



## **PUBLIC DISCLOSURE**

March 12, 2018

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

Southeast First National Bank  
Charter Number 15651

10144 Commerce Street  
Summerville, GA, 30740

Office of the Comptroller of the Currency

3 Ravinia Drive Suite 1950  
Atlanta, GA, 30346

**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

### **The Lending Test is rated: Satisfactory.**

- The average loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment areas (AAs) credit needs.
- A substantial majority of the bank's loans are in its AAs, exceeding the standard of satisfactory performance.
- The geographic distribution of loans reflects a reasonable dispersion within the AAs and meets the standards for satisfactory performance.
- The distribution of borrowers reflects a reasonable penetration among individuals of different income levels, given the demographics of the AAs. This meets the standard for satisfactory performance.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/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. 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 it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**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.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

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

## **Description of Institution**

Southeast First National Bank (SEFNB or “the bank”) is a nationally chartered bank established in 1968, which operates three full-service locations within its AAs. The bank operates in Georgia and Florida, and the AAs the bank operates within are not contiguous. SEFNB’s main office is located at 10144 Commerce Street, Summerville, Georgia, which falls in a middle-income census tract that is considered distressed due to poverty. The bank has two other full-service branches: a branch in Trion, Georgia, located in a moderate-income census tract; and a branch in Panama City, Florida, located in an upper-income census tract. Both the Summerville office and the Trion branch are located in the Chattooga County, Georgia AA. The Panama City, Florida branch is located in the Bay County, Florida AA. No branches were opened or closed during the review period. SEFNB does not have any affiliates or subsidiaries, and operates under the holding company Summerville/Trion Bancshares.

As of December 31, 2017, SEFNB had total assets of \$58 million, total loans of \$13 million, and total deposits of \$51 million. As of June 30, 2017, SEFNB ranked third in deposit market share in the Chattooga County, Georgia AA with 17.6 percent of deposits. The bank offers a variety of traditional deposit and loan products. As of December 31, 2017, 1-4 family residential loans represented just over fifty one percent of total loans. Consumer loans to individuals comprised an additional eleven percent of total loans. The current business plan reflects a continued commitment to offer residential mortgage and consumer loan products. There are no financial conditions, legal constraints, or other factors that hinder the bank’s ability to help meet the credit needs of its AAs. There has been no merger, acquisition, or expansion activity since the prior CRA evaluation. The previous CRA evaluation dated November 5, 2012, rated the bank’s performance as “Satisfactory”.

Major competitors in Chattooga County, Georgia include United Community Bank, Branch Banking and Trust Company, and Regions Bank.

## **Scope of the Evaluation**

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

This CRA Performance Evaluation is an assessment of SEFNB’s ability to meet the credit needs of its community. The evaluation covered the period from January 1, 2015, to December 31, 2017. The bank’s two primary loan products are home and consumer loans. The CRA evaluation was primarily based on the analysis of these loan types. Lending data was evaluated using the 2010 Census data.

### **Data Integrity**

SEFNB is subject to the Home Mortgage Disclosure Act (HMDA) because the bank’s Florida branch is located in the Panama City, Florida metropolitan statistical area (MSA). Examiners relied on HMDA data for home loans and a loan sample for consumer loans to evaluate the bank’s CRA performance, which was compared to 2010 demographic data. To validate the accuracy of the data, a sample of 20 loans from the bank’s HMDA LAR was selected to verify



the accuracy of the bank's inputs on the document. No significant issues were noted when validating the HMDA LAR inputs.

### **Selection of Areas for Full-Scope Review**

Examiners conducted a full-scope review of each of the bank's AAs, which include Bay County, Florida and Chattooga County, Georgia. The lending activity in Bay County, Florida was not at a level where geographic distribution of loans and borrower distribution tests would be meaningful. Refer to Appendix A for more information.

### **Ratings**

The bank's overall rating is a blend of the state ratings. In arriving at the overall bank rating, the state of Georgia carried the vast majority of the weight since most of the bank's branches, deposits, and lending activity is in this state. Approximately 99 percent of the bank's deposits and 99 percent of the loans originated during the review period were within the state of Georgia. The bank's performance in Florida carried little weight in arriving at the overall bank rating.

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

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) 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. 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 Consumer Financial Protection Bureau, as applicable.

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

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.

## Conclusions with Respect to Performance Criteria

SEFNB's performance within its assessment areas is satisfactory. The bank's AAs include Chattooga County in the state of Georgia and Bay County in the state of Florida. The overall rating places most of the emphasis on the bank's performance in the Chattooga County, Georgia AA due to its branches holding 99 percent of all bank deposits. The remaining deposits were held in the Bay County, Florida branch. The vast majority of the bank's lending activity originates out of branches located in Chattooga County as well. Lending activity in Bay County Florida has increased since the last CRA assessment, but remains low and does not support meaningful analysis of borrower or geographic distribution for the lending test. The loan-to-deposit ratio and lending within the AA tests are based on aggregate bank-wide data.

### Loan-to-Deposit Ratio

SEFNB's loan-to-deposit (LTD) ratio is reasonable. The bank's quarterly LTD ratio averaged 21.45 percent over the 22 quarters since the last CRA evaluation. Similarly situated banks had an average quarterly LTD ratio of 71.18 percent over the past 22 quarters. SEFNB's low loan-to-deposit ratio is mitigated by its high percentage of insider related deposits and public funds. Adjusted for insider related deposits and public funds, the LTD ratio exceeded 74 percent as of December 31, 2017. This is supportive of a satisfactory loan-to-deposit ratio.

### Lending in Assessment Area

A substantial majority of SEFNB's lending activities are within the AA. This represents outstanding performance given 90 percent of loans originated by number of loans, and 95 percent of loans originated by dollar volume were originated within its AAs. Lending in the AA is based on the bank's HMDA LAR during 2015 and 2016, and a sample of 20 consumer loans from 2015 and 2016.

<b>Lending in AA for Southeast First National Bank</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Loans	56	91.80	5	8.20	61	5,225	95.89	224	4.11	2,316
Consumer Loans	17	85.00	3	15.00	20	185	78.72	50	21.28	235
Totals	73	90.12	8	9.88	81	5,410	95.18	274	4.82	5,684

Source: Loan sample of consumer loans originated during 2015 and 2016; and HMDA data reported during 2015 and 2016.

## **State of Georgia**

### **CRA rating for the State of Georgia:**

#### **The CRA rating for the state of Georgia is satisfactory for the following reasons:**

- A substantial majority of loans were originated within the bank's AAs;
- A reasonable penetration of lending was to borrowers of different incomes within the AA located in the state of Georgia;
- A reasonable dispersion of loans within the AA located in the state of Georgia;
- There were no complaints regarding SEFNB's performance; and,
- No discriminatory or other illegal credit practices have been identified at this institution.

### **Description of Institution's Operations in Georgia**

The bank operates in Chattooga County, Georgia which is the sole AA for the bank in the state of Georgia. The bank has two branches within the AA: one branch in Summerville, Georgia, which serves as the bank's main branch, and one branch in Trion, Georgia. Based on 2010 U.S. Census data, Chattooga County has a population of 26,015, with a median family income (HUD adjusted) of \$45,300. The unemployment rate for Chattooga County is 5.26 percent, and 1,698 households report income below the poverty level.

One community contact was consulted for this performance evaluation: See Appendix C for more information on the bank's Chattooga County AA.

### **Scope of Evaluation in Georgia**

Chattooga County received a full-scope review during this performance evaluation. The ratings for the state of Georgia are based on the review of the bank's performance in the Chattooga County, Georgia AA. The overall conclusion for the bank's rating in the state of Georgia was equally weighted between the bank's lending to borrowers of different incomes and its geographic distribution of loans within the Chattooga County AA. See Appendix A for additional information regarding the scope of this evaluation.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GEORGIA**

### **LENDING TEST**

The bank's lending test performance in the state of Georgia is satisfactory.

#### **Lending to Borrowers of Different Incomes**

##### **CHATTOOGA COUNTY**

Lending to borrowers of different incomes in Chattooga County, Georgia, given the demographics of the AA, represents reasonable penetration and meets the standards for satisfactory performance.

The table below shows the percentage of home loans the bank originated to borrowers in the AA compared to the percentage of families by income level that reside in the AA. The percent of home loans made to low- and moderate-income borrowers was low in comparison to the percent of families that report low and moderate income in the AA. This is mitigated by the fact that only 58.20 percent of housing units in the AA are owner-occupied. Additionally, performance is impacted by 19.14 percent of households in the AA being below the poverty level.

<b>Borrower Distribution of Residential Real Estate Loans - Chattooga County</b>								
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
Home Loans	24.14	4.00	22.74	8.00	17.89	24.00	35.24	64.00

Source: Data reported under HMDA during 2015 and 2016; and 2010 U.S. Census data.

The table below shows the percentage of consumer loans the bank originated to borrowers in the AA compared to the percentage of households by income level that reside in the AA. The percentage of consumer loans made to low- and moderate-income borrowers reflects a reasonable penetration. As shown in the table below, 44 percent of households report low- or moderate-income levels, while 55 percent of the bank's consumer loans were originated to low- or moderate-income individuals.

<b>Borrower Distribution of Consumer Loans in Chattooga County</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	25.17	25.00	18.43	30.00	17.47	25.00	38.93	20.00

Source: Sample of consumer loans originated during 2015 and 2016; and 2010 U.S. Census data.

## Geographic Distribution of Loans

### CHATOOGA COUNTY

SEFNB's geographic distribution of loans reflects a reasonable dispersion and meets the standards for satisfactory performance.

The table below shows the number of home loans originated within each census tract level in the AA compared to the percentages of AA owner occupied housing within each census tract income level. The geographic distribution for home loans reflects a more than reasonable dispersion. The bank's record of originating home loans in moderate-income census tracts within the AA is above the AA demographics. In addition, all middle-income census tracts in the bank's AA are designated distressed due to poverty levels in those census tracts. Further, 21.88 percent of households located in moderate-income census tracts are below the poverty level. There are no low-income census tracts within the AA based upon the 2010 U.S. Census Data.

<b>Geographic Distribution of Residential Real Estate Loans - Chattooga County</b>								
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
Home Loans	0.00	0.00	60.73	64.00	28.33	34.00	10.94	2.00

Source: Data reported under HMDA during 2015 and 2016; and 2010 U.S. Census data.

The table below shows the number of consumer loans originated in each census tract income level relative to the percentages of AA households that reside within each census tract income level. The geographic distribution for consumer loans reflects a reasonable dispersion. The bank's record of originating consumer loans in moderate-income census tracts within the AA exceeds the AA demographics. Ninety-five percent of loans sampled were in moderate or middle-income census tracts. The two middle-income census tracts are designated distressed, due to poverty levels.

<b>Geographic Distribution of Consumer Loans in Chattooga County</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	60.55	65.00	30.02	30.00	9.43	5.00

Source: Sample of consumer loans originated during 2015 and 2016; and 2010 U.S. Census data.

## Responses to Complaints

There were no complaints related to SEFNB's CRA performance in the state of Georgia communicated to the institution or its supervisory agency since the prior CRA examination.

## State of Florida

### CRA rating for the State of Florida

**The CRA rating for the state of Florida is satisfactory:**

- A reasonable average LTD ratio, considering performance context;
- A substantial majority of loans were originated within the bank's assessment areas;
- There were no complaints regarding SEFNB's performance; and,
- No discriminatory or other illegal credit practices have been identified at this institution.
- The number of loans originated in Bay County, Florida during 2015 and 2016 were not at a level to produce a meaningful analysis with regards to performance tests; however, the dollar amount of bank's loans in Bay County exceeded deposits.

### Scope of Evaluation in Florida

SEFNB has a branch in Bay County, Florida which is the bank's only AA in Florida. Bay County received a full-scope review during this performance evaluation. The ratings for the

State of Florida are based on the full-scope review of the bank's performance in the Bay County AA. The overall conclusion for the bank's rating in the State of Florida relied on the bank's overall average LTD ratio, overall lending within the bank's AAs, and the fact that there were no consumer complaints regarding SEFNB's performance in Florida and no evidence of discriminatory or other illegal credit practices. See Appendix A for additional information with regard to the scope of this evaluation.

## **Description of Institution's Operations in Florida**

The bank operates in the Bay County AA in the State of Florida, which is an MSA. Bay County is the sole AA for the bank in the State of Florida. The bank has one branch within the AA, located in Panama City Florida. Based on 2010 U.S. Census data, Bay County has a population of 168,852, with a median family income (HUD adjusted) of \$55,300. The unemployment rate for Bay County is 4.53 percent, and 8,232 households report income below the poverty level.

One CRA related community contact was consulted during the performance evaluation period: See Appendix C for more information on the bank's Bay County AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA**

### **LENDING TEST**

#### **Lending to Borrowers of Different Incomes**

##### **BAY COUNTY**

The bank's Bay County lending activities during 2015 and 2016 were not at a level to produce a meaningful analysis.

#### **Geographic Distribution of Loans**

##### **BAY COUNTY**

The bank's Bay County lending activities during 2015 and 2016 were not at a level to produce a meaningful analysis.

#### **Responses to Complaints**

There were no complaints related to SEFNB's CRA performance in the State of Florida communicated to the institution or its supervisory agency since the prior CRA examination.

## 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 metropolitan and nonmetropolitan areas 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>	Lending Test: 01/01/2015 to 12/31/2016 Investment and Service Tests and CD Loans: NA	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Southeast First National Bank (SEFNB) Summerville, Georgia	Home and Consumer Loans.	
<b>Affiliate(s)</b> NA	<b>Affiliate Relationship</b> NA	<b>Products Reviewed</b> NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Chattooga County, Georgia; and Bay County, Florida	Full-Scope for each AA	None



## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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RATINGS	BANK NAME
Overall Bank:	Lending Test Rating
Southeast First National Bank	Satisfactory
Multistate Metropolitan Area or State:	
GEORGIA	Satisfactory
FLORIDA	Satisfactory

# Appendix C: Community Profiles for Full-Scope Areas

## Chattooga County Assessment Area

Demographic Information for Full-Scope Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	50.00	33.33	16.67	0.00
Population by Geography	26,015	0.00	60.59	30.74	8.67	0.00
Owner-Occupied Housing by Geography	10,991	0.00	60.73	28.33	10.94	0.00
Family Distribution by Income Level	6,351	24.14	22.74	17.89	35.24	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,977	0.00	66.61	30.57	2.82	0.00
Median Family Income = \$38,382 HUD Adjusted Median Family Income for 2016 = \$45,300 Households Below the Poverty Level = 1,698			Median Housing Value = \$83,853 Unemployment Rate = 5.26%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

SEFNB's assessment area (AA) includes all of Chattooga County, located in the northwestern corner of Georgia. No part of the AA is in a Metropolitan Statistical Area (MSA). The AA includes six census tracts: 0 low-income; 3 moderate income; 2 middle income distressed, due to poverty levels; and 1 upper income. The AA meets the technical requirements of the Act, and does not arbitrarily exclude low- or moderate-income census tracts.

SEFNB's Georgia AA is predominately rural. Leading industries include manufacturing, healthcare and social assistance, and retail trade. Major employers in Chattooga County include Mount Vernon Mills, Showa Best Glove, Inc., Georgia Department of Corrections, and the Chattooga County School System. Competition to provide financial services within this AA remains strong. SEFNB's major competitors in Chattooga County include three larger commercial banks, two of which have offices throughout the southeast. The bank's deposit market share as of June 30, 2017, ranks third in Chattooga County, at 17.57 percent.

An organization that assists with diversification of the community and regional economy, including the promotion of small business development was contacted. The contact identified opportunities for financial institution involvement in local development projects primarily through bonded municipal investments.

## Bay County Assessment Area

Demographic Information for Full-Scope Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	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	98,291	1.32	16.25	58.45	23.98	0.00
Family Distribution by Income Level	44,480	19.29	18.26	21.58	40.87	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 HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$58,776 = \$55,300 = 8,232	Median Housing Value Unemployment Rate		=\$196,858 = 4.53%		

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 has 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, as the bank has selected the entirety of Bay County as its AA.

Competition in the AA is strong given the presence of several large institutions, including super-regional and multi-national institutions. SEFNB holds 0.01 percent of the deposit share within the AA as of June 30, 2017, and has the least amount of deposits of FDIC insured institutions in Bay County, Florida.

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.

A local organization was contacted during the performance period. 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.