Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Jerry Don Williams
Name of the Holding Company Director and Official

Director & CFO
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

03/19/2021
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID ________
C.I. ________

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2020
Month / Day / Year

549300SXT5ZEGZA5ES98
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

FirstPerryton Bancorp, Inc.
Legal Title of Holding Company

P.O. Box 929
(Mailing Address of the Holding Company) Street / P.O. Box

Perryton	TX	79070
City	State	Zip Code

201 S. Main, Perryton, TX 79070
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Debora K. Cowan	Treasurer
Name	Title

806-434-3420
Area Code / Phone Number / Extension

806-434-3452
Area Code / FAX Number

DeboraCowan@fbsw.com
E-mail Address

www.fbsw.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

nily. Bank.

TABLE OF CONTENTS

ANDY MARSHALL

If there was ever a year that challenged normal assumptions, that stretched the boundaries of what is improbable, and required a bank and its staff to bring its A game to work every single day, that year was 2020. And I must say loudly and for all to hear, the bankers of the FBSW Family brought their A game and more!

We, and all market prognosticators, came into 2020 expecting a normal, though contentious, presidential election year cycle of flat growth, stable rates, and a marketplace searching for clarity in the election results, like so many tea leaves. Well, all of us now know how those budgetary and strategic expectations came to a screeching halt with the new energy, interest rate, and pandemic realities that slapped the entire country in the face during the first quarter of the year:

- January: Saudi Arabia and Russia got into an oil production battle that glutted the world's supply. The price of oil decreased to its lowest point in history, -$37.63/barrel. And that had a near-crippling effect on all oil and gas related industries.
- February: The Federal Reserve made two completely unforeseen emergency rate cuts totaling 150 basis points (1-1/2%). As the interest banks earn on loans and investments is their bedrock income, completely unforeseen cuts of such draconian proportions have a severely negative effect industry wide.

FROM THE CEO

- March: National, state, and local governments responded to the emerging pandemic by virtually shutting down the economy of the entire country. Those shutdowns and their effects continue at some level to this very day. Among those innumerable negative effects, loan demand, other than relief loans such as PPP, immediately slowed to a trickle and stayed that way for most of the year.

I say all of that to put into context what the FBSW Family faced in 2020. Adjusting to government mandates and new norms that changed all too frequently; virtual customer meetings and loan deferrals; lobbies by appointment only; the required wearing of masks; temperature checks; social distancing; washing and sanitizing hands and common areas to the nth degree; PPP loans and forgiveness with nebulous, ever-changing rules…..the list was endless and ever-expanding!

In spite of those historic headwinds, the bankers of the FBSW Family took care of business and each other at such a high level that the net income level the bank earned in 2020 improbably exceeded that projected in the pre-pandemic budget! Though the budget was re-cast in late summer to account for the new realties of the pandemic year, your FBSW Family bankers finished the year so strongly that they actually exceeded the much higher net income figure budgeted before COVID came to our shores like a Biblical plague! Also of great importance, the common bond and constant flow of communications shared between your bankers and our customers throughout 2020 have forged relationships closer now than they've ever been.

As we all look forward to 2021 and beyond, this bank is extremely well positioned to accelerate its pre-pandemic growth trajectory. Your FBSW Family bankers are in a pro-active growth mode in our existing markets and we are actively pursuing expansion opportunities in new markets via acquisitions, loan/deposit/mortgage production offices, and the creation/acquisition/expansion of ancillary lines of business.

Regardless of the market conditions we'll face in 2021 and beyond, know our culture is very strong and will only get stronger, our bank is rock solid and will only become even more solid, and the bankers of the FBSW Family are of the highest caliber and most cohesive and will only become more so. Their performance in 2020 only sets the bar higher for the years to come. And this bank and its bankers are more than ready for that challenge with their laser-focus on continued growth, ever-heightened financial results, and ever-enhanced shareholder value!

Faith. Family. Bank.

Andy Marshall
Chief Executive Officer and President

Andy Marshall
Chief Executive Officer
President

Mark E. Shaffer
Chairman of the Board

Randy W. Brillhart
Retired Banker

Johnny E. Mize
Real Estate Investor

Letricia “Puff” Niegos, CPA
Treasurer
Chief Financial Officer
Western Sales & Testing of Amarillo, Inc.

Lance E. Purcell, JD, CFP
Executive Vice President
Senior Trust Officer
General Counsel

OUR DIRECTORS

Dennis W. Falk
Retired Banker

Drew S. McGarraugh
Vice Chairman of the Board
Certified Financial Planner

Will C. Miller
Market President - Amarillo
Chief Lending Officer

Mike D. Schueler
Market President - Hereford

Jerry Don Williams
Executive Vice President
Chief Operations Officer
Chief Financial Officer

Brady R. Yeary
Market President - Perryton

JERRY DON WILLIAMS

THE NUMBERS

The directors and employees of FirstPerryton Bancorp, Inc. ("FirstPerryton") and its subsidiary bank, FirstBank Southwest ("FirstBank"), announce that 2020 was another good, but challenging, year for our company. During the year, we dealt with the economic effects of the worldwide spread of COVID-19 paired with a grueling national election cycle. In March, the Federal Reserve Bank dropped short-term interest rates by 150 basis points. Amid the turmoil, however, FirstPerryton and FirstBank reported strong levels of capital, loans, and deposits. With interest rates at all-time historical lows and the world facing continued uncertainties related to COVID-19, we expect 2021 to be a particularly challenging year with significant pressure on our net interest margin.

In 2020, FirstPerryton realized net income of $12,193,000, and stockholders' equity ended the year at $93,544,000. As a result, earnings per common share of stock ended 2020 at $224, return on stockholders' equity achieved 13.03%, and return on assets reached 1.00%.

During 2020, FirstBank achieved total asset growth of $183 million, or 17.7%, ending the year at a record $1.220 billion. FirstBank's total deposits grew $178 million, or 19.2%, in 2020, ending the year at $1.100 billion. The increase in assets and deposits was fueled primarily by proceeds from the

Paycheck Protection Program (PPP), federal stimulus monies provided to individuals and families, and the expansion of depository relationships with local government entities. Due to slow economic conditions, FirstBank experienced a decline in loan demand during 2020 with total loans dropping to $649 million at the end of the year. FirstBank reported 2020 net income of $12,867,000, resulting in a bank-level return on equity of 12.31%.

The directors and employees of FirstPerryton and FirstBank are ready for the challenges we will face in 2021. We will continue to strengthen our relationships with our customers and offer outstanding products and services at competitive prices. We will operate the company in a safe and prudent manner while maintaining our goals of strengthening our competitive position and increasing the value of your investment.

Jerry Don Williams
Executive Vice President
Chief Operations Officer
Chief Financial Officer

2020

$183M
Increase in Total Assets

$1.220B
End of Year Total Assets

$178M
Increase in Total Deposits

$1.100B
End of Year Total Deposits

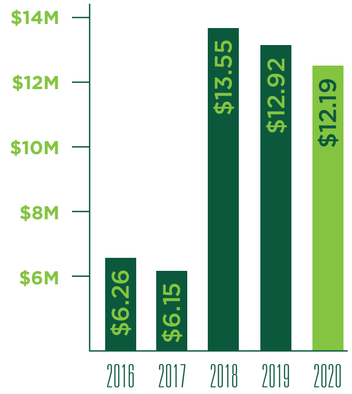
$9M
Decrease in Total Loans

$649M
End of Year Total Loans

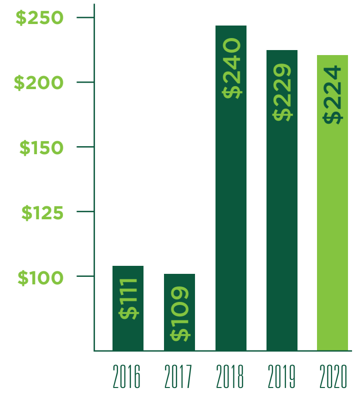
2020 FINANCIALS

Net Income

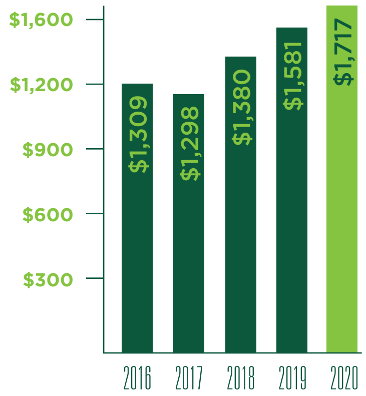
dollars in millions



Net Income Per Share

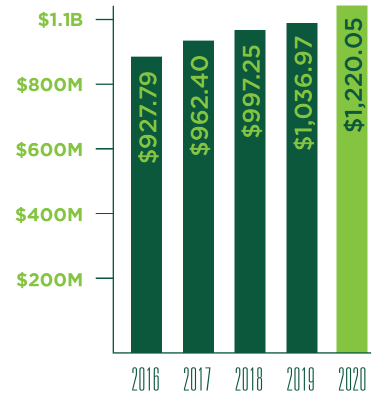


Book Value Per Share



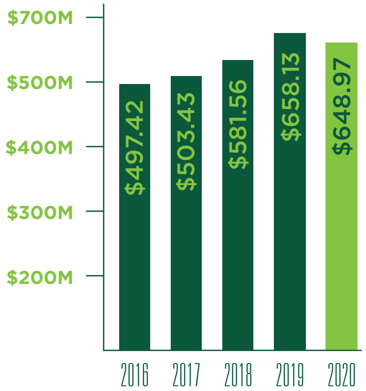
Total Assets

dollars in millions



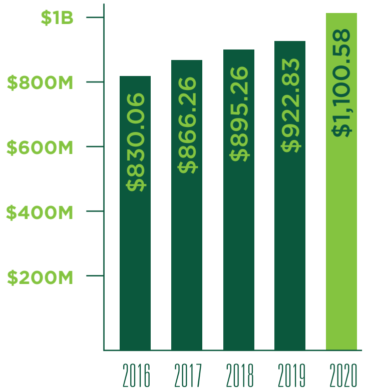
Loan Volume

dollars in millions

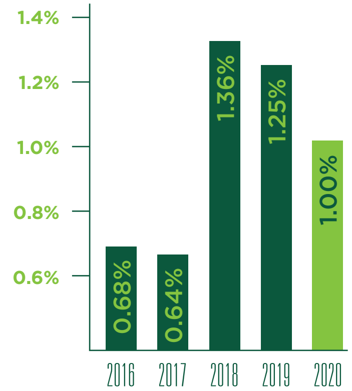


Deposit Volume

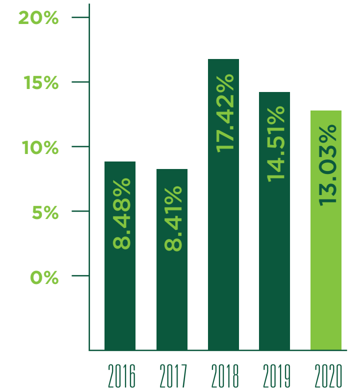
dollars in millions



Return on Assets



Return on Equity



KEEPING THE COMMUNITY IN COMMUNITY BANKING

CAMPAIGN

A Social Media campaign was created to increase new page followers, create more engagement and support our local businesses in the communities that we serve. Additionally, the goal was to grow website traffic, raise brand awareness, create brand identity and enhance positive brand association.

FBSW gave away 10 - $40 gift cards from local restaurants to winners who participated in the 5 week campaign. One person from each market won.

The social media campaign was a large success.

742 NEW FOLLOWERS | 50% INCREASE IN PAGE LIKES

SOCIAL MEDIA


FirstBank Southwest


Strong


FirstBank Southwest
Strong


STRONG


STRONG


STRONG


STRONG


STRONG


STRONG

FBSW STRONG

OUR OFFICERS

AMARILLO

Andy Marshall
Chief Executive Officer
President - FirstBank Southwest

Will C. Miller
Market President - Amarillo
Chief Lending Officer

Jerry Don Williams
Executive Vice President
Chief Operations Officer
Chief Financial Officer
Senior Investment Officer
Trust Officer

Lance E. Purcell
Executive Vice President
Senior Trust Officer
General Counsel

Wendy L. Curry
Executive Vice President
Chief Compliance Officer

Bowden E. Jones Jr.
Executive Vice President
Chief Consumer
Deposit Officer

Marty R. Murry
Executive Vice President

David L. Ellis
Executive Vice President

Angela C. Garcia
Senior Vice President

Dennis W. Falk
Senior Vice President

Kevin L. Cantrell
Senior Vice President
Loan Operations Specialist
Security Officer

James E. Wells
Senior Vice President

Kevin L. Kuehler
Senior Vice President
Retail Banking Manager

Annette M. Asencio
Senior Vice President
BSA Officer
Bank Operations Manager

Judy Whiteley
Senior Vice President

Bryan E. Noggle
Senior Vice President
Chief Information Officer

Robert J. Martinez
Senior Vice President

Kelly L. McDonald
Senior Vice President
Human Resources Director

Matthew W. Mathias
Senior Vice President

Stella C. Maddox
Senior Vice President
Senior Credit Administrative Officer

Dustin S. Hansen
Senior Vice President

Terri B. Vinson
Vice President
Trust Officer

Lorana N. Peoples
Vice President

Christy C. Christian
Vice President

Russell C. Law
Vice President

Margaret S. Adams
Vice President
Trust Officer

Toby J. Torres III
Gem Lake Banking Center Manager
Vice President

Oscar E. Cremer
Vice President

David J. Malleck
Vice President
Trust Operations Manager

Mario A. Briseno
Vice President

Rachel K. Smith
Vice President
Marketing Director

Samantha L. Jackson
Vice President

Stacey D. Edwards
Downtown Banking Center Manager
Assistant Vice President

Laura E. Johnston
Assistant Vice President

Nicholas A. Pigott
Assistant Vice President

Rhonda J. Hernandez
Assistant Vice President

Sheri L. Davidson
Assistant Vice President

Andrea Bryant
Assistant Vice President

Tiffany C. Rogers
Assistant Vice President

Matthew R. Thomas
Assistant Vice President

Heath K. Patterson
Assistant Vice President

Marisol Marquez
Assistant Vice President
Trust Officer
Retirement Officer

Patrick W. Thornhill
Sleepy Hollow Banking Center Manager
Assistant Vice President

Samantha G. Morris
Assistant Vice President

Tiffany N. Sharpensteen
Western Banking Center Manager
Assistant Vice President

Marsha R. Baptiste
Banking Officer

Michael M. Scoggins
Banking Officer

Laura L. Harrell
Banking Officer

Teresa M. Harkins
Banking Officer

Robert W. Hill
Banking Officer

Lynnette H. Huber
Banking Officer

Dale Ann Novian
Banking Officer

Miranda E. Watson
Banking Officer

Michelle G. McNeely
Banking Officer

Ronda P. Smith
Banking Officer

Sherri G. Parkhurst
Banking Officer
Secretary to the Board

Angela K. Lust
Banking Officer

BOOKER

Darren C. Chisum
Vice President

Kim E. Harper
Vice President

Rebecca D. Howard
Banking Officer

HEREFORD

Mike D. Schueler
Market President

Dodd D. Scroggin
Vice President

Luz Villarreal
Assistant Vice President

Judith Hernandez
Assistant Vice President

Adriana Tena
Banking Officer

Carina Zambrano
Banking Officer

Kolby J. Minshew
Banking Officer

PAMPA

Kim A. Hill
Market President

Jeri S. Joiner
Vice President

Donna L. Crawford
Assistant Vice President

Samantha Helms
Banking Officer

PERRYTON

Brady R. Yeary
Market President

Debora K. Cowan
Executive Vice President
Controller

Lance E. Purcell
Executive Vice President
Senior Trust Officer
General Counsel

Treva L. Custer
Senior Vice President
Cashier

Stephanie J. Tarvin
Vice President

PERRYTON - CONT.

Rhonda J. Culwell
Vice President

Cayla L. Maestas
Vice President

Jeremy S. Campbell
Vice President

Rachelle R. (Shelli) Blackburn
Assistant Vice President

Morgan R. Thomas
Assistant Vice President

Maria F. Gonzales
Assistant Vice President

Teresa J. Siewert
Mortgage Loan Officer

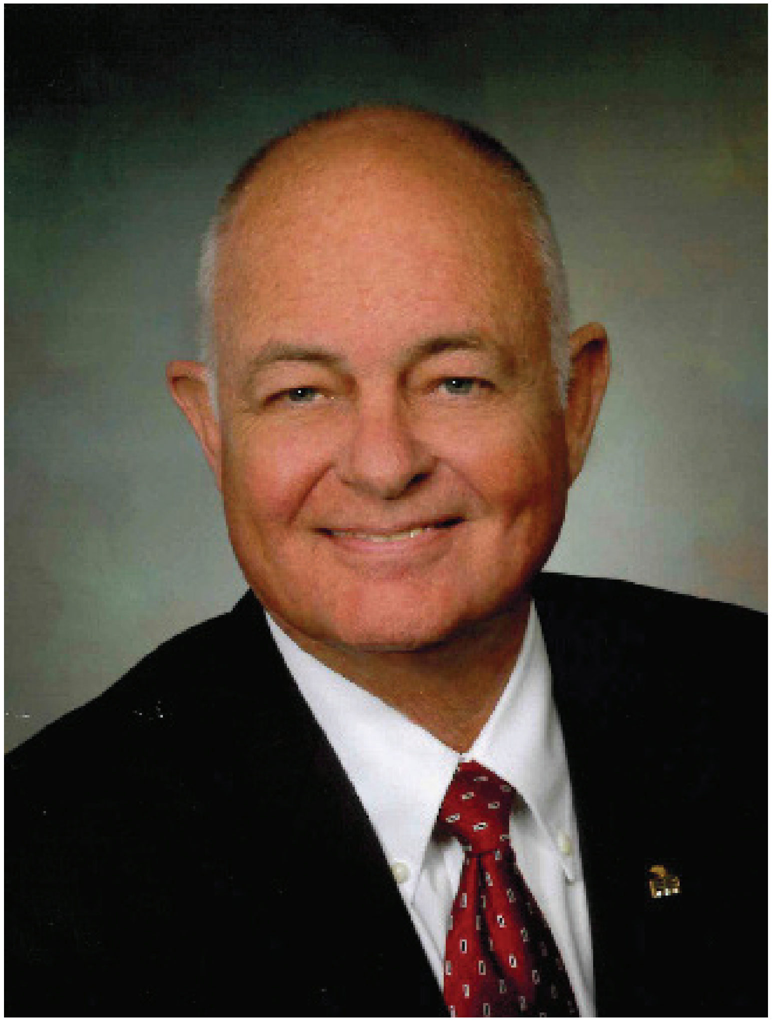
Betsy Sena
Banking Officer

Kelly C. Brown
Banking Officer

Nina Medina
Banking Officer

Bianca I. Valenzuela
Banking Officer

Laura B. West
Banking Officer



IN MEMORY OF

CARL W. ELLIS

Carl W. Ellis served FirstBank Southwest, First National Bank of Perryton, and our holding company, FirstPerryton Bancorp, Inc. as Director, Chairman, Chief Executive Officer and President. His foresight and leadership led the bank through some of its most expansive years to date.

The employees and directors have been blessed by Carl's strength, courage and compassion. Carl's unselfish dedication and loyalty provided a foundation for the bank's culture. He was proud of his Ellis family heritage and the bank they cultivated over the years.

Our bank employees were family to Carl. He was one of the finest men we have had the honor to work with over the years. He was an extraordinary leader and friend. He led by example as he continued active involvement with the bank even after a lung transplant made it necessary for him and Julie to relocate to San Diego, California. As a living testament to courage and faith, Carl was forever grateful for the blessing of life he received as a lung transplant recipient.

Today and every day, we honor Carl's memory and his 39 years of incredible leadership at FBSW.

Lance E. Purcell, JD, CFP
Executive Vice President
Senior Trust Officer
General Counsel

FirstBank Southwest WEALTH MANAGEMENT

Our Wealth Management team had a lucrative year. We are pleased to have had such a solid year of outstanding growth.

68	539	$60MM+	$363MM+
New Accounts	Total Accounts	New AUM	In AUM

- ✓ Investments
- ✓ Estate Planning/Trust Administration
- ✓ 401(k) Plans
- ✓ IRAs
- ✓ Farm and Ranch Management
- ✓ Oil and Gas Management
- ✓ Endowment Management

Investments are not FDIC insured

FirstBank Southwest leaders were recognized by the Texas Bankers Association (TBA) and the Independent Bankers Association of Texas (IBAT).

ANDY MARSHALL
CEO AND PRESIDENT

Andy was appointed to the Texas Bankers Association Board. As a member, Andy represents the voice of the banking industries in Austin and Washington, D.C.

WILL MILLER
AMARILLO MARKET PRESIDENT AND CHIEF LENDING OFFICER

Will was elected to the Independent Bankers Association of Texas Board of Directors. Will was elected to this position during the association's 45th annual convention.

BOWDEN JONES JR.
EVP AND CHIEF CONSUMER DEPOSIT OFFICER

Bowden was honored as a 2020 Emerging Leader in Banking by the Texas Bankers Association. The award honors bankers who have made a positive impact on the banking industry and are leaders in their bank. As a recipient, Bowden will serve a one year term on the TBA's Bank Leadership Council.

EMPLOYEE RECOGNITION

MARKETING MILESTONES

AWARDS:

THE AMERICAN BANKER
2020 Best Banks to Work For

INDEPENDENT BANKERS ASSOCIATION OF TEXAS
Best of Community Banking Award for Culture (Silver)

AMARILLO GLOBE NEWS
Best of Amarillo Finalist for Best Bank, Best Financial Planner, and Best Investment Firm

AMARILLO MAGAZINE: READER'S CHOICE AWARDS
Runner up in Financial Education Program, Family-Friendly Employer, Financial Planner, First-Time Home Buyer's Program


WE'RE SOCIAL DISTANCING
6FT
Keep 6-feet apart from one another
You may be asked to remove your mask or show ID.
FirstBank Southwest


BUILD YOUR SAVINGS!
CD SPECIAL
Growing your money a new way.
1.25%
FOR THE FIRST 3 MONTHS
24 MONTHS
FirstBank Southwest
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Enjoy
THE GIFT OF GIVING
WITH A HOLIDAY LOAN
A great loan rate makes giving that much easier!
2% OFF
Consumer Loans
Christmas Shopping
Event Planning
Vehicle Financing
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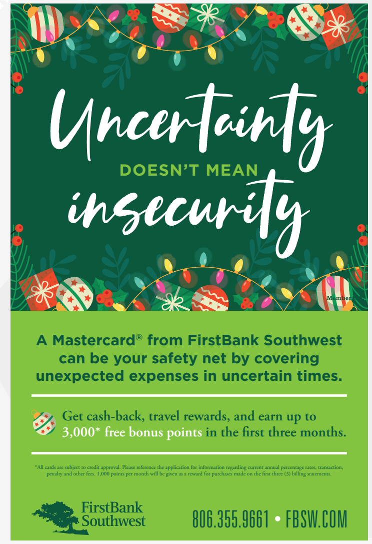
Uncertainty
DOESN'T MEAN
insecurity
A Mastercard® from FirstBank Southwest can be your safety net by covering unexpected expenses in uncertain times.
Get cash-back, travel rewards, and earn up to 3,000* free bonus points in the first three months.
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The Wealth Management team at FirstBank Southwest works with you to preserve, protect and grow your wealth.
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Investments
Trust Administration
IRAs
Executor Services
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Summer Better Sweepstakes
Chance to win $5,000 when you use Zelle® in the FBSW Mobile App.
Member FDIC


WE love LOANS
FirstBank Southwest
Member FDIC


Member FDIC
WE ARE GLAD TO BE BACK!
HERE'S HOW WE PLAN TO KEEP YOU SAFE.
FirstBank Southwest
FBSW.COM

We are proud to say that every branch made an effort to give back to the communities they serve last year. As a whole, FBSW supported a variety of local organizations and helped them further their missions.

749 Hours

HOURS DONATED TO COMMUNITY EFFORTS

$382,204.00

AMOUNT DONATED TO THE COMMUNITY

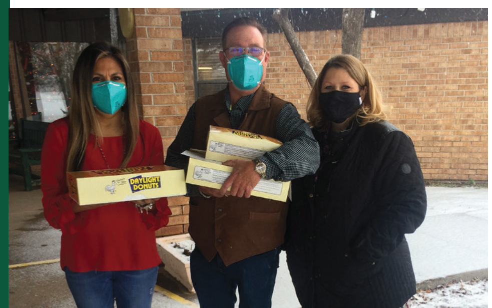
COMMUNITY INVOLVEMENT

AMARILLO

FirstBank Southwest is a proud exclusive sponsor for Hollywood at Hodgetown's pre-show concert and grand fireworks finale, the executive sponsor for Amarillo Globe News (AGN) Media's Man and Woman of the Year, the exclusive sponsor for the Northside Toy Drive, and the exclusive sponsor for AGN's Amazing Teacher Sponsorship, which gave the community the opportunity to nominate an "Amazing Teacher." The winner was awarded a $100 Visa gift card.

Additionally, FBSW was honored to sponsor other wonderful organizations. To name a few: United Way of Amarillo and Canyon, Amarillo Chamber of Commerce, Amarillo Hispanic Chamber of Commerce, Junior Achievement of the High Plains, the Ronald McDonald House Charities of Amarillo, Inc., and Amarillo Area Foundation. Staff attended the Ronald McDonald House Charities of Amarillo, Inc. and the North Heights Linen Services ground breaking ceremonies.

During the Pandemic, FBSW donated money for COVID-19 relief funds to the United Way of Amarillo and Canyon, The Amarillo Matters Initiative to support local business, the Texas Bankers Association's LIFEFUND, and the City of Amarillo – Amarillo Civic Center "Build Amarillo" campaign.



BOOKER & PERRYTON

Both Booker and Perryton delivered snacks to their medical communities during the pandemic. Perryton delivered donuts to the hospital and clinics, and Booker delivered to medical clinics and the City of Booker. Booker also took snacks and hand sanitizers to the Booker Independent School District for their first day of school.

2020 marked Perryton's 20th year to keep kids warm by sponsoring "Coats and Shoes for Kids." FirstBank Southwest employees created this project and have organized it annually ever since it began. During the year donations are received from community citizens and employees to purchase coats and shoes for kids at school who are in need of them. FBSW employees take the donations, purchase the coats, work with the school to get the right sizes of and numbers of coats, and deliver those coats to the school administration for distribution. It's a project that warms the kids and warms our hearts.

The Texas Association of School Boards recognized the Perryton branch as an example in the community and have listed FBSW as "Standing Up for Public Schools."

HEREFORD

Hereford participated and supported many community events this year. One of which was the Coffee Memorial Blood Center's Hereford Community Challenge. FirstBank Southwest donated $500 to Great Plains CASA for Kids for winning first place and donated $250 to Big Brothers Big Sisters Hereford location for winning second place.

Hereford continued to sponsor the Kiwanis of Hereford Back to School Project, which delivers backpacks stocked with supplies to children in need. They also supported Hereford Country Club, Hereford Elks, Whiteface Booster Club, and the Hereford Chamber of Commerce.

The Hereford Sports complex had their highly anticipated soccer field ground breaking in September.

PAMPA

Every year, Pampa staff enjoy visiting with the residents at the Meredith Place Nursing Home during their Valentine's Tea. Staff took the residents snacks and Valentine's cards. Pampa also participated in the Pampa Glove Drive in support of Pampa High School's Students Against Destructive Decisions.

Even during social distancing, Pampa continued to get involved with the community and participate in an array of community events, such as participating in the Pampa "Bear Hunt," and taking lunch and prize drawing baskets to all new Pampa Independent School District employees.

SCHOOL SPIRIT CARD PROGRAM

FBSW GIVES BACK TO AREA SCHOOLS

Since 2019, FBSW has been donating to area schools through the School Spirit Card Program. In 2020, the program worked with 11 different schools to create, market, and distribute a customized Debit Card with the school logo/mascot on it.

FBSW donates $.05 of each debit card transaction processed to each school district participating in the program; the more the user makes transactions on the card throughout the year, the more money the school district gets.

Darrouzett Independent School District was added to the list of schools in 2020.

Perryton ISD
$10,172.15

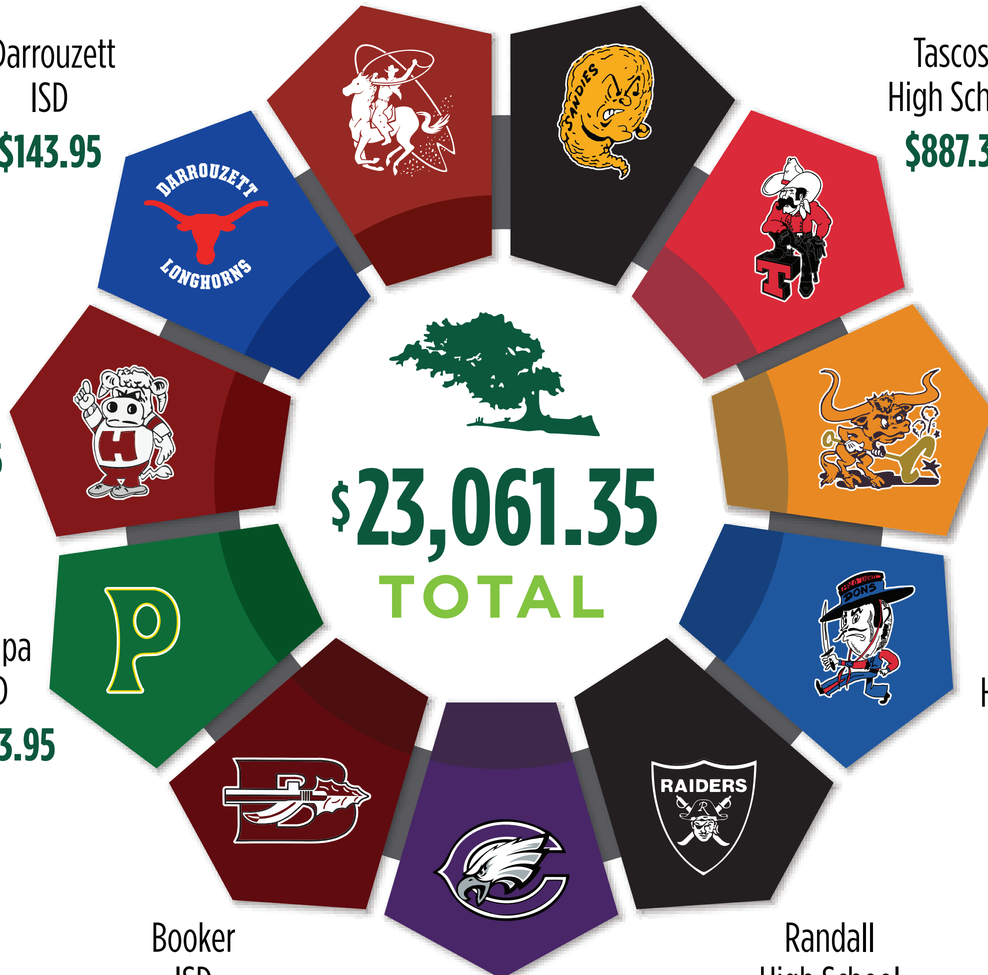
Amarillo High School
$1,159.55

Darrouzett ISD
$143.95

Tascosa High School
$887.30

Hereford ISD
$3,063.85

Caprock High School
$496.30



$23,061.35
TOTAL

Pampa ISD
$2,623.95

Palo Duro High School
$187.70

Booker ISD
$3,182.85

Randall High School
$735.30

Canyon High School
$408.45

AMARILLO INDEPENDENT SCHOOL DISTRICT TOTAL
$2,730.85

CANYON INDEPENDENT SCHOOL DISTRICT TOTAL
$1,143.75

MISSION STATEMENT

It is the mission of FirstBank Southwest to be the preferred community bank in the greater Texas Panhandle by providing focused financial services for commercial customers and retail customers. We will develop customer relationships through excellent service, give competitive returns to our stockholders, serve our communities as good corporate citizens, and provide advancement opportunities for our employees.

FIRSTPERRYTON BANCORP, INC.

Consolidated Financial Statements and Additional Information

DECEMBER 31, 2020 AND 2019

FIRSTPERRYTON BANCORP, INC.
AND SUBSIDIARY

Consolidated Financial Statements
and Additional Information

December 31, 2020 and 2019

(With Independent Auditor's Report Thereon)

PAYNE & SMITH, LLC
Certified Public Accountants

Independent Auditor's Report

The Board of Directors
FirstPerryton Bancorp, Inc. and Subsidiary
Perryton, Texas

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of FirstPerryton Bancorp, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based upon our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FirstPerryton Bancorp, Inc. and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting and Other Regulatory Requirements

Internal Control Over Financial Reporting and Compliance

We also have audited in accordance with auditing standards generally accepted in the United States of America, the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in the *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 15, 2021 expressed an unmodified opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 15, 2021 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Payne & Smith, LLC

February 15, 2021

12240 Inwood Rd. • Suite 440 • Dallas, TX 75244 • 214 / 363-9927 • Fax 214 / 363-9980

FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2020 and 2019

(Dollar amounts in thousands, except per share data)

	2020	2019
ASSETS		
Cash and cash equivalents	$ 48,499	$ 49,485
Securities available for sale	471,785	278,165
Securities held to maturity	90	447
Loans held for sale	3,001	1,046
Loans	645,973	657,092
Bank premises and equipment	15,097	15,516
Goodwill	2,999	2,999
Cash surrender value of life insurance	21,585	21,085
Other assets	11,022	11,139
	$ 1,220,051	$ 1,036,974
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	$ 365,644	$ 295,180
Interest bearing	734,941	627,654
Total deposits	1,100,585	922,834
Other borrowings	69	109
Junior subordinated debentures	12,372	12,372
Interest rate swap agreements	209	350
Other liabilities	13,272	12,257
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, $1 par value, 10,000,000 shares authorized, 87,500 shares issued, and 54,467 and 56,334 shares outstanding at December 31, 2020 and 2019, respectively	87	87
Paid-in capital	38,092	38,036
Retained earnings	92,583	88,419
Accumulated other comprehensive income	4,504	572
	135,266	127,114
Treasury stock, at cost	(41,722)	(38,062)
Total stockholders' equity	93,544	89,052
	$ 1,220,051	$ 1,036,974

See accompanying notes to consolidated financial statements.

FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Income

For the Years Ended December 31, 2020 and 2019

(In thousands of dollars)

	2020	2019
Interest income:		
Interest and fees on loans	$ 33,939	$ 33,896
Interest on investment securities	6,129	6,753
Other	280	736
Total interest income	40,348	41,385
Interest expense:		
Interest on deposit accounts	4,783	6,700
Other	626	731
Total interest expense	5,409	7,431
Net interest income	34,939	33,954
Provision for loan losses	1,705	550
Net interest income after provision for loan losses	33,234	33,404
Noninterest income:		
Service charges and fees	1,568	1,872
Net gain on sale of securities available for sale	730	21
Net gain on sale of loans	1,461	821
Income from trust department	1,709	1,695
Other	3,469	3,434
Total noninterest income	8,937	7,843
Noninterest expense:		
Salaries and employee benefits	19,051	17,848
Occupancy expense	4,247	3,996
FDIC insurance assessment	190	134
Other	6,490	6,346
Total noninterest expense	29,978	28,324
Net income	$ 12,193	$ 12,923

See accompanying notes to consolidated financial statements.

FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

(In thousands of dollars)

	2020	2019
Net income	$ 12,193	$ 12,923
Other comprehensive income:		
Change in net unrealized gain on securities available for sale	4,521	6,244
Reclassification adjustment for net gain on sales of securities available for sale included in net income	(730)	(21)
Change in fair value of interest rate swap	141	(103)
Total other comprehensive income	3,932	6,120
Total comprehensive income	$ 16,125	$ 19,043

See accompanying notes to consolidated financial statements.

FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2020 and 2019

(In thousands of dollars)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total
Balance January 1, 2019	$ 87	$ 38,036	$ 83,233	$ (5,548)	$ (38,062)	$ 77,746
Net income	-	-	12,923	-	-	12,923
Other comprehensive income	-	-	-	6,120	-	6,120
Dividends	-	-	(7,737)	-	-	(7,737)
Balance December 31, 2019	87	38,036	88,419	572	(38,062)	89,052
Sale of treasury stock	-	56	-	-	143	199
Purchase of treasury stock	-	-	-	-	(3,803)	(3,803)
Net income	-	-	12,193	-	-	12,193
Other comprehensive income	-	-	-	3,932	-	3,932
Dividends	-	-	(8,029)	-	-	(8,029)
Balance December 31, 2020	$ 87	$ 38,092	$ 92,583	$ 4,504	$ (41,722)	$ 93,544

See accompanying notes to consolidated financial statements.

FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(In thousands of dollars)

	2020	2019
Cash flows from operating activities:		
Net income	$ 12,193	$ 12,923
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,578	1,607
Provision for loan losses	1,705	550
Net gain on sale of securities available for sale	(730)	(21)
Net gain on sale of loans	(1,461)	(821)
Gain on sale of other real estate owned	-	(76)
Net gain on sale and disposal of fixed assets	-	(4)
Increase in cash surrender value of life insurance	(500)	(496)
Originations of loans held for sale	(56,744)	(33,038)
Proceeds from sale of loans held for sale	56,250	33,248
Proceeds from sale of fixed assets	-	33
Decrease (increase) in other assets	9	(585)
Increase in other liabilities	1,015	781
Net cash provided by operating activities	15,315	14,101
Cash flows from investing activities:		
Proceeds from maturities, calls and paydowns of securities available for sale	172,143	192,612
Purchase of securities available for sale	(363,553)	(162,397)
Proceeds from maturities and paydowns of securities held to maturity	357	63
Net change in loans	9,414	(76,915)
Net additions to bank premises and equipment	(740)	(2,082)
Proceeds from sale of other real estate owned	-	565
Net cash used in investing activities	(182,379)	(48,154)
Cash flows from financing activities:		
Net increase in demand and savings deposits	146,763	27,235
Net increase in certificates of deposit	30,988	334
Repayment of advances from the Federal Home Loan Bank	(40)	(39)
Sale of treasury stock	199	-
Purchase of treasury stock	(3,803)	-
Cash dividends paid to stockholders	(8,029)	(7,737)
Net cash provided by financing activities	166,078	19,793
Net decrease in cash and cash equivalents	(986)	(14,260)
Cash and cash equivalents at beginning of year	49,485	63,745
Cash and cash equivalents at end of year	$ 48,499	$ 49,485

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by FirstPerryton Bancorp, Inc. and Subsidiary (together referred to as Company) in the preparation of its consolidated financial statements. The accounting policies conform to generally accepted accounting principles and practices generally followed within the banking industry. A description of the more significant of these policies follows.

Business

The accompanying consolidated financial statements include the accounts of FirstPerryton Bancorp, Inc. (Bancorp) and its wholly owned subsidiary, FirstBank Southwest (Bank). The Bank provides real estate title insurance services through its wholly owned subsidiary Covenant Title (Covenant). All material intercompany accounts and transactions have been eliminated in consolidation.

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses and valuation of other real estate owned. While management uses available information to recognize losses on loans and other real estate owned, future provisions may be necessary based on changes in local economic conditions. In addition, banking regulators, as an integral part of their examination process, periodically review the Company's allowance for loan and other real estate losses. They may require the Company to record additional provisions for losses based on their judgment about information available to them at the time of their examination.

A significant portion of the Company's loans are secured by real estate and related assets located in local markets. Accordingly, the ultimate collectibility of this portion of the Company's loan portfolio is susceptible to changes in local market conditions.

Cash and Cash Equivalents

For the purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, other short-term investments and federal funds sold. All highly liquid investments with an initial maturity of less than 90 days are considered to be cash equivalents.

Debt Securities

Certain debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Trading securities are recorded at fair value with changes in fair value included in earnings. Securities not classified as held to maturity or trading, are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of held to maturity and available for sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In determining whether other-than-temporary impairment exists, management considers many factors, including (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Restricted Investment Securities

Restricted investment securities include Federal Home Loan Bank (FHLB) stock, Federal Reserve Bank stock and The Independent Bankers Bank stock, which are carried at cost on the consolidated balance sheets. These equity securities are restricted, in that they can only be sold back to the respective institution or another member institution at par. Therefore, they are less liquid than other marketable equity securities. The Company views its investment in restricted stock as a long-term investment. Accordingly, when evaluating for impairment, the value is determined based on the ultimate recovery of the par value, rather than recognizing temporary declines in value. No impairment has been recorded on these securities.

Federal Home Loan Bank

The Bank, as a member of the Federal Home Loan Bank (FHLB) system, is required to maintain an investment in capital stock of the FHLB in an amount equal to the greater of 1% of its outstanding home loans or 5% of advances from the FHLB. No ready market exists for the FHLB stock, and it has no quoted market value.

Loans Held for Sale

The Company originates mortgage loans both for sale and for investment purposes. The designation of mortgage loans is made by management at the time of origination. Mortgage loans designated as held for sale are stated at the lower of aggregate cost, net of discounts or premiums, or estimated fair market value. Market value is based on the contract prices at which the mortgage loans will be sold or, if the loans are not committed for sale, the current market price. Net unrealized losses, if any, are recognized in a valuation allowance by charges to income.

Gain or loss on the sale of mortgage loans held for sale is generally determined by the difference between the carrying amounts of the related loans sold and the net proceeds thereof. Since the Company does not retain servicing on the sold loans, proceeds from loans typically include a service release premium.

Loans

The Company grants commercial, real estate, agricultural, and consumer loans to customers. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in the area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay off generally are reported at their outstanding unpaid principal balances adjusted for charge offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. In determining whether or not a borrower may be unable to meet payment obligations for each class of loans, the Company considers the borrower's debt service capacity through the analysis of current financial information, if available, and/or current information with regards to the Company's collateral position. Regulatory provisions typically require the placement of a loan on nonaccrual status if (i) principal or interest has been in default for a period of 90 days or more unless the loan is both well secured and in the process of collection or (ii) full payment of principal and interest is not expected. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When the interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. Interest on nonaccrual loans is accounted for on the cash basis or cost recovery method until qualifying for return to accrual status. A loan may be returned to accrual status when all the principal and interest amounts contractually due are brought current and future principal and interest amounts contractually due are reasonably assured, which is typically evidenced by a sustained period (at least six months) of repayment performance by the borrower.

Fees and Costs Associated with Originating Loans

Fees, net of costs, associated with the origination of loans under the Paycheck Protection Program (See further discussion at Note 5) have been deferred and are being recognized over the life of the related loans.

Fees and costs associated with originating all other loans are recognized in income in the period in which fees were received and/or costs were incurred. Under generally accepted accounting principles, such fees and costs generally are deferred and recognized over the life of the loan as an adjustment of yield. As of December 31, 2020 and 2019, management believes that not deferring such fees and costs and amortizing them over the life of the related loans does not materially affect the financial position or results of operations of the Company.

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. Impairment is evaluated in total for smaller balance loans of a similar nature and on an individual loan basis for other loans. If a loan is impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment based on historical loss experience, current economic conditions, and performance trends.

Interest payments on impaired loans are typically applied to principal unless collectibility of the principal amount is reasonably assured, in which case interest is recognized on a cash basis. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Troubled Debt Restructured (TDR) Loans

A TDR loan is a loan which the Company, for reasons related to a borrower's financial difficulties, grants a concession to the borrower that the Company would not otherwise consider. The loan terms, which have been modified or restructured due to a borrower's financial difficulty, include, but are not limited to, a reduction in the stated interest rate; an extension of the maturity at an interest rate below current market; a reduction in the face amount of the debt; a reduction in the accrued interest; or re-aging, extensions, deferrals, renewals, and rewrites. A TDR loan would generally be considered impaired in the year of modification and will be assessed periodically for further impairment.

COVID-19 Loan Deferments

Certain of the Company's borrowers are currently unable to meet their contractual payment obligations because of the adverse effects of COVID-19. To help mitigate these effects, loan customers may apply for a deferral of payments, or portions thereof, for up to 90 days. After 90 days, customers may apply for an additional deferral, and a portion of the Company's customers have requested such an additional deferral. In the absence of other intervening factors, such short-term modifications made on a good faith basis are not categorized as troubled debt restructurings, nor are loans granted payment deferrals related to COVID-19 reported as past due or placed on non-accrual status (provided the loans were not past due or on non-accrual status prior to the deferral). At December 31, 2020, there were approximately 425 loans in COVID-19 related deferment with an aggregate outstanding balance of approximately $72,306,000.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to provide for estimated loan losses inherent in the loan portfolio. The allowance for possible loan losses includes allowance allocations calculated in accordance with ASC Topic 310, *Receivables* and allowance allocations calculated in accordance with ASC Topic 450, *Contingencies*. The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio, as well as trends in the foregoing. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Company's control, including the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

The allowance consists of specific and general allocations. The specific allocation relates to loans that are impaired. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general allocation is calculated using loss rates delineated by risk rating and product type. Factors considered when assessing loss rates include the value of the underlying collateral, the industry of the obligor, the obligor's liquidity, and other financial and qualitative factors. These statistical models are updated regularly for changes in economic and business conditions. Included in the analysis of these loan portfolios are reserves, which are maintained to cover uncertainties that affect the Company's estimate of probable losses including economic uncertainty and large single defaults.

Bank Premises and Equipment

Land is carried at cost. Premises, furniture and equipment, and leasehold improvements are carried at cost, less accumulated depreciation and amortization computed principally by the straight-line method over the estimated useful lives of the related property.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

Goodwill

Goodwill represents the excess of the cost of businesses acquired over the fair value of the net assets acquired. At least annually or more frequently if circumstances dictate, management assesses qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that goodwill is impaired. If, after assessing the totality of events and circumstances, management concludes that it is not more likely than not that goodwill is impaired, then no further action is taken. If, however, management concludes otherwise, then the fair value of goodwill is determined and tested for impairment by comparing the fair value with the carrying amount in accordance with ASC Topic 350, *"Intangibles-Goodwill and Other."*

As of December 31, 2020, the Company evaluated recent potential triggering events that might be indicators that goodwill was impaired. The events include the economic disruption and uncertainty surrounding the COVID-19 pandemic and the circumstances surrounding recent volatility in the market price of crude oil. Based on this evaluation, the Company concluded that goodwill was not more than likely impaired as of that date.

Revenue Recognition

Effective January 1, 2019, the Company adopted new policies related to revenue recognition with the adoption of Accounting Standards Update ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The implementation of the new standard did not have a material impact on the measurement or recognition of revenue.

Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. In addition, certain non-interest income streams such as fees associated with mortgage servicing rights, financial guarantees, derivatives, and certain credit card fees are also not in scope of the new guidance. Topic 606 is applicable to non-interest revenue streams, such as deposit related fees, interchange fees, merchant income, and brokerage and investment advisory service commissions. The recognition of these revenue streams did not change significantly upon adoption of Topic 606. Substantially all of the Company's revenue is generated from contracts with customers.

Income Taxes

The Company has elected S Corporation status. Earnings and losses are included in the personal income tax returns of the Company's stockholders and taxed depending on personal tax strategies. Accordingly, the Company does not anticipate incurring additional federal income tax obligations.

Because the Company's stockholders are obligated to pay federal income taxes on the earnings of the Company, the Company expects to declare cash dividends sufficient to fund stockholders' tax payments as they become due.

Accounting principles generally accepted in the United States of America require Company management to evaluate tax positions taken by the Company. Management evaluated the Company's tax positions and concluded that the Company had maintained its S Corporation status and had taken no uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Therefore, no liability for tax penalties has been included in the consolidated financial statements.

With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2017.

Derivative Financial Instruments

All derivatives are recognized on the consolidated balance sheet at their fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability. Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in other comprehensive income until earnings are affected by the variability of cash flows (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings).

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedged transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheet or forecasted transactions. The Company also formally assesses both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedge items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively, as discussed below.

The Company discontinues hedge accounting prospectively when (i) it is determined that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item (including forecasted transactions); (ii) the derivative expires or is sold, terminated, or exercised; (iii) the derivative is no longer designated as a hedge instrument because it is unlikely that a forecasted transaction will occur; or (iv) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

If the cash flow hedge were discontinued because it is probable that the original forecasted transaction will not occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses that are accumulated in other comprehensive income would be recognized immediately in earnings. Otherwise, in those situations where the hedge is re-designated or simply discontinued and the variability of future cash flows will occur as expected, gains and losses that are accumulated in other comprehensive income will not be affected.

Advertising

Advertising consists of the Company's advertising in its local market area. Advertising is expensed as incurred. Advertising expense was approximately $368,000 and $449,000 for the years ended December 31, 2020 and 2019, respectively.

Comprehensive Income (Loss)

Comprehensive income (loss) includes both net income and other comprehensive income (loss), which includes the change in unrealized gains and losses on securities available for sale and the change in the fair value of the interest rate swap.

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, including commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Fair Values of Financial Instruments

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (i) the assets have been isolated from the Company, (ii) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (iii) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Treasury Stock

Treasury stock is recorded at cost. At December 31, 2020 and 2019, the Company had 33,033 and 31,166, respectively, shares held in treasury.

Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through February 8, 2021, the date the consolidated financial statements were available to be issued.

Global Pandemic

The Company's business has been and continues to be impacted by the ongoing outbreak of COVID-19. In March 2020, COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the President of the United States. Efforts to limit the spread of COVID-19 have led to shelter-in place orders, the closure of non-essential businesses, travel restrictions, supply chain disruptions and prohibitions on public gatherings, among other things, throughout many parts of the United States and, in particular, the markets in which the Company operates. As the current pandemic is ongoing and dynamic in nature, there are many uncertainties related to COVID-19 including, among other things, its ultimate geographic spread; its severity; the duration of the outbreak; the impact to the Company's customers, employees and vendors; the impact to the financial services and banking industry; and the impact to the economy as a whole. COVID-19 has negatively affected, and is expected to continue to negatively affect, the Company's business, financial position and operating results. The Company's financial position is susceptible to the ability of loan customers to meet loan obligations. In light of the uncertainties, the ultimate adverse impact of COVID-19 cannot be reliably estimated at this time.

Reclassification

Certain amounts previously reported have been reclassified to conform to the current format.

2. Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The amendment to the Leases topic of the Accounting Standards Codification was to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amended guidance and subsequent updates require lessees recognize the following for all leases (with the exception of short-term leases) at the commencement date (i) A lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The amendment will be effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Earlier application is permitted. This statement is not expected to have a material impact on the Company's consolidated financial statements.

In June 2016, the FASB issued Accounting Standards Update 2016-13*, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The update and subsequent updates require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts and requires enhanced disclosures related to the significant estimates and judgments used in estimating credit losses, as the credit quality and underwriting standards of an organization's portfolio. The guidance replaces the incurred loss model with a current expected loss model, which is referred to as the current expected credit loss (CECL) model. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. In April 2019, The FASB issued Accounting Standards Update 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses (Topic 815)*, *Derivatives and Hedging, and Financial Instruments* (*Topic 825*) to address certain codification improvements and to provide certain accounting policy electives related to accrued interest as well as the disclosure related to credit losses, among other things. In May 2019, the FASB issued Accounting Standards Update 2019-05, *Financial Instruments—Credit Losses* (*Topic 326*): *Targeted Transition Relief*, to provide transition relief in connection with the adoption of ASU 2016-03, whereby entities would have the option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. The amendments for non-public business entities will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted as of the fiscal year beginning after December 15, 2018. The Company has formed a CECL committee and is evaluating the impact this amendment will have on the Company's consolidated financial statements. The adoption of ASU 2016-13 is not expected to have a significant impact on the regulatory capital ratios. The ultimate impact of adoption could be significantly different than current expectation as modeling processes will be significantly influenced by the composition, characteristics and quality of the loan and securities portfolios as the prevailing economic conditions and forecasts as of that date, notwithstanding any further refinements to the expected credit loss models.

In January 2017, the FASB issued Accounting Standards Update 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* The update simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting unit. ASU 2017-04 is effective for fiscal years beginning after December 15, 2022. Early application is permitted. The adoption of ASU 2017-04 is not expected to have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued Accounting Standards Update 2020-04, *Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The update provides optional expedients and exceptions for accounting related to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 applies only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. ASU 2020-4 was effective upon issuance and generally can be applied through December 31, 2022. The adoption of ASU 2020-04 did not have a material impact on the Company's consolidated financial statements.

In August 2020, the FASB issued Accounting Standards Update 2020-08, *Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs.* The update clarifies the accounting for the amortization of purchase premiums for callable debt securities with multiple call dates. ASU 2020-08 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. The adoption of ASU 2020-08 is not expected to have a material impact on the Company's consolidated financial statements.

3. Statement of Cash Flows

The Company reports on a net basis its cash receipts and cash payments for time deposits accepted and repayments of those deposits, loans made to customers and principal collections on those loans.

The Company uses the indirect method to present cash flows from operating activities. Other supplemental cash flow information for the years ended December 31, 2020 and 2019 is presented as follows (in thousands):

	2020	2019
Cash transactions:		
Interest expense paid	$ 5,927	$ 7,158
Noncash transactions:		
Net acquisition of other real estate owned	$ -	$ (407)

4. Debt Securities

Debt securities have been classified in the consolidated balance sheet according to management's intent. The carrying amount of securities and their approximate fair values at December 31, 2020 and 2019 are as follows (in thousands):

Securities Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2020:				
U.S. Government Agency obligations	$ 5,000	$ 4	$ -	$ 5,004
Mortgage-backed securities	347,622	5,358	3,001	349,979
SBA securities	13,553	-	397	13,156
Municipal securities	88,896	2,750	-	91,646
Other debt securities	12,000	-	-	12,000
	$ 467,071	$ 8,112	$ 3,398	$ 471,785
December 31, 2019:				
U.S. Treasury Notes	$ 33,019	$ 107	$ -	$ 33,126
U.S. Government Agency obligations	30,031	25	75	29,981
Mortgage-backed securities	182,172	1,750	295	183,627
SBA securities	16,935	-	602	16,333
Municipal securities	15,086	44	32	15,098
	$ 277,243	$ 1,926	$ 1,004	$ 278,165
Securities Held to Maturity				
December 31, 2020:				
Mortgage-backed securities	$ 90	$ 1	$ -	$ 91
December 31, 2019:				
U.S. Treasury Notes	$ 298	$ 5	$ -	$ 303
Mortgage-backed securities	149	3	-	152
	$ 447	$ 8	$ -	$ 455

Securities with recorded values of approximately $205,260,000 and $126,408,000 at December 31, 2020 and 2019, respectively, were pledged to secure public fund deposits.

Proceeds from sales of securities were approximately $41,276,000 during December 31, 2020. Gross gains of approximately $730,000 were realized on those sales. There were no significant losses on sales during the year ended December 31, 2020. Gross gains of approximately $115,000 and gross losses of approximately $94,000 were realized on sales during the year ended December 31, 2019.

The amortized cost and estimated fair value of debt securities at December 31, 2020 by contractual maturity are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale		Securities Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 6,364	$ 6,373	$ 5	$ 5
Due from one year to five years	34,344	34,140	71	72
Due from five years to ten years	112,313	115,225	14	14
Due after ten years	314,050	316,047	-	-
	$ 467,071	$ 471,785	$ 90	$ 91

Unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2020 and 2019, are summarized as follows (in thousands):

	Less than 12 Months		12 Months or More		Total	
Securities Available for Sale	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2020:						
Mortgage-backed securities	$ 147,790	$ 3,001	$ -	$ -	$ 147,790	$ 3,001
SBA securities	-	-	13,156	397	13,156	397
	$ 147,790	$ 3,001	$ 13,156	$ 397	$ 160,946	$ 3,398
December 31, 2019:						
U.S. Government Agency obligations	$ 9,976	$ 3	$ 9,926	$ 72	$ 19,902	$ 75
Mortgage-backed securities	44,606	229	8,627	66	53,233	295
SBA securities	-	-	16,333	602	16,333	602
Municipal securities	3,252	8	3,182	24	6,434	32
	$ 57,834	$ 240	$ 38,068	$ 764	$ 95,902	$ 1,004

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

As of December 31, 2020, management does not have the intent to sell any of the securities classified as available for sale in the table above and believes that it is more likely than not that the Company will not have to sell any such securities before a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of December 31, 2020 and 2019, management believes the impairments detailed in the table above are temporary and no impairment loss has been recorded in the Company's consolidated statements of income.

5. Loans and Allowance for Loan Losses

Loans at December 31, 2020 and 2019 consisted of the following (in thousands):

	2020	2019
Real estate:		
Construction, land development, land	$ 26,976	$ 34,139
Farmland	35,939	43,668
1-4 family residential properties	93,929	94,286
Multi-family residential	17,312	24,077
Nonfarm nonresidential owner occupied	70,905	76,129
Nonfarm nonresidential other	104,714	91,922
Total real estate	349,775	364,221
Commercial	184,174	183,029
Agricultural	67,840	60,411
Consumer	30,036	36,475
Other	22,941	20,189
	654,766	664,325
Allowance for loan losses	(8,793)	(7,233)
	$ 645,973	$ 657,092

The Company extends commercial and consumer credit primarily to customers in the state of Texas. At December 31, 2020 and 2019, a significant portion of the Company's loans were collateralized with real estate. The real estate collateral provides an alternate source of repayment in the event of default by the borrower, and may deteriorate in value during the time the credit is extended. The weakening of real estate markets may have an adverse effect on the Company's profitability and asset quality. If the Company were required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, earnings and capital could be adversely affected. Additionally, the Company has loans secured by inventory, accounts receivable, equipment, marketable securities, and other assets. The debtors' ability to honor their contracts on all loans is substantially dependent upon the general economic conditions of the region.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (Cares Act) was passed into law. Among other provisions, the Cares Act created the Paycheck Protection Program (PPP) for loans to small businesses to pay certain payroll, group health care benefit costs and qualifying mortgage, rent and utility payments. A second legislative act was passed into law on April 24, 2020 to provide additional funding to the PPP. The PPP is administered by the Small Business Administration (SBA). Under the PPP, a borrower may have a portion or all of its loan forgiven if the proceeds were for qualified expenditures within a "covered period." Loans deemed to meet the PPP criteria for loan forgiveness are reimbursed by the SBA. During 2020, the Bank funded approximately $44,642,000 of PPP loans and received reimbursement from the SBA of approximately $16,094,000. At December 31, 2020, the Bank had outstanding PPP loans of approximately $28,548,000 included in commercial loans. Management believes all PPP loans outstanding at December 31, 2020 meet the criteria for loan forgiveness and expect to receive future reimbursement from the SBA.

Sound risk management practices and appropriate levels of capital are essential elements of a sound commercial real estate lending program (CRE). Concentrations of CRE exposure add a dimension of risk that compounds the risk inherent in individual loans. Interagency guidance on CRE concentrations describe sound risk management practices which include board and management oversight, portfolio management, management information systems, market analysis, portfolio stress testing and sensitivity analysis, credit underwriting standards, and credit risk review functions. Management believes it has implemented these practices in order to monitor its CRE. An institution which has reported loans for construction, land development, and other land loans representing 100% or more of total risk based capital, or total non-owner occupied commercial real estate loans representing 300% or more of the institution's total risk-based capital and the outstanding balance of commercial real estate loan portfolio has increased by 50% or more during the prior 36 months, may be identified for further supervisory analysis by regulators to assess the nature and risk posed by the concentration. At December 31, 2020 and 2019, the Bank had total commercial real estate loans of approximately $219,907,000 and $226,267,000, respectively. Included in these amounts, the Bank had construction, land development, and other land loans representing 26% and 33% of total risk-based capital at December 31, 2020 and 2019, respectively. The Bank had non-owner occupied commercial real estate loans representing 141% and 146%, respectively, of total risk-based capital at December 31, 2020 and 2019.

Allowance for Loan Losses

An analysis of the allowance for loan losses (ALLL) for the years ended December 31, 2020 and 2019 is as follows (in thousands):

	Beginning Balance	Provision	Charge offs	Recoveries	Ending Balance
December 31, 2020:					
Real estate:					
Construction, land development, land	$ 385	$ 19	$ -	$ 6	$ 410
Farmland	351	8	-	-	359
1-4 family residential properties	601	366	(9)	-	958
Multi-family residential	238	(52)	-	-	186
Nonfarm nonresidential owner occupied	727	335	-	-	1,062
Nonfarm nonresidential other	765	509	-	-	1,274
Total real estate	3,067	1,185	(9)	6	4,249
Commercial	2,606	570	(120)	41	3,097
Agricultural	1,057	(301)	(198)	243	801
Consumer	332	126	(119)	38	377
Other	171	125	(50)	23	269
	$ 7,233	$ 1,705	$ (496)	$ 351	$ 8,793
December 31, 2019:					
Real estate:					
Construction, land development, land	$ 318	$ 207	$ (140)	$ -	$ 385
Farmland	350	1	-	-	351
1-4 family residential properties	710	(90)	(19)	-	601
Multi-family residential	260	(22)	-	-	238
Nonfarm nonresidential owner occupied	612	115	-	-	727
Nonfarm nonresidential other	709	56	-	-	765
Total real estate	2,959	267	(159)	-	3,067
Commercial	2,067	869	(395)	65	2,606
Agricultural	1,655	(712)	-	114	1,057
Consumer	355	38	(93)	32	332
Other	171	88	(109)	21	171
	$ 7,207	$ 550	$ (756)	$ 232	$ 7,233

The Company's individual ALLL allocations are established for probable losses on specific loans. The Company's general ALLL allocations are established based upon historical loss experience for similar loans with similar characteristics and on economic conditions and other qualitative risk factors both internal and external to the Company. Further information pertaining to the ALLL at December 31, 2020 and 2019 is as follows (in thousands):

	Loan Evaluation			ALLL Allocations			
					General		
	Individually	General	Total loans	Individually	Historical	Other	Total ALLL
December 31, 2020:							
Real estate:							
Construction, land development, land	$ 53	$ 26,923	$ 26,976	$ 18	$ 39	$ 353	$ 410
Farmland	-	35,939	35,939	-	-	359	359
1-4 family residential properties	-	93,929	93,929	-	33	925	958
Multi-family residential	-	17,312	17,312	-	-	186	186
Nonfarm nonresidential owner occupied	728	70,177	70,905	280	-	782	1,062
Nonfarm nonresidential other	-	104,714	104,714	-	-	1,274	1,274
Total real estate	781	348,994	349,775	298	72	3,879	4,249
Commercial	1,270	182,904	184,174	491	149	2,457	3,097
Agricultural	830	67,010	67,840	15	-	786	801
Consumer	1	30,035	30,036	-	62	315	377
Other	-	22,941	22,941	-	67	202	269
	$ 2,882	$ 651,884	$ 654,766	$ 804	$ 350	$ 7,639	$ 8,793
December 31, 2019:							
Real estate:							
Construction, land development, land	$ -	$ 34,139	$ 34,139	$ -	$ 52	$ 333	$ 385
Farmland	1,445	42,223	43,668	-	-	351	351
1-4 family residential properties	9	94,277	94,286	-	32	569	601
Multi-family residential	-	24,077	24,077	-	-	238	238
Nonfarm nonresidential owner occupied	104	76,025	76,129	-	-	727	727
Nonfarm nonresidential other	-	91,922	91,922	-	-	765	765
Total real estate	1,558	362,663	364,221	-	84	2,983	3,067
Commercial	533	182,496	183,029	-	220	2,386	2,606
Agricultural	631	59,780	60,411	140	432	485	1,057
Consumer	24	36,451	36,475	-	109	223	332
Other	-	20,189	20,189	-	70	101	171
	$ 2,746	$ 661,579	$ 664,325	$ 140	$ 915	$ 6,178	$ 7,233

Impaired Loans

Impaired loans include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. Average impaired loans during 2020 and 2019 were approximately $3,010,000 and $2,991,000, respectively. No significant interest income was recognized on impaired loans during 2020 and 2019. Approximately $146,000 and $162,000 of additional interest would have been recognized if the impaired loans had been on accrual status during 2020 and 2019, respectively. The following is a summary of information pertaining to impaired loans at December 31, 2020 and 2019 (in thousands):

	Unpaid Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Recorded Investment Total	Related Allowance
December 31, 2020:					
Real estate:					
Construction, land development, land	$ 55	$ -	$ 53	$ 53	$ 18
Farmland	-	-	-	-	-
1-4 family residential properties	-	-	-	-	-
Multi-family residential	-	-	-	-	-
Nonfarm nonresidential owner occupied	903	-	728	728	280
Nonfarm nonresidential other	-	-	-	-	-
Total real estate	958	-	781	781	298
Commercial	1,567	211	1,059	1,270	491
Agricultural	857	815	15	830	15
Consumer	13	1	-	1	-
Other	-	-	-	-	-
	$ 3,395	$ 1,027	$ 1,855	$ 2,882	$ 804
December 31, 2019:					
Real estate:					
Construction, land development, land	$ -	$ -	$ -	$ -	$ -
Farmland	1,658	1,445	-	1,445	-
1-4 family residential properties	9	9	-	9	-
Multi-family residential	-	-	-	-	-
Nonfarm nonresidential owner occupied	186	104	-	104	-
Nonfarm nonresidential other	-	-	-	-	-
Total real estate	1,853	1,558	-	1,558	-
Commercial	765	533	-	533	-
Agricultural	652	491	140	631	140
Consumer	29	24	-	24	-
Other	-	-	-	-	-
	$ 3,299	$ 2,606	$ 140	$ 2,746	$ 140

Past Due Loans

The following is a summary of past due and nonaccrual loans at December 31, 2020 and 2019 (in thousands):

	Past Due 30-89 Days Still Accruing	Past Due 90 Days or More Still Accruing	Nonaccrual	Total Past Due and Nonaccrual
December 31, 2020:				
Real estate:				
Construction, land development, land	$ 63	$ -	$ 53	$ 116
Farmland	-	-	-	-
1-4 family residential properties	344	20	-	364
Multi-family residential	-	-	-	-
Nonfarm nonresidential owner occupied	92	-	728	820
Nonfarm nonresidential other	124	-	-	124
Total real estate	623	20	781	1,424
Commercial	1,737	-	1,270	3,007
Agricultural	324	335	830	1,489
Consumer	232	15	1	248
Other	35	1	-	36
	$ 2,951	$ 371	$ 2,882	$ 6,204
December 31, 2019:				
Real estate:				
Construction, land development, land	$ 67	$ -	$ -	$ 67
Farmland	-	-	1,445	1,445
1-4 family residential properties	249	18	9	276
Multi-family residential	-	-	-	-
Nonfarm nonresidential owner occupied	1,565	-	104	1,669
Nonfarm nonresidential other	-	-	-	-
Total real estate	1,881	18	1,558	3,457
Commercial	858	-	533	1,391
Agricultural	133	-	631	764
Consumer	350	-	24	374
Other	28	12	-	40
	$ 3,250	$ 30	$ 2,746	$ 6,026

As stated in Note 1, at December 31, 2020, there are approximately $72,306,000 of loans related to COVID-19 deferments that are not included in the above schedule.

Troubled Debt Restructurings

The restructuring of a loan is considered a troubled debt restructuring (TDR) if both the borrower is experiencing financial difficulties and the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. The Company had no significant TDRs during the periods ending December 31, 2020 and 2019.

Credit Quality Information

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt, including: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. The Company uses the following definitions for risk ratings:

Pass

Loans classified as pass are loans with low to average risk.

Special Mention

Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the Company's credit position at some future date.

Substandard

Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful

Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

As of December 31, 2020 and 2019, based on the most recent analysis performed, the risk category of loans by class of loans is as follows (in thousands):

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2020:					
Real estate:					
Construction, land development, land	$ 26,466	$ -	$ 510	$ -	$ 26,976
Farmland	35,766	-	173	-	35,939
1-4 family residential properties	93,307	-	622	-	93,929
Multi-family residential	17,072	-	240	-	17,312
Nonfarm nonresidential owner occupied	69,710	-	1,195	-	70,905
Nonfarm nonresidential other	104,378	-	336	-	104,714
Total real estate	346,699	-	3,076	-	349,775
Commercial	169,593	12,192	2,389	-	184,174
Agricultural	66,188	-	1,637	15	67,840
Consumer	29,957	-	79	-	30,036
Other	22,941	-	-	-	22,941
	$ 635,378	$ 12,192	$ 7,181	$ 15	$ 654,766
December 31, 2019:					
Real estate:					
Construction, land development, land	$ 34,062	$ -	$ 77	$ -	$ 34,139
Farmland	42,041	-	1,627	-	43,668
1-4 family residential properties	93,375	-	911	-	94,286
Multi-family residential	23,819	-	258	-	24,077
Nonfarm nonresidential owner occupied	74,010	-	2,119	-	76,129
Nonfarm nonresidential other	91,709	-	213	-	91,922
Total real estate	359,016	-	5,205	-	364,221
Commercial	178,858	-	4,171	-	183,029
Agricultural	58,798	-	1,592	21	60,411
Consumer	36,380	-	95	-	36,475
Other	20,189	-	-	-	20,189
	$ 653,241	$ -	$ 11,063	$ 21	$ 664,325

6. Bank Premises and Equipment

Bank premises and equipment at December 31, 2020 and 2019 consisted of the following (in thousands):

	2020	2019
Land	$ 3,897	$ 3,897
Buildings and improvements	21,986	21,974
Furniture and equipment	6,595	6,391
Construction in progress	398	131
	32,876	32,393
Accumulated depreciation	(17,779)	(16,877)
	$ 15,097	$ 15,516

Depreciation expense was approximately $1,123,000 and $1,035,000 for the years ended December 31, 2020 and 2019, respectively.

The Company leases office space and various equipment under noncancelable operating lease agreements. Pursuant to the terms of the leases in effect at December 31, 2020, future minimum rent commitments are as follows (in thousands):

Year	Amount
2021	$ 329
2022	269
2023	275
2024	234
2025	222
Thereafter	867
	$ 2,196

Certain operating leases provide for renewal options. In the normal course of business, operating leases are generally renewed or replaced by other leases. Rental expense for the years ended December 31, 2020 and 2019 was approximately $268,000 and $235,000, respectively.

7. Deposits

Deposits at December 31, 2020 and 2019 are summarized as follows (in thousands):

	2020		2019	
	Amount	Percent	Amount	Percent
Noninterest bearing demand accounts	$ 365,644	33.2	$ 295,180	32.0
Interest bearing demand accounts	182,194	16.6	25,027	2.7
Savings accounts	59,812	5.4	48,489	5.2
Limited access money market accounts	237,112	21.5	329,303	35.7
Certificates of deposit and IRAs, less than $250,000	109,521	10.0	112,536	12.2
Certificates of deposit and IRAs, $250,000 and greater	146,302	13.3	112,299	12.2
	$ 1,100,585	100.0	$ 922,834	100.0

The Company had no brokered deposits at December 31, 2020 and 2019.

At December 31, 2020, scheduled maturities of certificates of deposit and individual retirement accounts are as follows (in thousands):

	Amount
Less than one year	$ 206,684
One to three years	45,255
Over three years	3,884
	$ 255,823

Included in deposits, at December 31, 2020 and 2019 are deposits related to five customers of approximately $186,642,000 and $121,285,000, respectively. These large depositors total 17% and 13% of total deposits at December 31, 2020 and 2019, respectively.

8. Other Borrowings

Federal Home Loan Bank

At December 31, 2020 and 2019, the Company had Federal Home Loan Bank advances of approximately $69,000 and $109,000, respectively. The Federal Home Loan Bank advances at December 31, 2020 have fixed interest rates ranging from 1.17% to 2.80% with $4,000 maturing in 2021, $13,000 maturing in 2022, and $52,000 maturing in 2023. The FHLB advances are secured by a blanket lien on certain single family residential loans.

At December 31, 2020, the Company has additional unused borrowing capacity with the FHLB of approximately $261,514,000.

Other

Additionally, the Company has unused federal funds lines available from commercial banks of approximately $20,000,000 at December 31, 2020.

9. Junior Subordinated Debentures

Junior subordinated debentures in the amount of $12,372,000 are due to FirstPerryton Statutory Trust II (Trust), a 100% owned nonconsolidated subsidiary of FirstPerryton Bancorp, Inc. The debentures were issued in conjunction with the Trust's issuance of Company Obligated Mandatorily Redeemable Preferred Securities (Preferred Securities). With certain exceptions, the amount of the principal and any accrued and unpaid interest on the debentures is subordinated to all senior indebtedness of the Company. The interest is deferrable on a cumulative basis for up to five consecutive years following a suspension of dividend payments on all other capital stock. The debentures bear the same interest rate and terms as the Preferred Securities (See Note 11).

10. Interest Rate Swap Agreements

The Company maintains an interest rate risk management strategy that uses derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest rate volatility. The Company's specific goal is to convert floating interest rate payments on the trust preferred debt (See Note 9) to a fixed rate through its first scheduled call date. The fair value of interest rate swap agreements is the amount at which they could be settled, based on estimates calculated by the Company using a discounted cash flow analysis based on observable market inputs and validated by comparison to estimates obtained from the counterparty.

On June 15, 2011, the Company entered into an interest rate swap agreement related to certain outstanding trust preferred debentures. The interest rate swap agreement effectively fixes the interest rate on the trust preferred debt from a variable rate of 1.717% and 3.394% at December 31, 2020 and 2019, respectively, to a fixed rate of 5.136%. The swap agreement has a notional amount of $12,000,000 and a termination date of June 15, 2021. The swap is designated as a highly effective cash flow hedge.

A liability of approximately $209,000 and $350,000, respectively, is included in other liabilities in the accompanying consolidated balance sheets at December 31, 2020 and 2019. A gain/(loss) of approximately $141,000 and ($103,000), respectively, is included in the consolidated statements of comprehensive income, related to the change in the fair value of the interest rate swap agreement at December 31, 2020 and 2019. At December 31, 2020, the amount expected to be reclassed from accumulated other comprehensive income during the next year is insignificant.

11. Trust Preferred Securities

In June 2006, the Company, in a private placement, issued $12,000,000 (12,000 shares with a liquidation amount of $1,000 per share) of Floating Rate Cumulative Trust Preferred Securities (TruPS) through a newly formed, wholly-owned non-consolidated subsidiary, FirstPerryton Statutory Trust II (Trust). The Company has an investment in 100% of the common shares of the Trust totaling $372,000. The Trust invested the total proceeds from the sale of the TruPS in floating rate Junior Subordinated Debentures (Debentures) issued by the Company. The terms of the Debentures are such that they qualify as Tier I capital under the Federal Reserve Board's regulatory capital guidelines applicable to bank holding companies. Interest on the TruPS is payable quarterly at a rate equal to 6.99% through June 2011, then at 3 month LIBOR plus 1.5% for the remaining term. The rate at December 31, 2020 and 2019 was 1.717% and 3.394%, respectively. Principal payments are due at maturity in June 2036. The TruPS are guaranteed by the Company and are subject to redemption. The Company may redeem the debt securities, in whole or in part, on or after the redemption date of June 2011 at an amount equal to the principal amount of the debt securities being redeemed plus any accrued and unpaid interest.

12. Financial Instruments with Off-Balance Sheet Risk

The Company is a party to credit related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. At December 31, 2020 and 2019, the approximate amounts of these financial instruments were as follows (in thousands):

	2020	2019
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 153,023	$ 114,264
Standby letters of credit	2,674	3,693
	$ 155,697	$ 117,957

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Management evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company's policy for obtaining collateral and the nature of such collateral is essentially the same as that involved in making commitments to extend credit.

Although the maximum exposure to loss is the amount of such commitments, management currently anticipates no material losses from such activities.

13. Significant Group Concentrations of Credit Risk

Most of the Company's business activity is with customers located within Texas. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers.

The contractual amounts of credit related financial instruments such as commitments to extend credit and letters of credit represent the amounts of potential accounting loss should the contract be fully drawn upon, the customer default, and the value of any existing collateral become worthless.

At December 31, 2020 and 2019, the Company had a concentration of funds on deposit at various correspondent banks. The nature of the Company's business requires that it maintain amounts at due from banks which, at times, may exceed federally insured limits. The Company has not experienced any losses from such accounts.

14. Employee Benefits

Defined Contribution Plan

The Company has a defined contribution plan covering substantially all of its employees. Employees may contribute up to the maximum amount allowed by law. The Company matches up to 5% of the employee's salary at the rate of 100%. The Company may also make discretionary contributions to the plan upon the approval of the board of directors. The Company made total contributions to the plan of approximately $535,000 and $456,000 in 2020 and 2019, respectively.

Health Benefit Plan

The Company has a partially self-insured health benefit plan which covers substantially all of its employees and provides for hospital, surgical, and major medical coverage. Eligible claims under the plan are covered by the excess loss insurance company to the extent they exceed $75,000 per covered individual or $3,483,000 in the aggregate. Expenses under the plan were approximately $2,516,000 and $2,421,000 for 2020 and 2019, respectively.

Salary Continuation Plan

The Company has a salary continuation plan for the benefit of certain officers. The Company is funding the agreements with life insurance policies. Accrued salary continuation payable of approximately $6,029,000 and $5,913,000 at December 31, 2020 and 2019, respectively, is included in other liabilities in the accompanying consolidated balance sheets. Expenses related to this plan were approximately $500,000 and $534,000 during 2020 and 2019, respectively.

Deferred Compensation Plan

The Company also has a deferred compensation plan for the benefit of certain officers and directors. The Company is funding the plan with life insurance policies on the individuals and officer and director contributions. The Company matches 35% of the officer contributions. Expenses related to this plan were approximately $549,000 and $491,000 during 2020 and 2019, respectively. Deferred compensation payable of approximately $4,296,000 and $3,820,000 is included in other liabilities in the accompanying consolidated balance sheets at December 31, 2020 and 2019, respectively.

Phantom Stock Plan

On January 1, 2018, the Board of Directors approved and adopted the FirstBank Southwest Phantom Stock Plan (Plan) to give participants the opportunity to share in the growth of the Bank. At December 31, 2020 and 2019, there were two participants in the Plan. Under the Plan, a maximum of the equivalent of $100,000 per year of book value of phantom stock may be awarded to one participant and a maximum of 17 shares per year may be awarded to the other participant. The awards represent a contractual right to receive an amount in cash equal to the growth in book value per share of the Company's stock plus annual performance dividends over a five year cliff vesting period to be calculated on an annual basis. New awards are granted annually based on a percentage of the employee's annual bonus and the current book value of the Company's stock. Awards are settled in cash at the five year cliff date. In the event an employee terminates prior to the awards vesting, all unvested share increases and dividend payments will be forfeited, however, the employee would be paid his/her cash bonus balance in the plan. The Company recognized approximately $138,000 and $118,000 in compensation expense relating to the Plan in the accompanying consolidated statements of income during the years ended December 31, 2020 and 2019, respectively. Approximately 73 and 85 phantom stock shares were issued during 2020 and 2019, respectively.

A summary of the changes in the number of outstanding phantom stock awards granted the year ended December 31, 2020 and 2019 is provided below.

	2020	2019
Balance of shares outstanding at beginning of year	85	-
Granted	73	85
Dividend shares allocated	3	-
Balance of shares outstanding at end year	161	85

At December 31, 2020 and 2019, there were no vested phantom stock awards outstanding.

15. Related Party Transactions

In the ordinary course of business, the Company has and expects to continue to have transactions, including borrowings, with its employees, officers, directors and their affiliates. In the opinion of management, such transactions are on the same terms, including interest rates and collateral requirements, as those prevailing at the time for comparable transactions with unaffiliated persons. At December 31, 2020 and 2019, the aggregate amounts of such loans extended to executive officers, directors, and significant principal stockholders and their related interests were approximately $400,000 and $893,000, respectively. During 2020, approximately $113,000 of new loans were made and repayments totaled approximately $583,000. Approximately $23,000 of related party loan reductions were due to the resignation of a director. Unfunded commitments to related parties totaled approximately $37,000, as of December 31, 2020. The Company did not have any unfunded commitments to related parties as of December 31, 2019.

16. Fair Value Disclosures

The fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability in an orderly transaction occurring in the principal market (or most advantageous market in the absence of a principal market) for such asset or liability. In estimating fair value, the Company utilizes valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Such valuation techniques are consistently applied. Inputs to valuation techniques include the assumptions that market participants would use in pricing an asset or liability. ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- *Level 1 Inputs* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- *Level 2 Inputs* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

- *Level 3 Inputs* - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amounts presented herein.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2020 and 2019 are as follows (in thousands):

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
December 31, 2020:			
Securities available for sale (1)	$ -	$ 471,785	$ -
Interest rate swap agreements (2)	-	(209)	-
December 31, 2019:			
Securities available for sale (1)	$ -	$ 278,165	$ -
Interest rate swap agreements (2)	-	(350)	-

(1) Securities are measured at fair value on a recurring basis, generally monthly.
(2) Fair values of interest rate swap agreements are measured at fair value, generally quarterly using significant observable inputs.

Certain financial and nonfinancial assets are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The following table summarizes financial assets and nonfinancial assets, measured at fair value on a non-recurring basis as of December 31, 2020 and 2019, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (in thousands):

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
December 31, 2020:				
Financial assets - impaired loans	$ -	$ -	$ 2,078	$ 2,078
Nonfinancial assets - other real estate owned	-	126	-	-
December 31, 2019:				
Financial assets - impaired loans	$ -	$ -	$ 2,606	$ 2,606
Nonfinancial assets - other real estate owned	-	126	-	-

During the years ended December 31, 2020 and 2019, certain impaired loans were remeasured and reported at fair value through a specific valuation allowance allocation of the allowance for possible loan losses based upon the fair value of the underlying collateral. For the years ended December 31, 2020 and 2019, impaired loans with a carrying value of $2,882,000 and $2,746,000, respectively, were reduced by specific valuation allowance allocations totaling $804,000 and $140,000, respectively, to a total reported fair value of $2,078,000 and $2,606,000, respectively, based on collateral valuations utilizing Level 3 valuation inputs.

Foreclosed assets are valued at the time the loan is foreclosed upon and the asset is transferred to other real estate owned. The value is based primarily on third-party appraisals, less estimated costs to sell. Appraisals based upon comparable sales result in a Level 2 classification while appraisals based upon expected cash flows of the property result in a Level 3 classification. The appraisals are generally discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the customer and customer's business. Other real estate owned is reviewed and evaluated on at least an annual basis for additional impairment and adjusted accordingly, based on the same factors identified above. There were no acquisitions of other real estate owned during the year end December 31, 2020. During 2019, there were acquisitions of other real estate owned of approximately $407,000. There were no write-downs of other real estate owned during the years ended December 31, 2020 and 2019.

17. Stockholders' Equity and Regulatory Matters

The Bank is subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2020 and 2019, the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations for banking institutions provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At December 31, 2020 and 2019, the most recent regulatory notifications categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's category.

Additionally, Basel III added a 2.5% "capital conservation buffer" which was designed for banking institutions to absorb losses during periods of economic stress. Banking institutions with capital ratios below the minimum for capital adequacy purposes plus the capital conservation buffer may face constraints on dividends, equity repurchases and executive compensation relative to the amount of the shortfall.

Actual and required capital amounts and ratios of the Bank at December 31, 2020 and 2019 are presented below (in thousands):

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum for Capital Adequacy Purposes Plus Capital Conservation Buffer		Minimum to be Well Capitalized under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2020:								
Total capital to risk weighted assets	$ 105,621	13.93%	$ 60,679	8.00%	$ 79,642	10.50%	$75,849	10.00%
Tier 1 (core) capital to risk weighted assets	96,828	12.77%	45,510	6.00%	64,472	8.50%	60,679	8.00%
Common Tier 1 (CET1)	96,828	12.77%	34,132	4.50%	53,094	7.00%	49,302	6.50%
Tier 1 (core) capital to average assets	96,828	8.08%	47,934	4.00%	47,934	4.00%	59,917	5.00%
December 31, 2019:								
Total capital to risk weighted assets	$ 103,095	13.92%	$ 59,273	8.00%	$ 77,796	10.50%	$74,092	10.00%
Tier 1 (core) capital to risk weighted assets	95,862	12.94%	44,455	6.00%	62,978	8.50%	59,273	8.00%
Common Tier 1 (CET1)	95,862	12.94%	33,341	4.50%	51,864	7.00%	48,160	6.50%
Tier 1 (core) capital to average assets	95,862	9.36%	40,950	4.00%	40,950	4.00%	51,188	5.00%

Payne & Smith, LLC
Certified Public Accountants

Independent Auditor's Report

On Additional Information

The Board of Directors
FirstPerryton Bancorp, Inc. and Subsidiary

We have audited the consolidated financial statements of FirstPerryton Bancorp, Inc. and Subsidiary as of and for the year ended December 31, 2020, and have issued our report thereon dated February 15, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 32 and 33 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Payne & Smith, LLC

February 15, 2021

12240 Inwood Rd. • Suite 440 • Dallas, TX 75244 • 214 / 363-9927 • Fax 214 / 363-9980

FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY

Consolidating Balance Sheet

December 31, 2020

(In thousands of dollars)

	FirstPerryton Bancorp, Inc.	FirstBank Southwest	Eliminations		Consolidated
ASSETS					
Cash and cash equivalents	$ 1,223	$ 48,499	$ (1,223)	(a)	$ 48,499
Securities available for sale	-	471,785	-		471,785
Securities held to maturity	-	90	-		90
Investment in subsidiary	104,540	-	(104,540)	(b)	-
Loans held for sale	-	3,001	-		3,001
Loans	-	645,973	-		645,973
Bank premises and equipment	-	15,097	-		15,097
Goodwill	-	2,999	-		2,999
Cash surrender value of life insurance	-	21,585	-		21,585
Other assets	372	10,859	(209)	(c)	11,022
	$ 106,135	$ 1,219,888	$ (105,972)		$ 1,220,051
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits:					
Noninterest bearing	$ -	$ 366,867	$ (1,223)	(a)	$ 365,644
Interest bearing	-	734,941	-		734,941
Total deposits	-	1,101,808	(1,223)		1,100,585
Other borrowings	-	69	-		69
Junior subordinated debentures	12,372	-	-		12,372
Interest rate swap agreements	209	-	-		209
Other liabilities	10	13,471	(209)	(c)	13,272
Commitments and contingencies	-	-	-		-
Stockholders' equity:					
Common stock	87	1,500	(1,500)	(b)	87
Paid-in capital	38,092	40,240	(40,240)	(b)	38,092
Retained earnings	92,583	58,087	(58,087)	(b)	92,583
Accumulated other comprehensive income	4,504	4,713	(4,713)	(b)	4,504
Treasury stock, at cost	(41,722)	-	-		(41,722)
Total stockholders' equity	93,544	104,540	(104,540)		93,544
	$ 106,135	$ 1,219,888	$ (105,972)		$ 1,220,051

See description of consolidating entries on page 34 and accompanying independent auditor’s report on additional information.

FIRSTPERRYTON BANCORP, INC. AND SUBSIDIARY

Consolidating Statement of Income and Comprehensive Income

For the Year Ended December 31, 2020

(In thousands of dollars)

	FirstPerryton Bancorp, Inc.	FirstBank Southwest	Eliminations		Consolidated
Interest income:					
Interest and fees on loans	$ -	$ 33,939	$ -		$ 33,939
Interest on invesment securities	9	6,120	-		6,129
Other	-	280	-		280
Total interest income	9	40,339	-		40,348
Interest expense:					
Interest on deposit accounts	-	4,783	-		4,783
Other	624	2	-		626
Total interest expense	624	4,785	-		5,409
Net interest (expense) income	(615)	35,554	-		34,939
Provision for loan losses	-	1,705	-		1,705
Net interest (expense) income after provision for loan losses	(615)	33,849	-		33,234
Noninterest income:					
Service charges and fees	-	1,568	-		1,568
Net gain on sales of securities available for sale	-	730	-		730
Net gain on sale of loans	-	1,461	-		1,461
Income from trust department	-	1,709	-		1,709
Dividends from subsidiary	11,900	-	(11,900)	(d)	-
Equity in undistributed earnings of subsidiary	967	-	(967)	(d)	-
Other	8	3,461	-		3,469
Total noninterest income	12,875	8,929	(12,867)		8,937
Noninterest expense:					
Salaries and employee benefits	-	19,051	-		19,051
Occupancy expense	-	4,247	-		4,247
FDIC insurance assessment	-	190	-		190
Other	67	6,423	-		6,490
Total noninterest expense	67	29,911	-		29,978
Net income	12,193	12,867	(12,867)		12,193
Other comprehensive (loss) income:					
Change in net unrealized gain (loss) on securities available for sale	4,521	4,522	(4,522)	(e)	4,521
Reclassification adjustment for net gain on sales of securities included in net income	(730)	(730)	730	(e)	(730)
Change in fair value of interest rate swap	141	-	-		141
Total other comprehensive income	3,932	3,792	(3,792)		3,932
Total comprehensive income	$ 16,125	$ 16,659	$ (16,659)		$ 16,125

See description of consolidating entries on page 34 and accompanying independent auditor’s report on additional information.

Description of Consolidating Entries

For the Year Ended December 31, 2020

(a) To eliminate intercompany cash and deposits.

(b) To eliminate investment accounts against the stockholder's equity of the consolidated subsidiary.

(c) To eliminate intercompany assets and liabilities.

(d) To eliminate dividends from and undistributed earnings of subsidiary.

(e) To eliminate the change in other comprehensive (loss) income.

FirstBank Southwest

Form FR Y-6

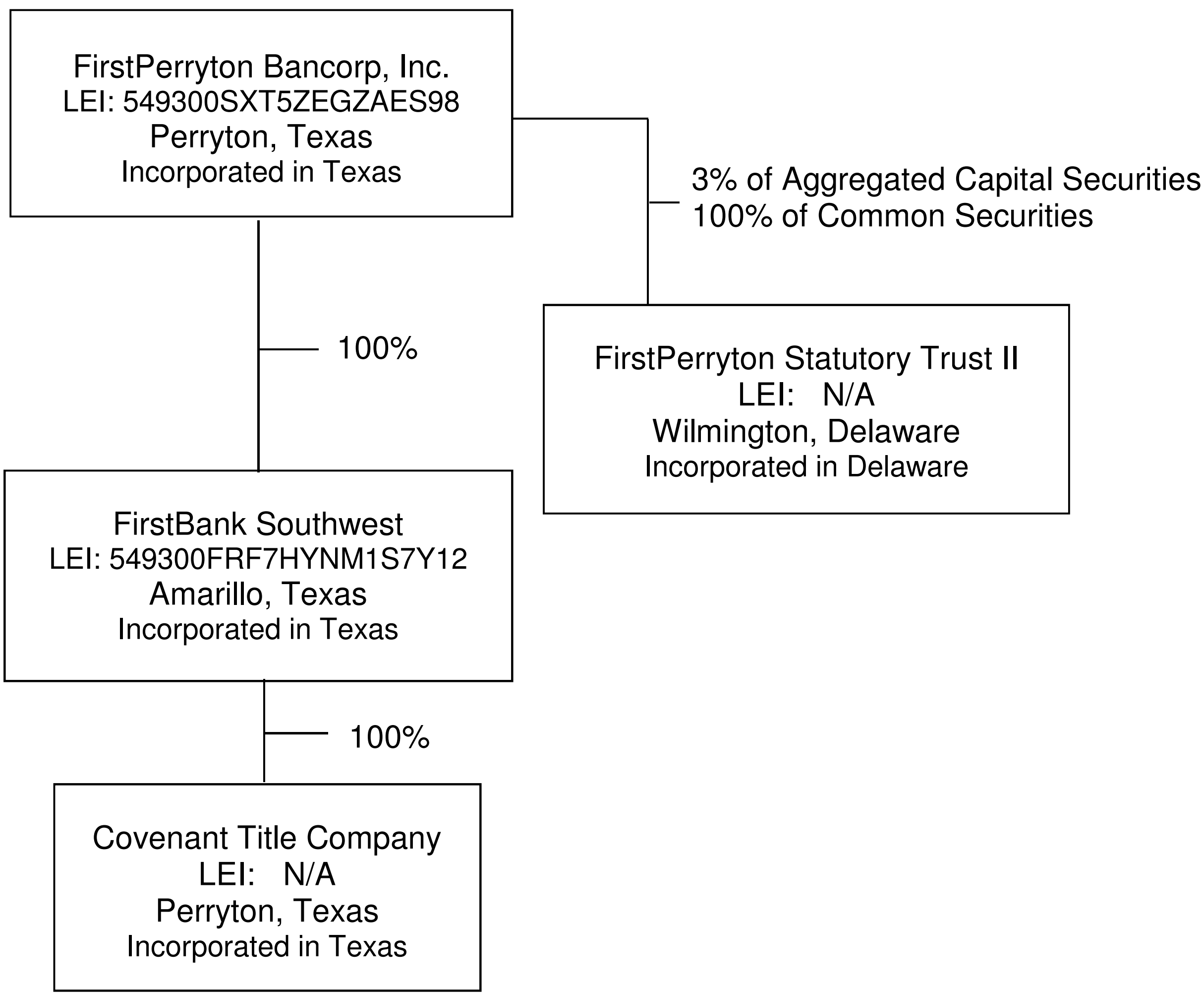
FirstPerryton Bancorp, Inc.

Perryton, Texas
Fiscal Year Ending December 31, 2020

Report Item

1: The bank holding company prepares an annual report for its shareholders as provided herewith (just prior to this page).

2a: Organizational Chart



2b: Domestic Branch Listing follows this page.

Results: A list of branches for your depository institution: FIRSTBANK SOUTHWEST (ID_RSSD: 840363).
This depository institution is held by FIRSTPERRYTON BANCORP, INC. (1108707) of PERRYTON, TX
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	840363	FIRSTBANK SOUTHWEST	2401 S GEORGIA ST	AMARILLO	TX	79109-1924	POTTER	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	5398412	DOWNTOWN AMARILLO BRANCH	600 SOUTH TYLER STREET	AMARILLO	TX	79101	POTTER	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Electronic Banking	4498986	ELECTRONIC BANKING	7433 GOLDEN POND PLACE	AMARILLO	TX	79121	RANDALL	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	3960141	GEM LAKE BRANCH	5725 WEST AMARILLO BLVD.	AMARILLO	TX	79106-4003	POTTER	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Limited Service	3019290	MORTGAGE BANKING CENTER	5701 SW 34TH AVE	AMARILLO	TX	79109	RANDALL	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	356154	SLEEPY HOLLOW BRANCH	7420 SW 45TH	AMARILLO	TX	79119-6494	RANDALL	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	484459	WESTERN BRANCH	4241 SOUTHWEST 45TH AVENUE	AMARILLO	TX	79109	RANDALL	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	1428843	BOOKER BRANCH	115 S MAIN ST	BOOKER	TX	79005	LIPSCOMB	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	58458	HEREFORD BRANCH	300 NORTH MAIN	HEREFORD	TX	79045-5303	DEAF SMITH	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	905169	PAMPA BRANCH	300 WEST KINGSMILL	PAMPA	TX	79065-6438	GRAY	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	357759	PERRYTON BRANCH	201 SOUTH MAIN	PERRYTON	TX	79070-2660	OCHILTREE	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	
OK		Full Service	1214822	PERRYTON DRIVE-IN BRANCH	201 S MAIN STREET	PERRYTON	TX	79070-2660	OCHILTREE	UNITED STATES	Not Required	Not Required	FIRSTBANK SOUTHWEST	840363	

FORM FR Y-6
FirstPerryton Bancorp, Inc.
December 31, 2020

Report Item 3: Shareholders

3. (1)(a)(b)(c) — **Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/20**

	(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	
	Brillhart Family Trust Randy W. Brillhart & Theresa Brillhart, Trustees Perryton, TX USA	USA	5,719 shs Common Stock 10.50%	
	Carl Ellis Separate Property FPB Stock Trust dated 1/18/14 FirstBank Southwest, Trustee Amarillo, TX USA	USA	3,516 shs Common Stock 6.46%	
1	Benjamin Drew Ellis II Perryton, TX USA	USA	3,334 shs Common Stock 6.12%	
2	Ellis Family Trust dated 8/29/13 Julie Ellis, Trustee Imperial Beach, CA USA	USA	2,379 shs Common Stock 4.37%	
3	Lindy Ellis McGarraugh Perryton, TX USA	USA	3,825 shs Common Stock 7.02%	
4	Scott McGarraugh Perryton, TX USA	USA	11 shs Common Stock 0.02%	
5	Lindy & Scott McGarraugh Perryton, TX USA	USA	3,158 shs Common Stock 5.80%	Ellis Family 1 23.33%
6	Drew McGarraugh Edmond, OK USA	USA	41 shs Common Stock 0.08%	♦ See Note at the bottom on Lindy.
7	Kris McGarraugh Wooten Edmond, OK USA	USA	41 shs Common Stock 0.08%	McGarraugh 13.00%
8	Donald Smith Ellis Midlothian, TX USA	USA	4,159 shs Common Stock 7.64%	
9	Kenneth Ellis Austin, TX USA	USA	1,478 shs Common Stock 2.71%	
10	Timothy & Diane Ellis Beach City, TX USA	USA	3,220 shs Common Stock 5.91%	Ellis Family 2 16.26%

3. (2)(a)(b)(c) — **Shareholders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/20**

(2)(a) Name & Address (City, State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
None.		

	(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities		(2)(a) Name & Address (City, State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
11	Jill Griffith Amarillo, TX USA	USA	2,186 shs Common Stock 4.01%				
12	Mark Shaffer Amarillo,TX USA	USA	3,368 shs Common Stock 6.18%				
13	Paige Waide Perryton, TX USA	USA	1,007 shs Common Stock 1.85%				
14	Paige & Steven Waide Perryton, TX USA	USA	1,301 shs Common Stock 2.39%	Ellis Family 3 14.43%			
15	Terry Caviness Hereford, TX	USA	1,534 shs Common Stock 2.82%				
16	Trevor W. Caviness Amarillo, TX USA	USA	1,055 shs Common Stock 1.94%				
17	Regan A. Caviness Amarillo, TX USA	USA	989 shs Common Stock 1.82%	Caviness 6.58%			
	Individuals comprising a family as defined in Y-6 Instructions						
	1,2,3,4,5 3,4,5,6,7 8,9,10	11,12,13,14 15,16,17					

Unless otherwise stated, all shares listed are held of record by the individual indicated with sole power to vote and dispose of such shares. All percentages are based upon shares of BHC Stock issued and outstanding equaling: 54,467 shares held as of 12/31/20. Owned 5% or more as of 12/31/20 acting as individuals or families.
Also note that although some above are not >5% as individuals, they are over 5% when combined with family members.

Owned 5% or more at any point in the year (including families) not included in Section 3(1)

**** Note**
To those reviewing this report:

It is a little unusual that these family cumulative totals overlap; but, the reason is easily explained.

- We used the family definitions in the FRY-6 reports, and you can see who is grouped together in the footnotes.
- Specifically, one of the family members overlaps into two family definitions according to our interpretation of the Y-6 definition. That member is Lindy McGarraugh. She is a member of a family with her brothers and sisters which pulls in her spouse but not her children. She also is a member of her family consisting of her husband and children. The illustration shows by colored boxing how she could go two different ways.
  ♦ It is important to note that if she were to break away from the Family Members (being her two brothers in the green box which is the largest holdings of related parties being 29.79%) – she still retains 13.00% with her husband and children noted in the medium blue box (which is over the 5% designated in item 3 of the report).

Form FR Y-6

FirstPerryton Bancorp, Inc.
Fiscal Year Ending December 31, 2020

REPORT ITEM 4: INSIDERS
(1), (2), (3)(a)(b)(c) and (4)(a)(b)(c)

	(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
	Name City, State, Country	Principal Occupation if other than BHC	Title & Position with FirstPerryton Bancorp, Inc. (BHC)	Title & Position with FirstPerryton Statutory Trust II (FPST II) FirstBank Southwest (FBSW) Covenant Title Company (CTC)	Title & Position with Other Business Interest	Percentage of Voting Shares in BHC	Percentage of Voting Shares in subsidiaries	Voting Shares in other companies (3)(c) if more than 25%
	Brillhart Family Trust Randy W. Brillhart & Theresa Brillhart, Trustees Perryton, TX USA	N/A	None	None	None	10.50%	0.00%	N/A
	Theresa J. Brillhart Perryton, TX USA	Retired Business Person	Principal Shareholder	None	TR Brillhart, LLC - Co-Owner Lowrance Properties LLC - Co-Owner Brillhart Properties LLC - Co-Owner Brillhart Family Trust - Co-Trustee	10.50% as trustee of Brillhart Family Trust	0.00%	50.00% 50.00% 33.00% 50.00%
	Randy W. Brillhart Perryton, TX USA	Retired Banker	Director Principal Shareholder	Director (FBSW)	G&J Brillhart, Inc. - President TR Billhart, LLC - Co-Owner Brillhart Family Trust - Co-Trustee	10.50% as trustee of Brillhart	0.00%	50.00% 50.00% 50.00%
	Carl Ellis Separate Property FPB Stock Trust dated 1/18/14 FirstBank Southwest, Trustee Amarillo, TX USA	N/A	None	None	None	6.46%	0.00%	N/A
	FirstBank Southwest Trust Dept Amarillo, TX USA	N/A	Principal Shareholder	None	None	6.46% as trustee	0.00%	N/A
1	Benjamin Drew Ellis II Perryton, TX USA	Farmer	Principal Shareholder	None	Ben D Ellis Farm - Co-Owner	6.12%	0.00%	N/A
2	Ellis Family Trust dated 8/29/13 Julie Ellis, Trustee Imperial Beach, CA USA	N/A	None	None	None	4.37%	0.00%	N/A
	Julie Ellis Imperial Beach, CA USA	Retired	Principal Shareholder	None	Ellis Family Trust dated 8/29/13 - Trustee	4.37% as a trustee of Ellis Family Trust	0.00%	100.00%
3	Lindy & Scott McGarraugh Perryton, TX USA	Farmer / Rancher	Principal Shareholder	None	Maclin, LLC - Partner McGarraugh Investments Partnership - Partner	12.84%	0.00%	33.30% 33.30%
6	Drew S. McGarraugh Edmond, OK USA	Certified Financial Planner	Director Principal Shareholder	Director (FBSW)	Ameriprise Financial Franchise - Owner Scott & Lindy McGarraugh Irrev. Trust - Trustee Maclin, LLC - Partner Lindy & Scott McGarraugh Irrev. Trust - Trustee	0.08%	0.00%	100.00% 50.00% 33.30% 50.00%
7	Kris McGarraugh Wooten Edmond, OK USA	Business Manager	Principal Shareholder	None	Maclin Oil - Partner Scott & Lindy McGarraugh Irrev. Trust - Trustee CDH Properties - Owner w/ spouse Wootenwide - Owner w/spouse Oral & Facial Surgery of Oklahoma - Owner & Manager	0.08%	0.00%	33.00% 50.00% 100.00% 100.00% 100.00%
8	Donald Smith Ellis Midlothian, TX USA	Retired Banker	Principal Shareholder	None	None	7.64%	0.00%	N/A

	(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
	Name City, State, Country	Principal Occupation if other than BHC	Title & Position with FirstPerryton Bancorp, Inc. (BHC)	Title & Position with FirstPerryton Statutory Trust II (FPST II) FirstBank Southwest (FBSW) Covenant Title Company (CTC)	Title & Position with Other Business Interest	Percentage of Voting Shares in BHC	Percentage of Voting Shares in subsidiaries	Voting Shares in other companies (3)(c) if more than 25%
9	Kenneth Ellis Austin, TX USA	Deer Farmer	Principal Shareholder	None	H and K Whitetails - President	2.71%	0.00%	33.33%
10	Timothy & Diane Ellis Beach City, TX USA	Retired Corporate Engineering Manager	Principal Shareholder	None	None	5.91%	0.00%	N/A
11	Jill Griffith Amarillo, TX USA	Homemaker	Principal Shareholder	None	Maverick Shops LLC - Partner / Owner	4.01%	0.00%	100.00%
12	Mark E. Shaffer Amarillo, TX USA	Hotelier	Director Principal Shareholder Chairman of the Board	Director (FBSW)	Ross Osage Hotels, LP - Partner / Manager MES Properties, LLC - Manager / Owner MES Hotel Management, LLC - Manager / Owner MES Holdings, LLC - Managing Member / Partner Sauren Enterprises, LLC - Partner / Manager SESLES, LLC - Partner / Manager	6.18%	0.00%	N/A 100.00% 100.00% 40.00% N/A N/A
14	Paige & Steven Waide Perryton, TX USA	Counselor - Paige Farmer - Steven	Principal Shareholder	None	Waide Farms - Owner EJCW, LLC - Owner	4.24%	0.00%	100.00% 100.00%
15	Terry W. Caviness Hereford, TX USA	Business Person	Principal Shareholder	None	Caviness Packing Company, Inc. - CEO Palo Duro Meat Processing, Inc. - CEO Caviness Beef Packers, Ltd. - Partner Caviness Management, LLC - Member Caviness Beef Packers San Angelo, Ltd - Partner Caviness Management San Angelo, LLC -Member Caviness Development, Ltd. - Partner Caviness Development Management, LLC - Member Caviness Development San Angelo, Ltd - Partner Caviness Development Management San Angelo, LLC -Member Caviness Joint Venture dba 3C Cattle - Venturer Caviness Global Corp. - CEO Caviness BP Idaho, LLC - Member Caviness DEV Idaho, LLC - Member TTR Express, LLC - Member	2.82%	0.00%	99.00% 99.00% 37.00% 100.00% 37.00% 100.00% 37.00% 100.00% 37.00% 100.00% 52.00% 38.00% 38.00% 38.00% 38.00%
	Dennis W. Falk Amarillo, TX USA	Semi-retired Banker	Director	Director (FBSW) SVP (FBSW)	None	1.01%	0.00%	N/A
	Lance E. Purcell Amarillo, TX USA	Banker	Secretary Director	Director, Executive Vice President & Senior Trust Officer (FBSW) President & Sole Director (CTC)	Purcell Law Office - Owner Purcell Ranches - Owner	0.40%	0.00%	100.00% 100% with Spouse
	John Andrew Marshall Amarillo, TX USA	Banker	Director	CEO, President & Director (FBSW)	None	0.00%	0.00%	N/A
	Will C. Miller Canyon, TX USA	Banker	Director Vice President	Director (FBSW) President / Amarillo & Chief Lending Officer (FBSW)	None	0.19%	0.00%	N/A

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Name City, State, Country	Principal Occupation if other than BHC	Title & Position with FirstPerryton Bancorp, Inc. (BHC)	Title & Position with FirstPerryton Statutory Trust II (FPST II) FirstBank Southwest (FBSW) Covenant Title Company (CTC)	Title & Position with Other Business Interest	Percentage of Voting Shares in BHC	Percentage of Voting Shares in subsidiaries	Voting Shares in other companies (3)(c) if more than 25%
Johnny E. Mize Amarillo, TX USA	Real Estate Investor	Director	Director (FBSW)	Morton Properties, LLC - President Mulberry Properties, LLC - President JMize/Jevans, LLC - Partner & Manager Big Spring Monticello Homes, LLC - Partner & Manager Maple Properties, LLC - President M4 Property Management - President	0.93%	0.00%	100.00% 100.00% 50.00% 50.00% 100.00% 100.00%
Letricia Niegos Amarillo, TX USA	CPA & Business Person	Director	Director (FBSW)	HB Realty Co - Treasurer Western Sales & Testing of Amarillo, Inc. - Treasurer P. Leasing, Inc. - Treasurer TEA Technologies, LTD. - Treasurer BKC Industries, Inc. - Treasurer P&P Investment Holdings, Inc. - Treasurer Western Valve, Inc. (owned by P&P above) - Treasurer KDM Leasing, Inc. (owned by P&P above) - Treasurer Piehl & Piehl, LLC - Member Panache of Amarillo, LLC - Member Choctaw Realty, LLC - Member Crestview Canyon Estates - Partner / Treasurer Piehl Family Partners, LP - Partner / Treasurer Barns & Sheds Trust LLN - Trustee Bill Piehl & Helen Piehl Irrevocable Trust - Co-Trustee LaDeanna Piehl Irrevocable Trust - Trustee Piehl Children's Trust - Co-Trustee Circle Bar Trust - Co-Trustee LLN Properties, LLC - Member 26th & Soho, LLC - Member	0.22%	0.00%	N/A N/A N/A N/A N/A 50.00% 50.00% 50.00% 50.00% 50.00% 50.00% 25.00% N/A 100% Control 50% Control 100% Control 50% Control 50% Control 100.00% N/A
Mike D. Schueler Hereford, TX USA	Banker	Director	Director (FBSW) President / Hereford (FBSW)	None	0.77%	0.00%	N/A
Brady R. Yeary Perryton, TX USA	Banker	Director Vice President	Director (FBSW) President / Perryton (FBSW)	Y&A Cattle Co. - Partner DAY Investment Co. - Partner Lucky 7 Arena - Owner Mountain Ventures - Partner North Plains Auto Mart LLC (owned by Y&A above) - Member	2.86%	0.00%	50.00% 50.00% 100.00% 50.00% 50.00%
Jerry Don Williams Amarillo, TX USA	Banker	Chief Financial Officer Vice President Director	Administrator (FPST II) Director (FBSW) Executive Vice President, Chief Financial Officer, Chief Operations Officer, Senior Investment Officer, & Trust Officer (FBSW)	None	0.33%	0.00%	N/A
Marty R. Murry Amarillo, TX USA	Banker	Advisory Director	Advisory Director (FBSW) Executive Vice President (FBSW)	None	0.75%	0.00%	N/A
Debora Cowan Balko, OK USA	Banker	Treasurer	Administrator (FPST II) Executive Vice President & Controller (FBSW)	LT Cattle Co. - Spouse of Partner Leland Cowan Farming - Sole Proprietorship (Spouse) Rafter SC Trucking, LLC - Spouse of Partner	0.13%	0.00%	Spouse owns 50.00% Spouse owns 100.00% Spouse owns 50.00%

All stock is Common Stock. All percentages are based upon shares of BHC Stock issued and outstanding equaling: 54,467 shares held as of 12/31/20.

	(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
	Name City, State, Country	Principal Occupation if other than BHC	Title & Position with FirstPerryton Bancorp, Inc. (BHC)	Title & Position with FirstPerryton Statutory Trust II (FPST II) FirstBank Southwest (FBSW) Covenant Title Company (CTC)	Title & Position with Other Business Interest	Percentage of Voting Shares in BHC	Percentage of Voting Shares in subsidiaries	Voting Shares in other companies (3)(c) if more than 25%

INSIDERS: principal securities holders (owns, controls, or has power to vote 10% or more of common stock either directly or indirectly, or acting in concert with one or more persons (including families), directors, trustees, partner, executive officers of FirstPerryton Bancorp, Inc. as of 12/31/20.

Individuals comprising a family as defined in Y-6 instructions

1,2,3 3,6,7 8,9,10 11,12,14