



## **PUBLIC DISCLOSURE**

December 7, 2020

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Big Bend Banks, National Association  
Charter Number 8674

301 South Highland Ave  
Marfa, TX 79843

Office of the Comptroller of the Currency  
Lubbock Field Office  
5225 S. Loop 289, Suite #108  
Lubbock, TX 79424

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**

**The lending test is rated: Satisfactory**

The major factors that support this rating include:

- Big Bend Banks, National Association (BBB) has a reasonable quarterly average net loan-to-deposit ratio of 20 percent given the bank's performance context and local conditions.
- A majority (73 percent) of BBB's loans are originated or purchased within the AA.
- BBB has an excellent distribution of loans among consumer loan borrowers of different income and businesses of different revenue sizes.
- The geographic distribution of loans is reasonable.

## Description of Institution

BBB is an intrastate community bank headquartered in Marfa, Texas. Marfa is the county seat of Presidio County, located about 200 miles southeast of El Paso, Texas. The bank is wholly owned by Big Bend Bancshares Corporation, a one-bank holding company located in Marfa, Texas.

As of December 31, 2019, BBB had total assets of \$140 million, with net loans comprising 15.5 percent of total assets. The bank offers traditional loan and deposit products. BBB is a full-service bank operating in two locations within Presidio County, Texas. The main office is in Marfa with a branch in Presidio. Each branch has a drive-up facility and an ATM. Online banking services are available at [www.bigbendbanks.com](http://www.bigbendbanks.com). BBB's business strategy is to serve consumer, commercial, and agricultural customers in Presidio County.

## Presidio County AA

<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	2	-	50.0	50.0	-	0.0
Population by Geography	7,304	-	65.9	34.1	-	0.0
Housing Units by Geography	3,952	-	59.0	41.0	-	0.0
Owner-Occupied Units by Geography	1,803	-	62.6	37.4	-	0.0
Occupied Rental Units by Geography	831	-	64.7	35.3	-	0.0
Vacant Units by Geography	1,318	-	50.6	49.4	-	0.0
Businesses by Geography	243	-	46.5	53.5	-	0.0
Farms by Geography	18	-	33.3	66.7	-	0.0
Family Distribution by Income Level	1,773	30.2	23.0	17.0	29.8	0.0
Household Distribution by Income Level	2,634	35.6	15.1	18.4	30.8	0.0
Median Family Income Non-MSAs - TX		\$52,198	Median Housing Value			\$66,686
			Median Gross Rent			\$284
			Families Below Poverty Level			15.4%

*Source: 2015 ACS and 2019 D&B Data*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

The Presidio County economy is based largely on government employment. Primary employers are the U.S. Border Patrol and local schools and governments. Unemployment is consistently above average in Presidio County but generally follows the same trends as Texas and the U.S. Unemployment was 8.5 percent at December 31, 2019, which is well above the state of Texas and the nation at 3.5 percent.

BBB has no legal or financial circumstances that impede the bank's ability to help meet the credit needs in the AA. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks. BBB was rated Satisfactory at its previous CRA evaluation dated October 15, 2015.

We contacted a local community resource to obtain a profile of the area and identify opportunities for community development participation by local institutions. Economic conditions are stagnant. With minimal water resources, manufacturing is not viable in the area. The primary needs are for financial education and credit for home repair or improvement.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation assesses BBB's record of meeting the credit needs of the communities in which it operates. We evaluated BBB using small bank performance criteria. These criteria include five factors: LTD ratio, lending in the AA, lending to borrowers of different incomes and businesses of different sizes, geographic distribution of loans, and responsiveness to CRA complaints. Our evaluation period is January 1, 2017 through December 31, 2019.

Primary lending products by number and dollar volume are consumer loans, followed by commercial loans. To evaluate BBB's lending performance, we sampled 30 commercial and 30 consumer loans originated in the evaluation period.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

The CRA rating for the State of Texas is Satisfactory

The Lending Test is rated: Satisfactory

## LENDING TEST

The bank's performance under the Lending Test in Texas is rated Satisfactory based on a full-scope review of performance in the Presidio County AA.

### Loan-to-Deposit Ratio

BBB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's quarterly average net loan-to-deposit ratio was 20 percent over the 18 quarters from September 30, 2015 to December 31, 2019, inclusive. The quarterly average net loan-to-deposit ratios of similarly situated banks for the same period averaged 51 percent and ranged from 45 percent to 56 percent. The quarterly average loan-to-deposit ratios for similarly situated banks (total assets under \$300 million located in Presidio or adjacent counties) are listed below.

<b>Loan-to-Deposit Ratio</b>		
<b>Institution</b>	<b>Total Assets (\$000s) As of 12/31/2019</b>	<b>Quarterly Average Net LTD</b>
<b>Big Bend Banks, National Association</b>	<b>\$176,121</b>	<b>20.11%</b>
Fort Davis State Bank (FDSB)	91,807	52.64%
First National Bank of Fort Stockton (FNB)	132,033	55.63%
The Pecos County State Bank (PCSB)	268,680	45.39%

The bank's quarterly average net loan-to-deposit ratio declined from 27 percent at the last evaluation. The Marfa area continues to attract wealthy residents from other areas who bring large deposits but have few loan needs. Between December 31, 2015 and December 31, 2019, deposits increased by 9 percent while loans declined by 8 percent. Similarly situated banks also have a few advantages. PCSB and FDSB have more branches, including in counties beyond Presidio, Jeff Davis, and Pecos for a broader lending area. In addition, PCSB and FNB are headquartered in the larger community of Fort Stockton, TX which is also close enough to the Midland-Odessa/Permian Basin area to attract larger volumes of commercial loans. Considering this performance context information, BBB's LTD ratio is reasonable.

### Lending in Assessment Area

A majority of the bank's loans are inside its assessment area (AA). BBB originated 73 percent by number and 79 percent by dollar volume of its loans inside the AA during the evaluation period.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Loan Amount in \$000s				Total \$000s
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	23	77	7	23	30	1,418	85	260	16	1,678
Consumer	21	70	9	30	28	312	62	189	38	501
<b>Total</b>	<b>44</b>	<b>73</b>	<b>16</b>	<b>27</b>	<b>60</b>	<b>1,730</b>	<b>79</b>	<b>449</b>	<b>21</b>	<b>2,179</b>

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits a reasonable geographic distribution of consumer and commercial loans. We did not note any lending gaps.

#### ***Consumer Loans***

Refer to Table U in appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

BBB's borrower dispersion for consumer loans is reasonable. Over 52 percent of consumer loans were originated in the moderate-income census tract; this increases to about 76 percent when considering dollar volume. Overall, this compares favorably to the demographic of 63 percent of households located in the moderate-income census tract.

#### ***Small Loans to Businesses***

Refer to Table Q in appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The distribution of commercial loans is reasonable when considering performance context. Only 9 percent of commercial loans were originated in the moderate-income census tract, which contains 46 percent of AA businesses. However, our sample identified a significant volume of small loans to businesses that were outside of, but immediately adjacent to, the border of the AA, including in Mexico. These businesses serve the AA and employ AA residents.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits an excellent distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

#### ***Consumer Loans***

Refer to Table V in appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans reflects excellent penetration among individuals of different income levels. The distribution of consumer loans to moderate-income households (29 percent by number) significantly exceeds the demographic (15 percent) of moderate-income households and is more than

reasonable. The distribution of consumer loans to low-income households (38 percent) also exceeds the demographic (35 percent) of low-income households. This is more than reasonable when considering the high percentage of low-income households below the poverty level, which makes qualifying for loans more difficult.

### ***Small Loans to Businesses***

Refer to Table R in appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of commercial loans reflects excellent penetration to businesses of different sizes. One hundred percent of BBB's commercial loans were originated to businesses with gross annual revenues less than or equal to \$1 million. This compares favorably to demographic data showing 65 percent of businesses reported revenues less than or equal to \$1 million.

### **Responses to Complaints**

Neither BBB nor the OCC have received any CRA-related complaints during the evaluation period. This has a neutral effect on BBB's CRA performance.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the AAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope.”

<b>Time Period Reviewed:</b>	January 1, 2017 through December 31, 2019	
<b>Bank Products Reviewed:</b>	Small Business and Consumer Loans	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Presidio County AA	Full-Scope	Small Business and Consumer Loans

## Appendix B: Summary of MMSA and State Ratings

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RATINGS Big Bend Banks, National Association	
<b>Overall Bank:</b>	Lending Test Rating
Big Bend Banks, National Association	Satisfactory
<b>State:</b>	
Texas	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

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

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower

distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

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

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

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

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

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

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																<b>2017-2019</b>		
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Presidio County	23	1,418,387	100	-	-	-	46.5	8.7	39.7	53.5	91.3	60.3	-	-	-	-	-	-

*Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.*

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>												<b>2017-2019</b>	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Presidio County	23	1,418,387	100	58	65.4	100	34.5	6.6	0	28.0	0		

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.*

<b>Table U: Assessment Area Distribution of Consumer Loans by Income Category of the Geography</b>												<b>2017-2019</b>	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Presidio County	21	312,021	100	-	-	63.3	<b>52.4</b>	36.7	47.6	-	-	-	-

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.*

<b>Table V: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower</b>												<b>2017-2019</b>	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Presidio County	21	312,021	100	35.6	<b>38.1</b>	15.2	<b>28.6</b>	18.4	19.0	30.8	14.3	-	-

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data.*