



PUBLIC DISCLOSURE

October 26, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Summit Bank, NA
Charter Number 24833

101 West 23rd Street
Panama City, FL 32405

Office of the Comptroller of the Currency
Birmingham Field Office
3595 Grandview Parkway
Suite 655
Birmingham, AL 35243

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING:
This institution is rated Satisfactory**

Summit Bank, NA (Bank) has a **satisfactory** record of meeting community credit needs. The OCC based this conclusion on the following:

- The level and trend of the loan-to-deposit ratio is more than reasonable given the Bank's size, financial condition, economic environment, and assessment area (AA) credit needs.
- The Bank originated a majority of loans inside its three AAs.
- Our loan analysis indicated that the Bank had reasonable penetration for lending to borrowers of different incomes and businesses of different sizes within its AAs.
- Our loan analysis indicated that the Bank had a reasonable dispersion of business loans throughout its AAs.
- The Bank shows adequate responsiveness to Community Development lending opportunities.
- The Bank did not receive any consumer complaints regarding CRA performance during this evaluation period.

SCOPE OF EXAMINATION

We evaluated Summit Bank under the Small Bank examination procedures to assess its performance under the CRA. Procedures include a Lending Test to help evaluate the Bank's record of meeting its AAs credit needs. The Bank's previous CRA rating, dated January 25, 2011, was "Satisfactory." This performance evaluation starts from the Bank's previous CRA examination date, covering the period from January 26, 2011 through October 26, 2015.

The Bank primarily originates commercial loans, which represented 73 percent of total loans at June 30, 2015. Residential real estate loans represented 24 percent of total loans at June 30, 2015. The OCC based its Lending Test conclusions on an analysis of commercial loans and residential real estate loans. The Bank is a Home Mortgage Disclosure Act (HMDA) reporter, and we performed a data integrity examination in August 2015 to validate the accuracy of the HMDA data. We used HMDA data from 2013, 2014, and year-to-date 2015 to form our conclusions on residential lending. To evaluate the Bank's business lending performance, we selected a sample of business loans made between January 1, 2013 and June 30, 2015.

DESCRIPTION OF INSTITUTION

Summit Bank, NA is a national bank with total assets of \$358 million at June 30, 2015. The Bank is wholly owned by Summit Financial Enterprises, Inc., a one-bank holding company located in Panama City, FL. The Bank operates its main office in a moderate-income census tract in Panama City, FL. The Bank operates three additional branches, one in Panama City, FL in a middle-income census tract; one in Pensacola, FL in a moderate-income census tract; and one in Fort Walton Beach in a middle-income census tract. Since the 2011 Performance Evaluation, the Bank acquired Premiere Bank through a loss-share agreement with the Federal Deposit Insurance Corporation (FDIC). The acquired institution had two branches, one in Fort Walton Beach, FL and one in Crestview, FL. Summit Bank continues to operate the Fort Walton Beach branch, but sold the Crestview branch in November 2013. In addition, the Bank opened

the Panama City branch in January 2015. The Bank has no automated teller machines. No legal or financial factors impede Summit Bank’s ability to meet the credit needs of its community.

Summit Bank is a community bank with a focus on commercial lending, specifically, real estate loans and operating lines of credit. The Bank offers one to four family mortgage loans to residential borrowers for home construction, purchase, and refinance. Summit Bank offers various deposit products, including personal checking, savings, money market, small business checking accounts, commercial checking and money market accounts, credit cards, and cash management services. The Bank also offers online banking to its customers.

The table below provides details of the Bank’s loan composition as of June 30, 2015.

Loan Portfolio Composition as of June 30, 2015		
Loan Type	Dollar Amount (000's)	Percent of Total Loans
Commercial Real Estate	\$90,808	51%
Commercial and Industrial	\$38,434	22%
Total Commercial Loans	\$129,242	73%
Residential Real Estate	\$42,829	24%
Consumer	\$5,230	3%
Agricultural	\$444	<1%
Total Loans	\$177,745	100%

Source: June 30, 2015 Call Report

DESCRIPTION OF ASSESSMENT AREA(S)

Summit Bank has three AAs in Florida, which are described below.

Bay County AA

Bay County makes up the Panama City, FL Metropolitan Statistical Area (MSA). The AA has a population of 168,852 according to the 2010 census data, and is comprised of 1 low-income, 11 moderate-income, 22 middle-income, and 9 upper-income census tracts. This AA meets the regulation’s requirements, and does not arbitrarily exclude low- and moderate-income geographies.

Competition in the AA is strong given the presence of several large institutions, including Regions Bank, Wells Fargo Bank, and Trustmark National Bank. Summit Bank holds 9 percent of the deposit share within the AA.

Local employment in the Bay County AA is heavily dependent on the defense industry. Tyndall Air Force Base employs over 6,000 people, and the Naval Support Activity employs over 3,000. These two employers account for more than 10 percent of jobs in the Panama City area, and contribute to the area’s economic stability.

We discussed the AA lending needs with a community contact that assists with small business development within the community. The contact identified a need for lending to small businesses within the community. The contact stated that local banks meet this need for established businesses, but could provide further investment for start-up businesses.

The following table shows the demographic and economic characteristics of the AA.

Demographic Information for Bay County Assessment Area						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	43	2.33%	25.58%	51.16%	20.93%	0.00%
Population by Geography	168,852	2.17%	19.59%	56.82%	21.42%	0.00%
Owner-Occupied Housing by Geography	45,433	1.32%	16.25%	58.45%	23.98%	0.00%
Businesses by Geography	18,994	2.90%	15.43%	54.76%	26.91%	0.00%
Farms by Geography	406	1.23%	13.79%	61.82%	23.15%	0.00%
Family distribution by Income Level	44,480	1.80%	19.89%	55.92%	22.38%	0.00%
Distribution of Low and Moderate Income Families throughout AA Geographies	16,704	3.82%	28.89%	53.30%	13.99%	0.00%
Median Family Income, last Census 2010		\$56,277				
HUD Adjusted Median Family Income for 2014		\$56,277				
Households Below Poverty Level		12%	Unemployment Rate		4.50%	
% Businesses with Revenues <\$1 million		72%	% Farms with Revenues <\$1 million		99%	
% Businesses with Revenues >\$1 million		3%	% Farms with Revenues >\$1 million		1%	

Source: 2010 U.S. Census data; 2014 HUD updated income data; Bureau of Labor Standards.

* The N/A category consists of geographies that have not been assigned an income classification.

Escambia County AA

Escambia County is one of two counties that make up the Pensacola-Ferry Pass-Brent, FL MSA. According to the 2010 U.S. Census, Escambia County had a population of 297,619. This AA is comprised of 3 low-income, 24 moderate-income, 30 middle-income, and 14 upper-income census tracts. This AA meets the regulation’s requirements, and does not arbitrarily exclude low- and moderate-income geographies.

Competition in the AA is strong given the presence of several large institutions, including Regions Bank, Wells Fargo Bank, and Bank of America. Summit Bank holds 1 percent of the AA’s deposit share. Elevated poverty levels (15.1 percent) and unemployment (6.0 percent) adversely affect lending opportunities in this AA, as compared to the other AAs.

Local employment in the area is heavily dependent on the defense and healthcare industries. The Naval Air Station Pensacola employs nearly 21,000 people, while Baptist Health Care and Sacred Heart Health System employ 4,000 and 3,000 people, respectively. Navy Federal Credit

Union is also a major employer, with over 3,000 employees in the AA. Overall, the defense industry and tourism provide stability to Escambia County’s economy.

We discussed lending opportunities within the Escambia County AA with a local community contact, who works to promote community development. The contact identified a need for lending to businesses and developers, especially start-up businesses, but stated that local banks are willing to help the community and lend to qualified borrowers.

The following table shows the demographic and economic characteristics of the AA.

Demographic Information for Escambia County Assessment Area						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	71	4.23%	33.80%	42.25%	19.72%	0.00%
Population by Geography	297,619	2.52%	29.71%	48.04%	19.72%	0.00%
Owner-Occupied Housing by Geography	113,313	1.52%	24.38%	48.98%	25.12%	0.00%
Businesses by Geography	30,042	3.16%	32.29%	42.28%	22.27%	0.00%
Farms by Geography	846	2.48%	25.89%	51.65%	19.98%	0.00%
Family distribution by Income Level	73,374	2.43%	27.53%	46.97%	23.07%	0.00%
Distribution of Low and Moderate Income Families throughout AA Geographies	30,818	4.94%	39.45%	41.71%	13.89%	0.00%
Median Family Income, last Census 2010		\$56,758				
HUD Adjusted Median Family Income for 2014		\$56,758				
Households Below Poverty Level		15.08%	Unemployment Rate			5.98%
% Businesses with Revenues <\$1 million		73%	% Farms with Revenues <\$1 million			98%
% Businesses with Revenues >\$1 million		4%	% Farms with Revenues >\$1 million			1%

Source: 2010 U.S. Census data; 2014 HUD updated income data; Bureau of Labor Standards.

* The N/A category consists of geographies that have not been assigned an income classification.

Okaloosa County Assessment Area

Okaloosa County is one of two counties that make up the Crestview-Fort Walton Beach-Destin, FL MSA. According to the 2010 U.S. Census, Escambia County had a population of 180,822. This AA has no low-income census tracts, 6 moderate-income, 24 middle-income, and 11 upper-income census tracts. This AA meets the regulation’s requirements, and does not arbitrarily exclude low- and moderate-income geographies.

Competition in the AA is strong given the presence of several large institutions, including Regions Bank, Wells Fargo Bank, and Bank of America. Summit Bank holds less than 1 percent of the AA’s deposit share.

Local employment in the area is heavily dependent on the defense industry. Okaloosa County is home to Eglin Air Force Base, which employs approximately 13,000 people, and is the county’s

largest Department of Defense installation. The air force base provides nearly one in eight jobs in the AA. Hurlburt Field, also an Air Force installation, employs nearly 10,000 people. Given the large military presence, the economy is projected to remain stable.

We discussed lending opportunities within the Okaloosa County AA with a community contact involved in economic development. The contact identified support for defense contractors and residential construction to permanent loans as credit needs within the community. The contact also indicated that local banks are very involved within the community and do a good job of meeting the community’s credit needs.

The following table shows the demographic and economic characteristics of the AA.

Demographic Information for Okaloosa County Assessment Area						
Demographic Characteristics	# Total	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	71	0.00%	13.95%	55.81%	25.58%	4.65%
Population by Geography	180,822	0.00%	10.88%	65.83%	23.29%	0.00%
Owner-Occupied Housing by Geography	48,772	0.00%	34.49%	57.43%	52.05%	0.00%
Businesses by Geography	21,595	0.00%	11.70%	60.40%	27.90%	0.00%
Farms by Geography	526	0.00%	10.65%	69.20%	20.15%	0.00%
Family distribution by Income Level	48,826	0.00%	12.28%	61.89%	25.83%	0.00%
Distribution of Low and Moderate Income Families throughout AA Geographies	17,474	0.00%	19.59%	65.29%	15.11%	0.00%
Median Family Income, last Census 2010		\$62,453				
HUD Adjusted Median Family Income for 2014		\$62,453				
Households Below Poverty Level		9.96%	Unemployment Rate			4.33%
% Businesses with Revenues <\$1 million		74%	% Farms with Revenues <\$1 million			97%
% Businesses with Revenues >\$1 million		3%	% Farms with Revenues >\$1 million			2%

Source: 2010 U.S. Census data; 2014 HUD updated income data; Bureau of Labor Standards.

* The N/A category consists of geographies that have not been assigned an income classification.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio (LTD)

Summit Bank’s average LTD ratio is more than reasonable given its size, financial condition, and AA credit needs, and meets the standards for outstanding performance. The LTD ratio averaged 72.4 percent over the 25 quarters since the previous CRA examination, with a quarterly low of 58.8 percent and high of 89.8 percent. The LTD ratio is more than reasonable when compared to four similarly situated institutions, which had an average LTD ratio of 66.4 percent over the review period.

Lending in Assessment Area

During the review period, Summit Bank originated a majority of its residential and commercial loans inside the three AAs. The Bank originated 74.6 percent of the number of residential loans, and 61.6 percent of the dollar amount of residential loans, inside the AA. Similarly, the Bank originated 80 percent of the number of commercial loans, and 61.3 percent of the dollar amount of commercial loans, inside the AA.

The following table details lending within all three AAs by number and dollar amount during the evaluation period.

Table 1 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Loans	53	74.65	18	25.35	100	16,325	61.55	10,200	38.45	100
Commercial	40	80.00	10	20.00	100	14,189	61.31	8,953	38.69	100

Source: HMDA Data and sample of 50 commercial loans

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Lending to borrowers of different incomes and businesses of different sizes reflects reasonable penetration and meets the standards for satisfactory performance in all AAs.

Performance in the Bay County AA

Lending to borrowers of different incomes is below the standard for satisfactory performance and reflects a poor penetration of home loans to low- and moderate-income borrowers. However, residential loans are not a primary loan product of the Bank, and were not identified as a primary credit need in the Bay County AA. For this reason, we placed more emphasis on lending to small businesses, which meets the standard for satisfactory performance and reflects a reasonable penetration of loans to businesses with annual revenues under \$1 million.

Home Loans

Summit Bank’s lending to borrowers of different income levels reflects poor penetration. Low- and moderate-income families represent 19.3 percent, and 18.3 percent of the AA, respectively. The Bank’s penetration of lending to these borrowers is well below the demographic comparator for residential loans. Although the Bank achieved a low level of penetration among low- and moderate-income families, poverty levels in the AA are elevated. Of the low-income families, 34.7 percent are below the poverty level, including 13.7 percent of moderate-income families. This high rate of poverty impedes the Bank’s ability to originate home loans to qualified low-income borrowers. Residential loans are also not a primary loan product for the Bank, which contributes to a small sample and the low penetration.

The following table shows the distribution of residential loans among borrowers of different incomes, within the Bay County AA.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Bay County AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Loans	19.29	0.00	18.26	3.23	21.58	3.23	40.87	70.97

Source: Data reported under HMDA; U.S. Census data

No income information available for 22.57% of the HMDA reportable loans

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Table 2A shows that 71.8 percent of businesses in the Bay County AA are small businesses, with annual revenues of less than \$1 million. During the sampling period, the Bank originated 70 percent of the number of business loans to small businesses, and 51.9 percent of the dollar volume.

The following table shows the distribution of commercial loans among businesses of different sizes in the Bay County AA.

Table 2A - Borrower Distribution of Loans to Businesses in Bay County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.76	2.96	25.28	100%
% of Bank Loans in AA by #	70.00	15.00	15.00	100%
% of Bank Loans in AA by \$	51.93	15.65	32.42	100%

Source: Loan sample; Dunn and Bradstreet data

Performance in the Escambia County AA

Summit Bank’s lending to small businesses in the Escambia County AA reflects reasonable penetration.

Home Loans

The volume of residential loans made during the review period in the Escambia County AA was not sufficient to perform a meaningful analysis.

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Table 2A shows that 72.6 percent of businesses in the Escambia County AA are small businesses, with annual revenues of less than \$1 million. During the sampling period, the Bank originated 70 percent of the number of business loans to small businesses, and 59.2 percent of the dollar volume.

The following table shows the distribution of commercial loans among different sized businesses in the AA.

Table 2A - Borrower Distribution of Loans to Businesses in Escambia County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.65	3.53	23.82	100%
% of Bank Loans in AA by #	70.00	25.00	5.00	100%
% of Bank Loans in AA by \$	59.15	40.15	.70	100%

Source: Loan sample; Dunn and Bradstreet data

Performance in the Okaloosa County AA

Summit Bank’s lending to small businesses in the Okaloosa County AA reflects reasonable penetration.

Home Loans

The volume of residential loans made during the review period in the Okaloosa County AA was insufficient to perform a meaningful analysis.

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Table 2A shows that 74.0 percent of businesses in the Okaloosa County AA are small businesses, with annual revenues of less than \$1 million. During the sampling period, the Bank originated 70 percent of the number of business loans to small businesses, and 58.2 percent of the dollar volume.

The following table shows the distribution of commercial loans among different sized businesses in the AA.

Table 2A - Borrower Distribution of Loans to Businesses in Okaloosa AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	74.01	2.74	23.25	100%
% of Bank Loans in AA by #	70.00	25.00	5.00	100%
% of Bank Loans in AA by \$	58.24	29.56	12.20	100%

Source: Loan sample; Dunn and Bradstreet data

Geographic Distribution of Loans

The geographic distribution of loans in all AAs reflects a reasonable dispersion throughout census tracts of different income levels.

Performance in the Bay County AA

The Bank’s geographic distribution of loans in the Bay County AA reflects a reasonable

dispersion. There are minimal opportunities for the Bank to provide home or small business loans to the low-income census tracts in this AA.

Home Loans

The Bank’s geographic distribution of home loans in this AA reflects reasonable dispersion among borrowers in low- and moderate-income census tracts. Owner-occupied housing in the low-income census tract represents 1.3 percent of AA housing. The Bank originated no residential loans in this low-income census tract. Owner-occupied housing in moderate-income census tracts represents 16.3 percent of AA housing. The Bank originated 9.7 percent of total residential loans within the moderate-income census tracts. While dispersion is below the demographic comparator, the low levels of owner occupied housing units in the AA illustrate a high usage of rental properties, and therefore a reduced need for home loans. Additionally, of the households within the low- and moderate-income census tracts, 18 percent of households are below the poverty level. Given these circumstances, the Bank meets the standards for satisfactory geographic distribution of credit throughout census tracts of different income levels.

The following table shows the geographic distribution of home loans within the AA.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Bay County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Loans	1.32	0.00	16.25	9.68	58.45	41.94	23.98	48.39

Source: Data reported under HMDA; U.S. Census data

Business Loans

The Bank’s geographic distribution of business loans in this AA reflects reasonable dispersion among borrowers in low- and moderate-income census tracts. While the Bank did not originate any business loans within the AA’s one low-income census tract, opportunities for the Bank to make business loans in this census tract were very limited. Businesses located in low-income census tracts totaled only 2.9 percent. Businesses located in moderate-income census tracts represent 15.4 percent. The Bank’s lending to businesses within the moderate-income census tracts exceeded the demographic comparator, at 35 percent, and reflects excellent dispersion.

The following table shows the geographic distribution of business loans within the AA.

Table 3A - Geographic Distribution of Loans to Businesses in Bay County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	2.90	0.00	15.43	35.00	54.76	25.00	26.91	40.00

Source: Loan sample; Dunn and Bradstreet data

Performance in the Escambia County AA

The Bank’s geographic distribution of loans in the Escambia County AA reflects a reasonable dispersion.

Home Loans

The volume of residential loans originated during the review period was insufficient to perform a meaningful analysis.

Business Loans

The Bank’s geographic distribution of business loans in this AA reflects reasonable dispersion among borrowers in low- and moderate-income census tracts. While the Bank did not originate any business loans within the low-income census tracts, opportunities to make business loans in this census tract were very limited. Businesses located in low-income census tracts totaled only 3.2 percent. Businesses located in moderate-income census tracts represent 32.3 percent. The Bank’s lending to businesses within the moderate-income census tracts exceeded the demographic comparator, at 65 percent, and reflects excellent dispersion.

The following table shows the geographic distribution of business loans within the AA.

Table 3 - Geographic Distribution of Loans to Businesses in Escambia County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	3.16	0.00	32.29	65.00	42.28	30.00	22.27	5.00

Source: Loan sample; Dunn and Bradstreet data

Performance in the Okaloosa County AA

The Bank’s geographic distribution of loans in the Okaloosa County AA reflects a reasonable dispersion.

Home Loans

The volume of residential loans originated during the review period was insufficient to perform a meaningful analysis.

Business Loans

The Bank’s geographic distribution of business loans in this AA reflects reasonable dispersion among borrowers in moderate-income census tracts. The Okaloosa AA has no low-income census tracts. Businesses located in moderate-income census tracts represent 11.7 percent. The Bank’s lending to businesses within the moderate-income census tracts exceeded the demographic comparator, at 20 percent, and reflects excellent dispersion.

The following table shows the geographic distribution of business loans within the AA.

Table 3 - Geographic Distribution of Loans to Businesses in Okaloosa County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00	0.00	11.70	20.00	60.40	70.00	27.90	10.00

Source: Loan sample; Dunn and Bradstreet data

Responses to Complaints

Summit Bank has not received any CRA-related complaints since the previous CRA examination.

Community Development Lending

Since the preceding CRA Performance Evaluation, the Bank originated five loans, totaling \$2.5 million, to borrowers in its AAs for affordable housing to benefit low- or moderate-income people or areas.

Fair Lending 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 assessment area by an affiliate whose loans have been considered as part of the Bank’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.