Census Income Information

Tract Income Level	Upper
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$82,649
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$92,400
% below Poverty Line	5.82
Tract Median Family Income %	170.33
2010 Tract Median Family Income	\$140,781
2022 Estimated Tract Median Family Income	\$157,385
2010 Tract Median Household Income	\$123,045

## Census Population Information

Tract Population	4100
Tract Minority %	19.29
Number of Families	886
Number of Households	1147
Non-Hispanic White Population	3309
Tract Minority Population	791
American Indian Population	20
Asian/Hawaiian/Pacific Islander Population	49
Black Population	22
Hispanic Population	519
Other/Two or More Races Population	2

## Census Housing Information

Total Housing Units	1228
1- to 4- Family Units	1211
Median House Age (Years)	24
Owner-Occupied Units	1041
Renter Occupied Units	106
Owner Occupied 1- to 4- Family Units	1032
Inside Principal City?	YES
Vacant Units	81



## 2022 FFIEC Geocode Census Report

Address: 300 E 3RD ST, BURKBURNETT, TX, 76354

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0135.04

### Summary Census Demographic Information

Tract Income Level	Moderate
Underserved or Distressed Tract	No
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
2022 Estimated Tract Median Family Income	\$56,489
2010 Tract Median Family Income	\$47,955
Tract Median Family Income %	71.96
Tract Population	2393
Tract Minority %	21.65
Tract Minority Population	518
Owner-Occupied Units	737
1- to 4- Family Units	1446

### Census Income Information

Tract Income Level	Moderate
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$66,634
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
% below Poverty Line	14.65
Tract Median Family Income %	71.96
2010 Tract Median Family Income	\$47,955
2022 Estimated Tract Median Family Income	\$56,489
2010 Tract Median Household Income	\$33,955

### Census Population Information

Tract Population	2393
Tract Minority %	21.65
Number of Families	730
Number of Households	1231
Non-Hispanic White Population	1875
Tract Minority Population	518
American Indian Population	21
Asian/Hawaiian/Pacific Islander Population	14
Black Population	67
Hispanic Population	293
Other/Two or More Races Population	2

### Census Housing Information

Total Housing Units	1472
1- to 4- Family Units	1446
Median House Age (Years)	63
Owner-Occupied Units	737
Renter Occupied Units	494
Owner Occupied 1- to 4- Family Units	737
Inside Principal City?	NO
Vacant Units	241



## 2022 FFIEC Geocode Census Report

Address: 901 LAMAR ST, WICHITA FALLS, TX, 76301

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0101.00

### Summary Census Demographic Information

Tract Income Level	Low
Underserved or Distressed Tract	No
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
2022 Estimated Tract Median Family Income	\$25,261
2010 Tract Median Family Income	\$21,445
Tract Median Family Income %	32.18
Tract Population	1573
Tract Minority %	58.49
Tract Minority Population	920
Owner-Occupied Units	268
1- to 4- Family Units	509

### Census Income Information

Tract Income Level	Low
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$66,634
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
% below Poverty Line	63.55
Tract Median Family Income %	32.18
2010 Tract Median Family Income	\$21,445
2022 Estimated Tract Median Family Income	\$25,261
2010 Tract Median Household Income	\$20,547

### Census Population Information

Tract Population	1573
Tract Minority %	58.49
Number of Families	346
Number of Households	544
Non-Hispanic White Population	653
Tract Minority Population	920
American Indian Population	12
Asian/Hawaiian/Pacific Islander Population	7
Black Population	386
Hispanic Population	449
Other/Two or More Races Population	7

### Census Housing Information

Total Housing Units	703
1- to 4- Family Units	509
Median House Age (Years)	80
Owner-Occupied Units	268
Renter Occupied Units	276
Owner Occupied 1- to 4- Family Units	268
Inside Principal City?	YES
Vacant Units	159



## 2022 FFIEC Geocode Census Report

Address: 4400 MAIN ST, FRISCO, TX, 75033

MSA: 19124 - DALLAS-PLANO-IRVING, TX

State: 48 - TEXAS

County: 121 - DENTON COUNTY

Tract Code: 0215.26

### Summary Census Demographic Information

Tract Income Level	Upper
Underserved or Distressed Tract	No
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$97,400
2022 Estimated Tract Median Family Income	\$160,671
2010 Tract Median Family Income	\$145,690
Tract Median Family Income %	164.96
Tract Population	8280
Tract Minority %	36.07
Tract Minority Population	2987
Owner-Occupied Units	1773
1- to 4- Family Units	1950

### Census Income Information

Tract Income Level	Upper
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$88,315
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$97,400
% below Poverty Line	4.06
Tract Median Family Income %	164.96
2010 Tract Median Family Income	\$145,690
2022 Estimated Tract Median Family Income	\$160,671
2010 Tract Median Household Income	\$132,059

### Census Population Information

Tract Population	8280
Tract Minority %	36.07
Number of Families	1920
Number of Households	2268
Non-Hispanic White Population	5293
Tract Minority Population	2987
American Indian Population	23
Asian/Hawaiian/Pacific Islander Population	1147
Black Population	551
Hispanic Population	803
Other/Two or More Races Population	32

### Census Housing Information

Total Housing Units	2496
1- to 4- Family Units	1950
Median House Age (Years)	14
Owner-Occupied Units	1773
Renter Occupied Units	495
Owner Occupied 1- to 4- Family Units	1773
Inside Principal City?	NO
Vacant Units	228



## 2022 FFIEC Geocode Census Report

Address: 318 W PARK AVE, IOWA PARK, TX, 76367

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0136.00

### Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
2022 Estimated Tract Median Family Income	\$71,529
2010 Tract Median Family Income	\$60,721
Tract Median Family Income %	91.12
Tract Population	5906
Tract Minority %	15.39
Tract Minority Population	909
Owner-Occupied Units	1843
1- to 4- Family Units	2447

### Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$66,634
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
% below Poverty Line	12.23
Tract Median Family Income %	91.12
2010 Tract Median Family Income	\$60,721
2022 Estimated Tract Median Family Income	\$71,529
2010 Tract Median Household Income	\$53,590

### Census Population Information

Tract Population	5906
Tract Minority %	15.39
Number of Families	1410
Number of Households	2312
Non-Hispanic White Population	4997
Tract Minority Population	909
American Indian Population	78
Asian/Hawaiian/Pacific Islander Population	37
Black Population	42
Hispanic Population	441
Other/Two or More Races Population	15

### Census Housing Information

Total Housing Units	2519
1- to 4- Family Units	2447
Median House Age (Years)	51
Owner-Occupied Units	1843
Renter Occupied Units	469
Owner Occupied 1- to 4- Family Units	1843
Inside Principal City?	NO
Vacant Units	207



## 2022 FFIEC Geocode Census Report

Address: 4110 KELL BLVD, WICHITA FALLS, TX, 76309

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0126.00

### Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
2022 Estimated Tract Median Family Income	\$86,099
2010 Tract Median Family Income	\$73,086
Tract Median Family Income %	109.68
Tract Population	3987
Tract Minority %	30.65
Tract Minority Population	1222
Owner-Occupied Units	1078
1- to 4- Family Units	1599

### Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$66,634
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
% below Poverty Line	24.64
Tract Median Family Income %	109.68
2010 Tract Median Family Income	\$73,086
2022 Estimated Tract Median Family Income	\$86,099
2010 Tract Median Household Income	\$52,892

### Census Population Information

Tract Population	3987
Tract Minority %	30.65
Number of Families	1145
Number of Households	1724
Non-Hispanic White Population	2765
Tract Minority Population	1222
American Indian Population	34
Asian/Hawaiian/Pacific Islander Population	123
Black Population	204
Hispanic Population	689
Other/Two or More Races Population	9

### Census Housing Information

Total Housing Units	1921
1- to 4- Family Units	1599
Median House Age (Years)	47
Owner-Occupied Units	1078
Renter Occupied Units	646
Owner Occupied 1- to 4- Family Units	1078
Inside Principal City?	YES
Vacant Units	197



## 2022 FFIEC Geocode Census Report

Address: 2801 MIDWESTERN PKWY, WICHITA FALLS, TX, 76308

MSA: 48660 - WICHITA FALLS, TX

State: 48 - TEXAS

County: 485 - WICHITA COUNTY

Tract Code: 0120.02

### Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
2022 Estimated Tract Median Family Income	\$76,490
2010 Tract Median Family Income	\$64,934
Tract Median Family Income %	97.44
Tract Population	3305
Tract Minority %	42.45
Tract Minority Population	1403
Owner-Occupied Units	339
1- to 4- Family Units	592

### Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$66,634
2022 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$78,500
% below Poverty Line	23.04
Tract Median Family Income %	97.44
2010 Tract Median Family Income	\$64,934
2022 Estimated Tract Median Family Income	\$76,490
2010 Tract Median Household Income	\$49,142

### Census Population Information

Tract Population	3305
Tract Minority %	42.45
Number of Families	335
Number of Households	1103
Non-Hispanic White Population	1902
Tract Minority Population	1403
American Indian Population	17
Asian/Hawaiian/Pacific Islander Population	59
Black Population	607
Hispanic Population	535
Other/Two or More Races Population	81

### Census Housing Information

Total Housing Units	1263
1- to 4- Family Units	592
Median House Age (Years)	42
Owner-Occupied Units	339
Renter Occupied Units	764
Owner Occupied 1- to 4- Family Units	339
Inside Principal City?	YES
Vacant Units	160

# **PUBLIC DISCLOSURE**

January 13, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Bank  
Certificate Number: 3121

300 East Third Street  
Burkburnett, Texas 76354

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

1601 Bryan Street, Suite 1410  
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.



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## INSTITUTION RATING

**INSTITUTION'S COMMUNITY REINVESTMENT ACT (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 (AAs), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

First Bank demonstrated a satisfactory overall record regarding the Lending Test. The following points summarize the applicable performance factors, discussed in detail elsewhere.

- The bank exhibited a more than reasonable record regarding its loan-to-deposit (LTD) ratio. More than reasonable overall and comparative levels support this conclusion.
- The bank granted a majority of its loans inside its AAs. Majorities of home mortgage and small business loans granted inside the AAs support this conclusion.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Reasonable records of home mortgage and small business lending performances support this conclusion
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of varying income and businesses of different sizes. A reasonable record regarding home mortgage lending outweighed the poor record for small business lending in the Wichita Falls MSA AA to support this conclusion.
- The bank did not receive any CRA-related complaints since the previous evaluation; as such, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Outstanding.**

First Bank demonstrated an outstanding overall record regarding the Community Development Test. The institution's community development performance demonstrates excellent responsiveness to community development needs in its AAs through excellent community development loans and excellent community development services. The adequate qualified investments further support this conclusion, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the AAs.

## DESCRIPTION OF INSTITUTION

First Bank, established in 1907, is headquartered in Burkburnett, Texas. First Burkburnett Bancshares, Inc., a one-bank holding company, wholly owns the bank. First Bank does not have any other affiliates or subsidiaries. The bank received a “Satisfactory” rating at its previous Federal Deposit Insurance Corporation Performance Evaluation, dated February 13, 2017, based on CRA Intermediate Small Institution Evaluation Procedures.

### *Operations*

First Bank remains a retail focused, community bank. Since the prior evaluation, the bank did not participate in any merger or acquisition activities; however, it did open two new branches in the State of Texas. The new branches include the Frisco, TX Branch opened in March 2018 and the Aledo, TX Branch opened in November 2019. The bank also closed two branches in the State of Texas. Those include the McKinney, TX Branch in May 2018 and the Prosper, TX Branch in January 2019. In total, First Bank operates seven full-service branches including the main office and two loan production centers in the State of Texas. Refer to the Description of Assessment Area for detailed branch descriptions.

First Bank offers a variety of loan products including consumer, commercial, real estate mortgage, and agricultural loans. It also provides a variety of deposit services including checking accounts, savings account, money market deposit accounts, individual retirement accounts, and certificates of deposit. Other alternative services include debit cards, automated teller machines (ATMs), drive-thru facilities, safe deposit boxes, telephone banking, online banking, and mobile banking. The bank operates hours typical for the industry and areas served.

### *Ability and Capacity*

Based on the September 30, 2019, Report of Income and Condition, the bank reported \$469.0 million in total assets, nearly \$386.0 million in total loans, and almost \$411.0 million in total deposits. Overall, the bank experienced steady growth, with total assets increasing approximately 24.0 percent since the prior evaluation.

The table below, which reflects the bank’s asset distribution as of September 30, 2019, shows the Net Loans and Leases category continues to be the largest asset at 80.7 percent.

Asset Distribution		
Asset Category	\$(000s)	%
Cash	62,798	13.4
Securities	3,878	0.8
Federal Funds Sold	0	0.0
Net Loans & Leases	378,489	80.7
Trading Accounts Assets	368	0.1
Premises and Fixed Assets	15,889	3.4
Other Real Estate Owned	2,608	0.5
Intangible Assets	474	0.0
Other Assets	4,533	1.1
<b>Total Assets</b>	<b>469,037</b>	<b>100.0</b>
Source: Report of Income and Condition (9/30/19)		

The following table presents the Loan Distribution Mix as of September 30, 2019. The mix of outstanding loans reflects a similar distribution to 2018 originations noted in the Scope of Evaluation section. As shown below, Secured by 1-4 Family Residential loans represent the largest loan category of outstanding loans at 36.7 percent and Secured by Commercial Real Estate loans represent the second largest category at 24.6 percent.

<b>Loans Outstanding</b>		
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Construction and Land Development	53,399	13.8
Secured by Farmland	12,398	3.2
Secured by 1-4 Family Residential	141,753	36.7
Secured by Multifamily (5 or more) Residential Properties	13,772	3.6
Secured by Nonfarm Nonresidential Properties	94,769	24.6
Agricultural Loans	3,049	0.8
Commercial and Industrial Loans	61,100	15.8
Consumer Loans	5,035	1.3
Obligations of States and Political Subdivisions in the United States	273	0.1
Other Loans	191	0.1
<b>Gross Loans</b>	<b>385,739</b>	<b>100.0</b>
<i>Source: Report of Condition and Income (9/30/19)</i>		

Based on the information discussed in this section (as well as other regulatory data), the institution's financial, legal, and other impediments did not affect the bank's ability to meet the AA credit needs.

## DESCRIPTION OF ASSESSMENT AREAS

First Bank designated two AAs in the State of Texas for this evaluation's review. The first AA includes all of the Wichita Falls, Texas Metropolitan Statistical Area (MSA) and is called the Wichita Falls MSA AA. The second AA includes a portion of the Dallas-Plano-Irving, Texas Metropolitan Division (MD) and is called the Dallas MD AA. The combined AAs encompass 301 census tracts with the following income designations based on the 2015 American Community Survey (ACS): 9 low-income, 37 moderate-income, 79 middle-income, 174 upper-income, and 2 census tracts with no income designation. All areas conform to CRA regulatory requirements. Refer to the individual discussions of the AAs for more details.

In November 2019, the bank opened the Aledo Branch in Aledo, Texas, in Parker County, creating a new AA. Parker County is a part of the Fort Worth-Arlington-Grapevine, Texas MD and is not a part of the prior two AAs discussed. Because the branch was opened so recently, the AA was not reviewed or analyzed for this evaluation.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from February 13, 2017, to December 31, 2019. To assess performance, examiners applied the Federal Financial Institutions Examination Council's (FFIEC's) Intermediate Small Institution CRA Examination Procedures, which include the Lending and Community Development Tests. Banks must achieve at least a satisfactory rating under each test to obtain an overall satisfactory rating.

Examiners selected the Wichita Falls MSA AA for a full-scope review and performed a limited-scope review on the Dallas MD AA. This decision considered the prior evaluation's full-scope review of both AAs, done in part to ensure that examiners periodically measured infrequently reviewed areas such as the Dallas MD AA.

As discussed previously, the bank's new AA, created when the bank opened the Aledo Branch, will not be analyzed for this evaluation and was only used when analyzing the Availability of Services, in the Community Development Services section of the Community Development Test. Because the branch was opened so recently, an analysis of the area's activities would not warrant meaningful conclusions.

As presented, the Wichita Falls MSA AA contained the majority of lending and deposits, which correlates to the branching structure and location of the main office in this area. Additionally, the bank has no affiliates which would affect the volume. Given these considerations, examiners placed more weight on the Wichita Falls MSA AA when arriving at conclusions and the overall rating. The following table presents the volume of loans, deposits, and offices in each of the two AAs reviewed for this evaluation.

Assessment Area Distribution				
Assessment Area	Loans (% of #)	Loans (% of \$)	Deposits (% of \$)	Offices (% of #)
Wichita Falls MSA	90.3	71.9	84.4	83.3
Dallas MD	9.7	28.1	15.6	16.7
<i>Source: Bank records and Summary of Deposits (6/30/19)</i>				

### **Activities Reviewed**

For the Lending Test, CRA Intermediate Small Institution Procedures require examiners to determine the bank's major product lines from which to sample. As an initial matter, examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. The following table displays the bank's 2018 lending activity.

Originated or Purchased Loans				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	83,770	20.4	249	9.8
Secured by Farmland	4,254	1.0	17	0.7
Secured by 1-4 Family Residential	231,785	56.5	1,047	41.1
Secured by Multi-Family Residential	3,543	0.9	5	0.2
Secured by Commercial Real Estate	40,116	9.9	71	2.8
Agricultural Production	2,458	0.6	59	2.3
Commercial and Industrial	40,633	9.9	520	20.4
Consumer	3,507	0.5	514	20.2
Other Loans	1,245	0.3	64	2.5
<b>Gross Loans</b>	<b>411,311</b>	<b>100.0</b>	<b>2,546</b>	<b>100.0</b>
<i>Source: Bank records (1/1/18 – 12/31/18)</i>				

Examiners determined that residential and commercial loans represent the bank's major products. Examiners considered the dollar volume and number of loans originated; as well as, management's stated business strategy when making this determination. Residential lending (Secured by 1-4 Family Residential and Secured by Multi-Family Residential) comprises the largest volume of lending at 57.4 percent of dollar volume and 41.3 percent by number of loans. Commercial loans (Secured by Commercial Real Estate and Commercial and Industrial) comprise the next largest share of the portfolio at 19.8 percent by dollar volume and 23.2 percent by number of loans. First Bank does not focus on consumer or small farm lending. Farm loan originations account for less than 2.5 percent each by dollar and number volume. While consumer loans account for 20.2 percent by number, the dollar volume is less than 1.0 percent. Inclusion of either product would not materially affect conclusions or ratings. Consequently, examiners selected home mortgage and small business loans for review.

### ***Loan Products Reviewed***

For home mortgage lending, this evaluation considered all 1,245 home mortgage originations or purchases totaling \$285.7 million reported on the 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Register. In this evaluation, examiners analyzed and present 2018 home mortgage data since 2018 aggregate data is available for comparison. Examiners also analyzed 2017 HMDA data; however, since there were no lending anomalies between 2017 and 2018 HMDA data, 2017 HMDA data is only presented for AA concentration and no other Lending Test criteria. 2017 tables are presented in Appendix C. The bank reported 1,500 home mortgage originations or purchases totaling \$327.3 million in 2017. For the geographic distribution and borrower profile factors, examiners considered only those loans originated inside the AAs.

For small business lending, this evaluation considered 2018 originations. The bank originated 591 commercial loans totaling \$80.7 million, of which 573 were small business loans totaling \$43.0 million. Examiners evaluated all 573 loans for the AA concentration but only focused on loans originated inside the Wichita Falls MSA AA for the geographic distribution and borrower profile.

In the Wichita Falls MSA AA, the bank originated or purchased 464 small business loans totaling nearly \$27.9 million. Examiners randomly selected a sample from the Wichita Falls MSA AA, using 10.0 percent precision, and arrived at 65 loans totaling \$6.0 million. Since the

bank is not required to report CRA data, D&B data provides a level of comparison. In the Dallas MD AA, the bank only originated 31 small business loans totaling \$4.9 million. Since small business lending is not a predominant product or stated business strategy in the Dallas MD AA, examiners did not review the product.

### ***Loan Category Weighting***

Examiners then considered the universes of the dollar volume and number of loans reviewed, as well as management's stated business strategy to determine the weighting applied to the loan categories when arriving at applicable conclusions. The following table shows that the bank originated a significantly larger volume of home mortgage loans compared to small business loans. Therefore, home mortgage loans received heavier weighting in the Wichita Falls MSA AA and all of the weighting in the Dallas MD AA for this evaluation when arriving at applicable conclusions.

<b>Universes of Loan Categories Reviewed</b>				
<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Home Mortgage	285,715	86.9	1,245	68.5
Small Business	42,954	13.1	573	31.5
<b>Total Loans</b>	<b>328,669</b>	<b>100.0</b>	<b>1,818</b>	<b>100.0</b>

*Source: Bank records (1/1/18 – 12/31/18) and HMDA data (2018)*

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While this evaluation presents the number and dollar volume of loans, examiners emphasized performance by number because the number of loans is a better indicator of the number of individuals and businesses served.

For the Community Development Test, bank management provided data as of December 31, 2019 for community development loans, qualified investments, and community development services since the prior CRA evaluation. The scope of this evaluation further encompasses all prior period qualified investments, those purchased prior to the previous evaluation, but still outstanding as of this evaluation's date.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

First Bank demonstrated a satisfactory overall Lending Test record. The reasonable geographic loan distribution combined with the reasonable borrower profile performance primarily supports this conclusion. A more than reasonable LTD ratio and a majority of loans granted inside the AAs further support this conclusion. Appendix B lists the Lending Test's criteria.

For the Lending Test, generally once a bank displays at least satisfactory performances regarding the Loan-to-Deposit Ratio and the Assessment Area Concentration, examiners will then place more weight on the Geographic Loan Distribution and Borrower Profile components when arriving at the overall rating. Examiners reviewed the Loan-to-Deposit Ratio and Assessment Area Concentration for the bank as a whole.

## **Loan-to-Deposit Ratio**

First Bank exhibited a more than reasonable record regarding its LTD ratio. More than reasonable overall and comparative levels support this conclusion. Examiners considered the bank's size, business strategy, and capacity relative to the AA needs when arriving at this conclusion.

### ***Overall Level***

The overall level of the average, net LTD ratio reflects more than reasonable performance. For the 11 quarters since the prior evaluation, the bank recorded a 95.0 percent average, net LTD ratio. The quarterly LTD ratios ranged from a low of 84.3 percent on September 30, 2018, to a high of 102.6 percent on December 31, 2017, with no discernable trend. Aside from the high and low noted, the LTD remained consistently stable in the remaining nine quarters and the LTD ratio reflects the bank's willingness to lend. Consequently, the overall level of the average, net LTD ratio reflects more than reasonable performance.

### ***Comparative Level***

The comparative level of the average, net LTD ratio also reflects more than reasonable performance. Examiners identified, in the following table, four similarly-situated institutions operating in or near the AAs. All four institutions reflected roughly similar asset sizes or lending emphases.

The table below shows the bank's average, net LTD ratio of 95.0 percent exceeds that of 3 of the similarly-situated institutions and trails only First National Bank in Wichita County. Overall, the comparable level reflects a more than reasonable performance.

<b>Loan-to-Deposit Ratio Comparative Level</b>		
<b>Bank Name and Location</b>	<b>Total Assets as of 9/30/2019 \$(000s)</b>	<b>Average, Net LTD Ratio (%)</b>
First Bank, Burkburnett, Texas – Wichita County	469,037	95.0
<b>Comparable Banks</b>		
AccessBank Texas, Frisco, Texas – Collin County	424,206	80.6
American National Bank, Wichita Falls, Texas – Wichita County	819,424	81.6
First National Bank, Wichita Falls, Texas – Wichita County	529,832	115.1
PointBank, Pilot Point, Texas – Denton County	543,306	62.4
<i>Source: Reports of Condition and Income (3/31/17 – 9/30/2019)</i>		

## **Assessment Area Concentration**

The institution granted a majority of its loans inside the AAs. Majorities of home mortgage and small business loans, by the percentage of the number and dollar volume, supports this conclusion. Examiners considered the bank's lending strategy, office structure, and loan categories reviewed relative to the combined AA size and economy when arriving at this conclusion.

### ***Home Mortgage Loans***



The following table shows that for home mortgage loans, individually for each year and combined, the bank granted a majority by percentage of number and dollar volume inside its AAs.

### ***Small Business Loans***

The following table shows that for small business loans, by percentages of the number and dollar volume of loans, the bank granted a majority inside the AAs.

<b>Lending Inside and Outside of the Assessment Area</b>										
	<b>Number of Loans</b>					<b>Dollar Amount of Loans \$(000s)</b>				
<b>Loan Category</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage 2017	889	59.3	611	40.7	1,500	195,224	59.6	132,082	40.4	327,306
Home Mortgage 2018	637	51.2	608	48.8	1,245	149,243	52.2	136,472	47.8	285,715
<b>Subtotal</b>	<b>1,526</b>	<b>55.6</b>	<b>1,219</b>	<b>44.4</b>	<b>2,745</b>	<b>344,467</b>	<b>56.2</b>	<b>268,554</b>	<b>43.8</b>	<b>613,021</b>
Small Business 2018	481	83.9	92	16.1	573	30,333	70.6	12,621	29.4	42,954
<b>Total</b>	<b>2,007</b>	<b>60.5</b>	<b>1,311</b>	<b>39.5</b>	<b>3,318</b>	<b>374,800</b>	<b>57.1</b>	<b>281,175</b>	<b>42.9</b>	<b>655,975</b>
<i>Source: Bank records (1/1/18 - 12/31/18) and HMDA data (2017 and 2018)</i> <i>Due to rounding, totals may not equal 100.0 percent</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. Reasonable performance in the Wichita Falls MSA AA primarily supports this conclusion. Please see the AA review sections that follow for more detail about each individual AA.

### **Borrower Profile Distribution**

The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different incomes and businesses of different sizes for the institution as a whole. An overall reasonable performance in the Wichita Falls MSA AA primarily supports this conclusion. Please see the AA review sections that follow for more detail about each individual AA.

### **Response to Complaints**

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

First Bank demonstrated an outstanding overall record regarding the Community Development Test. Excellent records of community development lending and community development services, supplemented by adequate community development investments, supports this conclusion. First Bank's community development performance also demonstrates excellent responsiveness to community development needs in the AAs. Examiners considered the

availability of opportunities, the institution's capacity for community development activities, and AA needs when arriving at this conclusion.

### **Community Development Loans**

First Bank provided an excellent level of community development loans. The bank originated 12 loans totaling \$22.6 million during the evaluation period. This level of activity represents 5.5 percent of average total assets (\$409.0 million) and 6.6 percent of average total loans (\$342.0 million) since the prior evaluation. While the level of community development lending at \$67.4 million decreased since the prior evaluation, almost all of the prior evaluation's loans (\$65.3 million) qualified for revitalization or stabilization credit based on 3 Federal Emergency Management Agency (FEMA) major disaster declarations impacting the AAs. Furthermore, at this evaluation, the bank provided community development lending in the assessment areas in three categories, reflective of the bank's excellent responsiveness to the assessment area needs.

The following table illustrates the community development lending activity by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2017	0	0	1	1,500	1	1,000	1	2,500	3	5,000
2018	0	0	0	0	1	1,000	4	8,273	5	9,273
2019	1	1,350	0	0	1	1,000	2	5,960	4	8,310
<b>Total</b>	<b>1</b>	<b>1,350</b>	<b>1</b>	<b>1,500</b>	<b>3</b>	<b>3,000</b>	<b>7</b>	<b>16,733</b>	<b>12</b>	<b>22,583</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>										

The following table contains the distribution of community development loans by AA.

<b>Community Development Lending</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Wichita Falls MSA	0	0	1	1,500	0	0	3	8,500	4	10,000
Dallas MD	0	0	0	0	3	3,000	1	2,960	4	5,960
Statewide Activities	1	1,350	0	0	0	0	3	5,273	4	6,623
Regional Activities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1,350</b>	<b>1</b>	<b>1,500</b>	<b>3</b>	<b>3,000</b>	<b>7</b>	<b>16,733</b>	<b>12</b>	<b>22,583</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>										

As presented in the previous table, 70.7 percent of the dollar volume of community development lending supported the two AAs as 44.3 percent benefitted the Wichita Falls MSA AA and 26.4 percent benefitted the Dallas MD AA. The bank also originated loans that benefitted the State of Texas, including 2 loans totaling \$2.7 million to build 2 Dollar General stores located in low- or moderate-income tracts outside of the AAs. The following highlights the bank's statewide and Dallas MD AA (limited-scope) community development loans:

- ***Affordable Housing – Statewide:*** In the State of Texas, the bank originated a loan for \$1.3 million for property improvements on a multifamily apartment with a “Low-Income Housing Tax Credit” designation. The Low-Income Housing Tax Credit provides a tax incentive to construct or rehabilitate affordable rental housing for low-income households or subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants.
- ***Revitalization or Stabilization – Dallas MD AA:*** In Collin County, the bank originated a \$3.0 million loan for a commercial real estate construction project located in a Tax Increment Financing Reinvestment Zone (TIRZ). Only city or county governments establish TIRZs to stimulate new development, re-investment, or improvement to designated areas. The TIRZ for this project was a large section of undeveloped land at the intersection of the North Central Expressway corridor and the President George Bush Turnpike located in a low-income census tract. While the project directly benefitted the AA, the approving city council (Richardson) lies between Collin and Dallas Counties.

Refer to the review of the Wichita Falls MSA AA regarding more detail on community development lending activities specific to that area.

### **Qualified Investments**

First Bank demonstrated an adequate level of qualified investment activity. The bank made 11 qualified investments totaling \$4.6 million and 65 donations totaling nearly \$137 thousand. While the total dollar amount only equates to 1.2 percent of average total assets (\$409.0 million) it also equates to 976.0 percent of average total securities (\$487.0 thousand).

Because First Bank’s LTD ratio is so high, the capacity to make investments is limited; therefore, the high level of qualified investments to average total securities is excellent; however, more weight is placed on the ratio of qualified investments to average total assets. The dollar amount of qualified investments represents a significant increase from the \$45 thousand at the prior evaluation. Additionally, at this evaluation, the bank provided qualified investments in the assessment areas in all categories, reflective of the bank’s excellent responsiveness to the assessment area needs. The following table illustrates the community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0
2018	1	1,605	1	232	0	0	0	0	2	1,837
2019	0	0	9	2,779	0	0	0	0	9	2,779
<b>Subtotal</b>	<b>1</b>	<b>1,605</b>	<b>10</b>	<b>3,011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>4,616</b>
Qualified Grants & Donations	6	2	48	110	2	16	9	9	65	137
<b>Total</b>	<b>7</b>	<b>1,607</b>	<b>58</b>	<b>3,121</b>	<b>2</b>	<b>16</b>	<b>9</b>	<b>9</b>	<b>76</b>	<b>4,753</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>										

The following contains the breakdown of qualified investments by AA.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Wichita Falls MSA	6	2	50	3,112	2	16	7	7	65	3,137
Dallas MD	1	1,605	8	9	0	0	1	1	10	1,615
Statewide Activities	0	0	0	0	0	0	1	1	1	1
Regional Activities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>1,607</b>	<b>58</b>	<b>3,121</b>	<b>2</b>	<b>16</b>	<b>9</b>	<b>9</b>	<b>76</b>	<b>4,753</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>										

As seen above, the bank primarily made qualified investments for community services at 65.7 percent of the total dollar volume of total qualified investments and affordable housing at 33.8 percent of the total dollar volume of total qualified investments. The following details the qualified statewide and Dallas MD AA (limited-scope) activity:

- **Revitalization or Stabilization – Statewide:** The bank donated \$1,235 to a community service organization that provided recovery aid and rebuilding efforts after Hurricane Harvey devastated Houston and the surrounding areas.
- **Affordable Housing – Dallas MD AA:** In 2018, the bank purchased an investment in a mortgage-backed security (MBS) for \$1.6 million. The MBS helped finance single and multifamily residential properties in the AA generally backed by the Government National Mortgage Association and Federal National Mortgage Association. These MBSs primarily provide affordable housing for low- and moderate-income individuals throughout the AAs.

### **Community Development Services**

The bank established an excellent record of providing community development services for the bank as a whole. The bank provided 72 community development services totaling 3,598 hours.

The number of services equates to 4.4 community development services per average number of full-service offices (5.7), per year for the 2.9-year period since the previous evaluation and reflects an adequate level. The number of services have increased since the prior evaluation. The qualitative aspect of the community development services, as described below and within the AA review sections, boosted the record to an excellent level. Additionally, at this evaluation, the bank provided community development services in the assessment areas in all categories, reflective of the bank's excellent responsiveness to the assessment area needs.

The following table illustrates the community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017	0	15	3	3	21
2018	6	17	3	5	31
2019	0	15	2	3	20
<b>Total</b>	<b>6</b>	<b>47</b>	<b>8</b>	<b>11</b>	<b>72</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>					

The following table contains the distribution of community development services by AA.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Wichita Falls MSA	6	38	8	11	63
Dallas MD	0	9	0	0	9
Statewide Activities	0	0	0	0	0
Regional Activities	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>47</b>	<b>8</b>	<b>11</b>	<b>72</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>					

As seen above, employees primarily assisted organizations that provided community services (65.3 percent) and revitalization and stabilization activities (15.3 percent). Examiners also gave qualitative consideration for service activities done on behalf of Habitat for Humanity as the bank provides these services to Habitat for Humanity at no cost. Bank personnel provide them during normal businesses hours but the responsiveness provides a great impact in meeting the needs of the AAs. Refer to the Wichita Falls MSA AA Full-Scope Review for more details.

The following provides additional details of community development services:

- **Community Services – Dallas MD AA:** Two employees provide financial assistance, job placement, mentoring, coaching and budget accountability for a community-based, nonprofit organization that provides family support and education services to at-risk, economically impoverished families in Dallas County.

As mentioned above, examiners also gave qualitative credit for services the bank provides in partnership with Habitat for Humanity Wichita Falls and Collin County. Habitat for Humanity provides affordable housing for low- and moderate-income families as well as revitalization and stabilization of low- and moderate-income areas.

- **Collin County:** The bank provides services for loan processing and compliance assistance for Habitat for Humanity's borrower's mortgage loans. During the evaluation period, the bank assisted 19 families with their loan transactions at no cost. Services included accepting online applications, preparing initial mortgage disclosures, ordering appraisals and flood certifications, and preparing preliminary and final disclosures. During the evaluation period, First Bank provided approximately 150 hours for this service.

### Availability of Services

The bank displayed excellent performance regarding the availability of its services to low- and moderate-income individuals. Excellent availability of alternative banking services and traditional banking services supports this conclusion.

The following table illustrates the bank's branching and ATM distributions during the review period. As shown, the bank does not operate any branches or ATMs in low-income census tracts; however, the nine low-income census tracts found within the AAs contain only 1.9 percent of the total population. Therefore, given the minimal population, the lack of branches within these census tracts reflects adequate performance. The bank holds 28.6 percent of its branches in moderate-income census tracts, which is 18.8 percentage points higher than the population percentage, thus, reflecting excellent performance. Because more of the population resides in moderate-income census tracts compared to low-income census tracts, the availability of services in moderate-income census tracts was weighted more heavily. Also noted, the bank closed two branches located in upper-income census tracts during the review period, which had no net effect on low- and moderate-income tracts. Consequently, the distribution of branches reflects excellent performance.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Closed Branches		Closed ATMs	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	9	3.0	26,679	1.7	0	0	0	0	0	0	0	0
Moderate	37	12.3	124,843	8.0	2	28.6	2	28.6	0	0	0	0
Middle	79	26.2	429,568	27.5	1	14.3	1	14.3	0	0	0	0
Upper*	174	57.8	945,051	60.5	4	57.1	4	57.1	2	100.0	2	100.0
NA	2	0.7	35,927	2.3	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>301</b>	<b>100.0</b>	<b>1,562,068</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>
Source: Bank records												
*Includes the new Aledo Branch												

Besides its office locations, the bank provides excellent alternative delivery systems that help avail services to low- and moderate-income individuals. The above table shows a similar distribution of ATMs as shown for office locations. Given the similarity, the bank provided an excellent distribution of its ATMs in low- and moderate-income geographies. In addition to its ATMs, the bank provides other alternative banking services such as internet banking, mobile banking, and electronic banking with bill pay.

Given the excellent branch and ATM distributions, the alternative banking systems and the availability of services to low- and moderate-income individuals and geographies reflects excellent performance.

### **Responsiveness to Community Development Needs**

The bank achieved an excellent record in making its community development activities responsive to AA community development needs. An excellent level of activities directed to identified needs and other qualitative considerations support this conclusion. Examiners considered the number and dollar volume of total activities as well as the activities' other qualitative characteristics relative to the considerations noted for the Community Development Test noted in each previous section when arriving at this conclusion.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs. Therefore, this consideration did not affect the institution's overall CRA rating.



## WICHITA FALLS MSA ASSESSMENT AREA – FULL SCOPE REVIEW

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN WICHITA FALLS MSA AA

The bank continues to designate all of the Wichita Falls, Texas MSA as its AA. The Wichita Falls MSA AA consists of Archer, Clay, and Wichita Counties, comprised of 43 census tracts. The census tracts reflect the following income designations as of the 2015 ACS: 4 low-, 12 moderate-, 13 middle-, and 13 upper-income census tracts. There is also one census tract with no income designation. During the evaluation period, all three counties received FEMA federal disaster area designations due to flooding and tornado damage.

The bank maintains five branches, including the Main Office, in the Wichita Falls MSA AA. All branches have ATMs located on the branch property. As shown in the table below, both the Main Office and the 901 Lamar Street Branch are in moderate-income census tracts according to the 2015 ACS. Since the prior evaluation, the Main Office is the only location that changed census tract income designations. The designation was changed from middle-income to moderate-income. There have not been any opened or closed branches in this AA since the prior evaluation.

<b>Office Locations Wichita Falls MSA AA</b>			
<b>County/City/Office</b>	<b>Office Type</b>	<b>Census Tract Income Level</b>	<b>Office Opened or Closed Since Last Evaluation</b>
<b><i>Wichita County:</i></b>			
Burkburnett – 300 East Third	Main Office	Moderate	No
Iowa Park – 318 West Park Street	Branch	Middle	No
Wichita Falls – 4110 Kell Blvd	Branch	Upper	No
Wichita Falls – 901 Lamar Street	Branch	Moderate	No
Wichita Falls – 2801 Midwestern Pkwy	Branch	Upper	No
<i>Source: Bank records and ACS (2015)</i>			

### **Economic and Demographic Data**

Wichita Falls remains a regional economic hub for North Texas and South-Central Oklahoma. According to Moody’s Analytics, as of September 2019, the area benefits from the stable presence of Sheppard Air Force Base and defense-related employers. Residents benefit from low living and business costs. Other potential strengths include stronger defense spending to Sheppard Air Force Base and aerospace programs; as well as, diversification from healthcare and professional services.

The area’s economy is also at risk as the government sector is stagnating and energy-related payrolls are declining after stabilizing for two years. Other weakness indicators include very low economic vitality, limited job growth in the oil and gas industry, and below-average per-capita income. According to the same report, longer-term impairments include a poorly skilled labor force and below-average industrial diversity; however, the economy will still grow and outperform the U.S average but at a much slower pace had these impairments not occurred.



The area's major employers remain Sheppard Air Force Base, Wichita Falls Independent School District, United Regional Healthcare System, and Midwestern State University. Service industries represent the largest portion of the area's businesses at 39.2 percent, followed by retail trade at 14.7 percent, and finance, insurance, and real estate at 8.5 percent.

As of November 2019, Archer County had an unemployment rate of 2.7 percent, Clay County had 2.8 percent, and Wichita County had 3.0 percent. The counties rates are lower than the statewide unemployment rate of 3.4 percent and the national unemployment rate of 3.5 percent for the same period. According to Moody's Analytics, with fewer employment opportunities, more residents abandoned the labor force, pushing joblessness to historic lows. However, average hourly earnings are up 6.0 percent compared to September 2018.

The following table provides additional demographic and economic characteristics of the AA.

Demographic Information of the Assessment Area – Wichita Falls MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	43	9.3	27.9	30.2	30.2	2.3
Population by Geography	151,215	5.4	21.2	35.1	38.3	0.0
Housing Units by Geography	65,162	6.1	23.5	34.5	35.9	0.0
Owner-Occupied Units by Geography	35,703	5.0	19.6	36.8	38.7	0.0
Occupied Rental Units by Geography	19,734	7.4	28.8	26.9	37.0	0.0
Vacant Units by Geography	9,725	7.8	27.3	41.6	23.3	0.0
Businesses by Geography	8,422	4.3	29.3	25.5	40.8	0.1
Farms by Geography	414	2.4	13.3	47.1	37.2	0.0
Family Distribution by Income Level	36,174	21.5	16.8	20.5	41.3	0.0
Household Distribution by Income Level	55,437	23.8	16.3	18.3	41.6	0.0
Median Family Income MSA - 48660 Wichita Falls, TX MSA		\$57,690	Median Housing Value			\$95,990
			Median Gross Rent			\$758
			Families Below Poverty Level			12.3%
Source: ACS (2015) and D&B data (2018) Due to rounding, totals may not equal 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification						

Additionally, examiners used the 2018 FFIEC-estimated median family income to analyze the bank's level of home mortgage lending, primarily for low- and moderate-income ranges. The following table presents the applicable ranges.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$62,900)	<\$31,450	\$31,450 to <\$50,320	\$50,320 to <\$75,480	≥\$75,480
<i>Source: FFIEC</i>				

## **Competition**

Financial institutions experience moderate competitiveness for financial services. According to the June 30, 2019, FDIC Deposit Market Share Report, there were 14 financial institutions that operate 44 offices within the AA. First Bank ranked 5<sup>th</sup> in deposit market share by capturing 11.8 percent of the area's deposits.

Based on home mortgage reported data for originations and purchases, financial institutions face a high level of competition for home mortgage loans. The high level also includes several banks, credit unions, and non-depository mortgage lenders. In 2018, 186 lenders reported a total of 3,595 residential mortgage loans originated or purchased. First Bank ranked 4<sup>th</sup> out of this group of lenders, with a market share of 6.7 percent of number volume and 6.3 percent by dollar volume.

First Bank is not subject to small business data reporting requirements. The analysis of small business loans compares the bank's performance to available demographic information. However, aggregate data can provide some insight into the level of demand for such loans. Aggregate data shows that 65 lenders reported 1,652 small business loans in 2018, which indicates a high degree of competition for small business loans. The top 4 small business lenders accounted for 53.3 percent of total market share by number in the AA.

## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

A contact involved in economic development in Wichita Falls indicated that the area has an ongoing need for sustainable economic development and small business lending. According to the contact, small businesses face challenges in retaining qualified employees. The contact indicated that banks could offer more Small Business Administration loans which facilitate small business and economic development growth. The contact also stated that the area is predominantly rural but a majority of the population live in Wichita Falls.

In a survey published by the economic development organization, a lack of available capital was the most cited issue. The area itself ranked 320<sup>th</sup> out of 380 in terms of availability of capital, with economic wellbeing, business profile, human capital and idea creation, and business dynamics as the qualitative indicators. The contact also noted increased competition for these types of loans from both local and out-of-area financial institutions. The contact had limited knowledge of the performance of financial institutions in the area but stated that alternative

financing was primarily who they and the organizations they worked with used in lieu of bank financing.

### **Credit and Community Development Needs and Opportunities**

Examiners considered information from the community contact, bank management, demographic and economic data when arriving at the credit and community development needs. Examiners determined that the credit needs include small business, home mortgage, and consumer lending. The area's community development needs include economic development and revitalization and stabilization.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WICHITA FALLS MSA AA**

### **LENDING TEST**

First Bank demonstrated a satisfactory Lending Test record in the Wichita Falls MSA AA. Reasonable records of geographic loan distribution and borrower profile performances primarily support this conclusion.

### **Geographic Distribution**

The geographic distribution of lending reflects reasonable dispersion throughout the Wichita Falls MSA AA. Reasonable home mortgage and small business performances supports this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable performance. Reasonable records in low- and moderate-income geographies supports this conclusion. Examiners focused on the bank's percentages of the number of loans granted in low- and moderate-income geographies relative to the aggregate data when arriving at this conclusion.

As seen in the following table, within low-income census tracts, the bank's percentage of the number of loans exceeds aggregate performance level by 1.1 percentage points, reflecting reasonable performance. Within moderate-income census tracts, the bank's number of loans exceeds the aggregate level by 0.2 percentage points, reflecting reasonable performance.

## DALLAS MD ASSESSMENT AREA – LIMITED-SCOPE REVIEW

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE DALLAS MD AA

The bank continues to designate all of Collin County and a portion of Denton County, in the Dallas-Plano-Irving, Texas MD as its AA. The AA consists of 258 census tracts. The census tracts reflect the following income designations as of the 2015 ACS: 1 low-, 21 moderate-, 65 middle-, and 171 upper-income tracts.

The bank maintains one branch in the Dallas MD AA. The branch also has an ATM located on the branch property. As shown in the table below, the bank opened two branches and closed two branches. The remaining branch, including the ATM, is located in an upper-income census tract.

Office Locations – Dallas MD AA			
County/City/Office	Office Type	Census Tract Income Level	Office Opened or Closed Since Last Evaluation
<b><i>Collin County:</i></b> Frisco – 4400 Main Street McKinney – El Dorado Parkway Prosper – 161 East Third Street	Branch Branch Branch	Upper Upper Upper	Opened – March 2018 Closed – May 2018 Opened – May 2017 and Closed – January 2019
<i>Source: Bank records and ACS (2015)</i>			

### **Economic and Demographic Data**

According to Moody’s Analytics, as of November 2019, the Dallas MD AA performed exceptionally well, with job growth over the past year nearly tripling the U.S. rate. The report noted that the AA is among the very largest metro areas and divisions in the country. Every major industry has increased year over year, outpacing its national counterpart. Such well-paying industries including core professional services, construction, and financial services lead the way, and as a result, growth in the number of high-wage jobs has also been more than twice the national average. The area’s economy is also at risk due to the volatility in high technology, which is sensitive to the business cycle. Another noted weakness is the impact to affordable housing.

The area’s major employers remain Walmart-Stores Inc., Bank of America Corp., Carlson Restaurants Worldwide, AT&T, JPMorgan Chase & Co., and Texas Instruments, as well as various employers focusing on healthcare, government, and education. Service industries represent the largest portion of the area’s businesses at 46.0 percent, followed by non-classifiable businesses at 16.7 percent, retail trade at 10.7 percent, and finance, insurance, and real estate at 10.6 percent.

As of November 2019, Collin County had an unemployment rate of 2.9 percent and Denton County had 2.7 percent. The counties rates are lower than the statewide unemployment rate of 3.4 percent and the national unemployment rate of 3.5 percent for the same period. According to Moody’s Analytics, the robust economy is the reason for lower unemployment rates.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Wichita Falls MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.0	1.0	5	2.1	732	2.3
Moderate	19.6	14.6	35	14.8	2,605	8.0
Middle	36.8	33.7	78	33.1	9,936	30.7
Upper	38.7	50.7	118	50.0	19,080	59.0
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>236</b>	<b>100.0</b>	<b>32,353</b>	<b>100.0</b>
<i>Source: ACS (2015), HMDA Aggregate data (2018), and HMDA data (2018)</i> <i>Due to rounding, totals may not equal 100.0 percent</i>						

### ***Small Business Loans***

The geographic distribution of small business loans in the Wichita Falls MSA AA reflects reasonable performance. Reasonable records in the low- and moderate-income geographies support this conclusion. Examiners focused on the bank's percentages of the number of loans granted in low- and moderate-income geographies relative to D&B data when arriving at this conclusion.

The following table shows that in low-income geographies, the bank's performance trailed D&B data by only 1.2 percentage points, reflecting reasonable performance. In moderate-income census tracts, the bank's performance trailed D&B data by only 0.1 percentage points, reflecting reasonable performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Wichita Falls MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.3	2	3.1	762	12.6
Moderate	29.3	19	29.2	2,059	34.1
Middle	25.5	19	29.2	751	12.5
Upper	40.8	25	38.5	2,465	40.8
Not Available	0.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>6,037</b>	<b>100.0</b>
<i>Source: D&amp;B data (2018) and Bank records (1/1/18 – 12/31/18)</i> <i>Due to rounding, totals may not equal 100.0 percent</i>					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the Wichita Falls MSA AA, reasonable penetration among individuals of different income levels and businesses of different sizes. Reasonable performance regarding the distribution of home mortgage loans outweighed the poor performance for small business loans to support this conclusion.

### ***Home Mortgage Loans***

The borrower profile distribution of home mortgage loans in the Wichita Falls MSA AA reflects reasonable performance. A reasonable record of lending to low- and moderate-income borrowers supports this conclusion. Examiners focused on the bank's percentages of the number of loans granted to low- and moderate-income borrowers relative to the aggregate data when arriving at this conclusion. The borrowers' income designations define the borrowers' profiles for this analysis.

The following table shows that to low-income borrowers, the bank's performance exceeds the aggregate level by 4.0 percentage points but is within a reasonable range of the aggregate data. The table also shows that to moderate-income borrowers, the bank's level rises 2.4 percentage points above the aggregate figure, reflecting reasonable performance.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Wichita Falls MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	21.5	5.8	23	9.8	1,440	4.5
Moderate	16.8	14.1	39	16.5	3,603	11.1
Middle	20.5	20.2	55	23.3	6,515	20.1
Upper	41.3	36.7	105	44.5	19,756	61.1
Not Available	0.0	23.1	14	5.9	1,039	3.2
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>236</b>	<b>100.0</b>	<b>32,353</b>	<b>100.0</b>
<i>Source: ACS (2015), HMDA Aggregate data (2018), and HMDA data (2018)</i>						
<i>Due to rounding, totals may not equal 100.0 percent</i>						

### ***Small Business Loans***

The borrower profile distribution of small business loans in the Wichita Falls MSA AA reflects poor performance; however, less weight was given to this conclusion. A poor record to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion. Examiners focused on the bank's overall levels when arriving at this conclusion. The companies' gross annual revenues define the borrowers' profiles for this analysis.

The following table shows that the bank's level of lending to businesses with gross annual revenues of \$1 million or less is considerably below the D&B data, and this is reflective of poor performance. The bank did not collect or utilize gross annual revenues when making the credit decision for a majority of the small business loans. As such, the bank's revenue not available is significantly higher than D&B data, and is skewing the data. The table does show that in the \$250,000-\$499,999 and \$500,000 to \$1,000,000 revenue categories, the bank granted loans comparable to D&B data, reflecting reasonable performance. Given these considerations, the performance is poor, but less weight is given to this loan category.

Detailed Distribution of Small Business Loans by Gross Annual Revenues					
Assessment Area: Wichita Falls MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	40.1	3	4.6	582	9.6
\$100,000 - \$249,999	25.8	3	4.6	928	15.4
\$250,000 - \$499,999	8.5	5	7.7	790	13.1
\$500,000 - \$1,000,000	5.0	4	6.2	495	8.2
<b>Subtotal &lt;= \$1,000,000</b>	<b>79.4</b>	<b>15</b>	<b>23.0</b>	<b>2,795</b>	<b>46.3</b>
>\$1,000,000	6.1	4	6.2	886	14.7
Revenue Not Available	14.5	46	70.8	2,356	39.0
<b>Total</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>6,037</b>	<b>100.0</b>
Source: D&B data (2018) and Bank records (1/1/18 – 12/31/18) Due to rounding, totals may not equal 100.0 percent					

## COMMUNITY DEVELOPMENT TEST

First Bank demonstrated excellent responsiveness to the community development needs through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the AA.

### Community Development Loans

The community development loan performance for the Wichita Falls MSA AA proved consistent with that noted previously for the bank as a whole. As detailed in the following table, during the review period, First Bank originated 4 community development loans totaling \$10.0 million. This is a significant decrease since the last evaluation where the majority of the \$67.4 million community development benefitted the AA. However, almost all of the loans were for revitalization and stabilization efforts after FEMA designated disaster areas. Based on the overall community development lending, the bank exhibited excellent responsiveness to the needs of the Wichita Falls MSA AA community through its community development lending.

Community Development Lending – Wichita Falls MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	0	0	1	1,500	0	0	1	2,500	2	4,000
2018	0	0	0	0	0	0	1	3,000	1	3,000
2019	0	0	0	0	0	0	1	3,000	1	3,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>8,500</b>	<b>4</b>	<b>10,000</b>
Source: Bank records (2/13/17 – 12/31/19)										

Following is an example of a community development loan in the Wichita Falls MSA AA:

- **Revitalize or Stabilize:** The bank originated 3 loans totaling \$8.5 million to a manufacturer of residential and light commercial air handling units located in a moderate-income tract. Furthermore, the business also employs and supports permanent job creation, retention, and improvement for low- and moderate-income persons.

### **Qualified Investments**

The qualified investments performance for the Wichita Falls MSA AA proved consistent with the record noted previously for the bank as a whole. As detailed in the following table, First Bank made 65 qualified investments and donations totaling \$3.1 million within the AA. This is a significant increase by number and dollar volume since the prior evaluation where the bank granted 37 qualified investments totaling \$45,000.

<b>Qualified Investments – Wichita Falls MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	1	232	0	0	0	0	1	232
2019	0	0	9	2,779	0	0	0	0	9	2,779
Qualified Grants & Donations	6	2	40	101	2	16	7	7	55	126
<b>Total</b>	<b>6</b>	<b>2</b>	<b>50</b>	<b>3,112</b>	<b>2</b>	<b>16</b>	<b>7</b>	<b>7</b>	<b>65</b>	<b>3,137</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>										

The following are examples of qualified investments and donations made in the Wichita Falls MSA AA:

- **Community Service:** Since the prior evaluation, the bank purchased 9 investments totaling nearly \$2.8 million in school district bonds for improvements to school grounds and funding programs and technology services. All of the school districts served economically disadvantage districts identified by the Texas Education Agency.
- **Community Service:** Since 2017, First Bank sponsors the annual Hotter N’ Hell Hundred. The cycling event is one of the oldest and largest events in the nation with over 13,000 riders attending 4 days of race activities in Wichita Falls. Almost all activities, including event registration, the finish line, and recreational vehicle camping, occur near the Multi-Purpose Event Center, located in a moderate-income census tract in downtown Wichita Falls. The areas surrounding the center are low- and moderate-income.

According to a 2017 Impact Report, the average growth of the Wichita County area is only about 1.0 percent annually but this event brings in close to \$8 million in revenue. The revenue substantially impacts the local economy and benefits several local businesses and restaurants.

First Bank donated \$50,000 to the Hotter N’ Hell Hundred. The Hotter N’ Hell Hundred supports many community development organizations offering community services



targeted to low- and moderate-income individuals, including the American Red Cross and the Wichita County 4H which serves economically disadvantaged students from the local school districts.

### **Community Development Services**

The community development services performance for the Wichita Falls MSA AA proved consistent with that noted previously for the bank as a whole. During the review period, First Bank provided 63 instances of financial expertise. These figures reflect a significant increase from the 44 community development services recorded at the prior evaluation which were almost all in the Wichita Falls MSA AA. The bank exhibited excellent responsiveness to the needs of the Wichita Falls MSA AA community through its community development services.

Regarding the availability of services, First Bank operates two of its five offices, each containing an ATM, in moderate-income census tracts within the AA. These offices and ATMs demonstrate the availability of banking services to low- and moderate-income individuals.

<b>Community Development Services – Wichita Falls MSA AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2017	0	13	3	3	<b>19</b>
2018	6	14	3	5	<b>28</b>
2019	0	11	2	3	<b>16</b>
<b>Total</b>	<b>6</b>	<b>38</b>	<b>8</b>	<b>11</b>	<b>63</b>
<i>Source: Bank records (2/13/17 – 12/31/19)</i>					

The following are examples of community development services in the Wichita Falls MSA AA:

- **Community Services** –First Bank invests multiple employee hours (231 hours) volunteering at the event by providing banking services, including taking deposits, record keeping, running the cash office at multiple sites, providing cash machines, and making change. During the evaluation, four employees, including two teller supervisors, a teller, and a bookkeeper provided services for this event.

As stated previously, the Hotter N’ Hell Hundred supports many community development organizations offering community services targeted to low- and moderate-income individuals, including the American Red Cross and the Wichita County 4H which serves economically disadvantaged students from the local school districts.

- **Community Services** – The bank is a “Partner in Education” with the Booker T. Washington Elementary school in Wichita Falls, located in a low-income census tract. The bank helped organize several literacy events along with providing food and volunteers for those events.
- **Community Services** – Several employees serve as Board members or Treasurers of various nonprofit community organizations with defined missions or projects that provide

community services, such as child care, educational, health, or social services targeted to low- or moderate-income individuals.

Examiners also gave qualitative credit for services the bank provides in partnership with Habitat for Humanity in the Wichita Falls MSA AA:

- The bank provides ongoing loan servicing for Habitat for Humanity borrower's mortgage loans at no cost. During the evaluation period, the bank had 46 mortgage loans in loan servicing. Loan servicing includes loan booking, payment processing, escrow account handling, payoff calculations, and on-going customer service. During the evaluation period, First Bank provided approximately 950 hours for this service.

The following table provides additional demographic and economic characteristics of the AA.

Demographic Information of the Assessment Area						
Assessment Area: Dallas MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	258	1.9	9.7	25.6	62.4	0.4
Population by Geography	1,410,853	1.5	8.6	26.7	62.8	0.3
Housing Units by Geography	525,184	2.0	9.3	28.0	60.3	0.5
Owner-Occupied Units by Geography	331,866	0.3	5.3	24.1	70.3	0.1
Occupied Rental Units by Geography	167,148	5.1	16.7	34.5	42.4	1.2
Vacant Units by Geography	26,170	2.7	13.3	36.1	46.9	1.0
Businesses by Geography	136,634	2.5	7.1	20.4	69.9	0.2
Farms by Geography	2,672	2.0	7.4	27.2	63.2	0.3
Family Distribution by Income Level	368,234	12.9	12.4	16.9	57.8	0.0
Household Distribution by Income Level	499,014	14.0	13.0	16.4	56.5	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX MD		\$71,149	Median Housing Value			\$231,766
			Median Gross Rent			\$1,129
			Families Below Poverty Level			5.5%
Source: ACS (2015) and D&B data (2018) Due to rounding, totals may not equal 100.0 percent (* ) The NA category consists of geographies that have not been assigned an income classification						

Additionally, examiners used the 2018 FFIEC-estimated median family income to analyze the bank's level of home mortgage lending, primarily for low- and moderate-income ranges. The following table presents the applicable ranges.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2018 (\$77,200)	<\$38,600	\$38,600 to <\$61,760	\$61,760 to <\$92,640	≥\$92,640
<i>Source: FFIEC</i>				

## CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DALLAS MD AA

### LENDING TEST

The institution's lending performance in the Dallas MD AA is consistent with the institution's lending performance in the Wichita Falls MSA AA that was reviewed using full-scope examination procedures.

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance in the Dallas MD AA is consistent with the institution's community development performance in the Wichita Falls MSA AA that was reviewed using full-scope examination procedures.

### GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, for persons or geographies located in an MSA; or the statewide non-metropolitan median family income, for persons or geographies located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. Census tract boundaries always follow state and county boundaries, when applicable.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - b. Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and non-metropolitan 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:** Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (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 Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**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:** Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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 counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.



**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and non-metropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors.

An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved middle-income nonmetropolitan geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

### INTERMEDIATE SMALL BANK PERFORMANCE TESTS' CRITERIA

#### **Lending Test**

The Lending Test for CRA Intermediate Small Banks evaluates the institution'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 bank'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;
- 4) The geographic distribution of the bank's loans; 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).

#### **Community Development Test**

The Community Development Test for CRA Intermediate Small Banks, within the context of the institution's capacity and constraints and other performance context information, considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness to the opportunities for community development lending, qualified investments, and community development services, considering the amount and combination of these community development activities, along with their qualitative aspects.

Regulators flexibly apply the community development test to allow institutions to allocate resources among the options that most respond to the area's needs. They anticipate that most areas will need some level of all three activity types, loans, investments, and services. The adequacy of the institution's response will depend on the bank's capacity for community development activities, the area's need for such activities, and the availability of opportunities for community development activities in the institution's assessment area(s).

**Wichita Falls MSA AA****2017 Home Mortgage Loans*****Geographic Distribution***

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: Wichita Falls MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	5.0	0.9	1	0.2	16	0.0
Moderate	19.6	15.9	64	16.6	4,999	9.9
Middle	36.8	33.2	93	24.1	11,053	21.8
Upper	38.7	50.0	228	59.1	34,573	68.3
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>386</b>	<b>100.0</b>	<b>50,641</b>	<b>100.0</b>
Source: ACS (2015), HMDA Aggregate data (2017), and HMDA data (2017) Due to rounding, totals may not equal 100.0 percent						

***Borrower Profile***

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Wichita Falls MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	21.5	4.9	20	5.2	1,071	2.1
Moderate	16.8	12.0	59	15.3	5,093	10.0
Middle	20.5	20.6	109	28.2	11,994	23.7
Upper	41.3	36.6	185	47.9	31,541	62.3
Not Available	0.0	25.9	13	3.4	942	1.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>386</b>	<b>100.0</b>	<b>50,641</b>	<b>100.0</b>
Source: ACS (2015), HMDA Aggregate data (2017), and HMDA data (2017) Due to rounding, totals may not equal 100.0 percent						

## Dallas MD AA

### Home Mortgage Loans

#### *Geographic Distribution*

2018 Geographic Distribution of Home Mortgage Loans						
Assessment Area: Dallas MD						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.3	0.2	0	0.0	0	0.0
Moderate	5.3	4.6	20	5.0	4,358	3.7
Middle	24.1	23.9	73	18.2	17,256	14.8
Upper	70.3	71.2	308	76.8	95,276	81.5
Not Available	0.1	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>401</b>	<b>100.0</b>	<b>116,890</b>	<b>100.0</b>
<i>Source: ACS (2015), HMDA Aggregate data (2018), and HMDA data (2018)</i>						
<i>Due to rounding, totals may not equal 100.0 percent</i>						

2017 Geographic Distribution of Home Mortgage Loans						
Assessment Area: Dallas MD						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.3	0.2	0	0.0	0	0.0
Moderate	5.3	3.9	22	4.4	4,248	2.9
Middle	24.1	24.5	93	18.5	21,998	15.2
Upper	70.3	71.3	388	77.1	118,337	81.9
Not Available	0.1	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>503</b>	<b>100.0</b>	<b>144,583</b>	<b>100.0</b>
<i>Source: ACS (2015), HMDA Aggregate data (2017), and HMDA data (2017)</i>						
<i>Due to rounding, totals may not equal 100.0 percent</i>						

## Borrower Profile

2018 Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Dallas MD						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	12.9	1.7	7	1.7	924	0.8
Moderate	12.4	8.5	34	8.5	6,217	5.3
Middle	16.9	18.6	84	21.0	20,800	17.8
Upper	57.8	55.8	257	64.1	85,007	72.7
Not Available	0.0	15.3	19	4.7	3,943	3.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>401</b>	<b>100.0</b>	<b>116,890</b>	<b>100.0</b>
Source: ACS (2015), HMDA Aggregate data (2018), and HMDA data (2018) Due to rounding, totals may not equal 100.0 percent						

2017 Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Dallas MD						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	12.9	1.4	1	0.2	82	0.1
Moderate	12.4	8.0	36	7.1	6,256	4.3
Middle	16.9	17.6	101	20.1	23,752	16.4
Upper	57.8	60.7	348	69.2	107,770	74.5
Not Available	0.0	12.4	17	3.4	6,723	4.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>503</b>	<b>100.0</b>	<b>144,583</b>	<b>100.0</b>
Source: ACS (2015), HMDA Aggregate data (2017), and HMDA data (2017) Due to rounding, totals may not equal 100.0 percent						

## Fair Lending Statement

Fair Lending is the unbiased treatment of all customers. Fair Lending laws ensure that financial institutions provide fair and uniform services and credit decisions.

At First Bank, fair and equitable treatment of our current and potential customers is an integral part of our overall commitment to maintaining the highest standards of fair business practices. This extends to every aspect of a credit transaction, including but not limited to, level of customer service, advertisement, pre-application inquiries, loan processing, underwriting, loan disbursement, and ongoing service of the loan. In addition, First Bank applies these standards to our overdraft service and fee assessment for depository accounts.

In the United States, laws such as the Equal Credit Opportunity Act, the Fair Housing Act, Americans with Disabilities Act (ADA), Community Reinvestment Act and applicable state laws govern fair lending practices for financial institutions. These laws require the equitable treatment of all credit applicants without regard to race, sex (including gender), sexual orientation, color, national origin, religion, age, marital status, disability, familial status, the fact that all or part of the applicant's income derives from public assistance programs or to the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Only through the efforts of all of us at First Bank can we ensure that every applicant for credit receives fair and equitable treatment and that we have helped each member of the communities we serve reach his or her fullest potential. Denying any person equal access to basic economic opportunities, such as home ownership or credit will not be tolerated.

### **Equal Credit Opportunity Act (ECOA)**

The provisions of the ECOA make it illegal to discourage an applicant, decline a request for, or terminate a loan based on prohibited basis. The requirements apply to any extension of credit, including extensions of credit to small businesses, corporations, partnerships, and trusts. ECOA affects every phase of the lending process and prohibits discrimination on the basis of:

- Age
- Color
- Sex (includes a person's sexual orientation or gender identity)
- Marital status
- National origin
- Race
- Religion
- Exercising rights under the Consumer Credit Protection Act
- Receipt of public assistance

### **Fair Housing Act (FHA)**

The Fair Housing Act prohibits discrimination in all aspects of "residential real-estate related transactions," including but not limited to:

- Making loans to buy, build, repair or improve a dwelling
- Purchasing real estate loans
- Selling, brokering, or appraising residential real estate
- Selling or renting a dwelling

FHA prohibits discrimination in the sale, rental, and financing of property based on:

- Handicap / Disability
- Familial status (for example, the presence of children in the household)
- Sex / Gender
- National origin
- Race or color
- Religion
- Sexual orientation, gender identity and marital status are also considered protected groups for housing under rule adopted by the Department of Housing and Urban Development (HUD)

### **Americans With Disabilities Act (ADA)**

The ADA prohibits discrimination against qualified individuals with disabilities. It assures that protected individuals have equal access to goods and services offered by private businesses. First Bank prohibits discrimination on the basis of any of the protected factors listed above in all types of credit transactions.

### **Community Reinvestment Act**

The Bank is strongly committed to the spirit of the Community Reinvestment Act and plays a significant role in meeting the credit needs of the community, which it serves within its assessment area. It is the policy of the Bank to effectively serve its assessment area.

### **Maternity Leave Discrimination**

It is the policy of the Bank to not discriminate on the basis of pregnancy, which could be considered a form of sex, marital status, or familial status discrimination.

**ACKNOWLEDGEMENT:** As an employee of First Bank, I have read and commit to upholding the highest standards of fair lending practices as established in First Bank's Fair Lending Statement and applicable laws.





## Loan to Deposit Ratio

	2020	2021	2022	2023
1st Quarter	89.07%	96.47%	92.72%	103.68%
2nd Quarter	89.17%	102.02%	96.30%	101.45%
3rd Quarter	90.15%	97.03%	95.68%	
4th Quarter	94.31%	98.97%	98.41%	

