



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 20, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Slocomb National Bank
Charter Number 7940

220 E. Lawrence Harris Highway
Slocomb, AL 36375

Office of the Comptroller of the Currency

Birmingham Field Office
100 Concourse Parkway, Suite 240
Birmingham, AL 35244-1870

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 CRA RATING: This institution is rated Satisfactory.

The Slocomb National Bank has a satisfactory record of meeting community credit needs. This rating is based on the following:

- A substantial majority of the bank's loans are extended within their assessment area.
- The bank's loan-to-deposit ratio is reasonable based on the bank's performance context and lending opportunities within its assessment area.
- The distribution of loans by geography and by borrower income level reflects a reasonable penetration throughout the assessment area.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) is an assessment of The Slocomb National Bank's ability to meet the credit needs of the communities in which it operates. The bank was evaluated under the Small Bank performance criteria. Conclusions regarding the bank's lending performance are based on residential real estate and commercial real estate loans originated from January 1, 2006 to December 31, 2008.

DESCRIPTION OF INSTITUTION

The Slocomb National Bank is a \$66 million bank that is wholly owned by SNB Holding, Inc., a one bank holding company. The bank is located at 220 East Lawrence Harris Highway in Slocomb, AL. The bank has an additional full service branch located in Dothan, AL. The Dothan branch is approximately fourteen miles from the main office to the northeast. The bank has one Automated Teller Machine at the Slocomb location. The bank offers a full range of loan and deposit products. As of September 30, 2008, loans totaled \$41.6 million and represented approximately 62% of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio as of September 30, 2008:

Slocomb Assessment Area		
Loan Category	\$ (000)	%
1-4 Family Real Estate	20,528	49.32
Commercial Real Estate	13,413	32.22
Commercial	1,860	4.47
Agriculture	2,014	4.84
Consumer	1,946	4.68
Other	1,863	4.47
Total Loans	41,624	100.00

There are no legal impediments, or other factors, which inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Examination dated August 14, 2003.

DESCRIPTION OF ASSESSMENT AREA(S)

The assessment area (AA) is comprised of census tracts from Geneva, Henry, and Houston Counties. Census tracts 504, 505, and 506 in Geneva County and census tracts 304, 305, and 306 in Henry County are included in the AA. Furthermore, all of Houston County is included in the AA. These are contiguous tracts which include such communities as Slocomb, Dothan, Hartford, Malvern, Headland, and Ashford. The designated area does not exclude low and moderate-income geographies. While many of the bank's census tracts reside in the Greater Dothan Metropolitan Statistical Area (MSA), they do not have the resources or strategic intent to serve the entire MSA. Therefore, only census tracts which the bank realistically plans to serve are included in the AA. The AA meets the requirements of the Community Reinvestment Act (CRA).

The AA has a total population of 109,851 and consists of one low-income tract, four moderate-income tracts, 17 middle-income tracts, and five upper-income tracts. The unemployment rate for the AA is 2.56%. Competition in the area is very strong with numerous nationally and state chartered banks headquartered in the AA and immediate surrounding areas. Additionally, branches from larger banks headquartered outside the AA have claimed a substantial portion of the market. Major employers in the AA include Southeast Alabama Medical Center, Dothan Schools, Houston Country Schools, Flowers Hospital, City of Dothan, Perdue Farms, Southern Nuclear, and Michelin Tire Corporation. Interviews with local business and civic organizations revealed that affordable housing and job availability are primary economic needs of the AA going forward. The following table provides a description of the assessment area based on census data and 2008 Department of Housing and Urban Development (HUD) information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF SLOCUM ASSESSMENT AREA	
<i>Population</i>	
Number of Families	31,529
Number of Households	44,322
<i>Geographies</i>	
Number of Census Tracts	27
% Low-Income Census Tracts	3.70%
% Moderate-Income Census Tracts	14.81%
% Middle-Income Census Tracts	62.96%
% Upper-Income Census Tracts	18.52%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$39,732
2008 HUD-Adjusted MFI	\$48,600
<i>Economic Indicators</i>	
Unemployment Rate (2000) Census	2.56%
2000 Median Housing Value	\$73,926
% of Households Below Poverty Level	16.07%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Management has demonstrated satisfactory performance in meeting the credit needs of the community. The following sections provide detail of our assessment of each performance criteria.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio of The Slocomb National Bank (SNB) is reasonable given the bank's size, financial condition, and AA credit needs. The bank's LTD ratio is comparable to other banks headquartered in the AA and has averaged 63.84% since the prior CRA Examination in 2003. The average LTD ratio of banks headquartered within the AA, regardless of size, during the same time period was 82.03%. While SNBs LTD ratio is lower than the average seen in other AA banks, it has steadily improved since opening the Dothan branch. This aligns with the performance seen in the Dothan headquartered banks, which have higher LTD ratios on average.

Institution	Assets (000s) (as of 9/30/08)	Average LTD Ratio
The Slocomb National Bank	\$65,870	63.84%
City Bank of Hartford	\$50,576	74.36%
The First National Bank of Hartford	\$112,396	39.78%
AB&T National Bank	\$59,591	78.13%
Banksouth	\$227,796	129.15%
Midsouth Bank, National Association	\$362,171	69.92%
Sunsouth Bank	\$238,634	96.80%
Trinity Bank	\$64,871	88.22%
The Headland National Bank	\$107,374	79.84%

Lending in Assessment Area

A substantial majority of the bank's lending activity is located within the assessment area. Our review focused on the bank's primary product lines: 1-4 family residential real estate and commercial real estate loans. We reviewed a sample of 20 commercial real estate loans and all 1-4 family residential real estate loans originated from January 1, 2006 through December 31, 2008 and reported under the Home Mortgage Disclosure Act (HMDA). This sample revealed approximately 85% of the number of loans and 88% of the dollar amount of loans were extended in the bank's assessment area. Illustrated below is the breakdown of loans by category:

Lending in Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE	149	83.71	29	16.29	178	11,426	82.81	2,372	17.19	\$13,798
Commercial RE	19	95.00	1	5.00	20	6,192	99.20	50	0.80	\$6,242
Totals	168	84.85	30	15.15	198	17,618	87.91	2,422	12.09	\$20,040

Source: Loan Sample; Data reported under HMDA

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

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels. Our conclusions in regards to these tests take into account economic factors influencing the demand for loans in the assessment area. Affordable housing is an identified need in the assessment area, essentially minimizing the availability to make residential real estate loans to low and moderate income families. Loan application activity supports this claim, as there were only 28 applications for such loans over the three year evaluation period. Additionally, the 2000 United States Census Data established that 16.07% of assessment area households

live under the poverty line. Overall, we feel the bank’s lending to low-to-moderate income borrowers is justified given the economic factors currently hindering performance.

Borrower Distribution of Residential Real Estate Loans								
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 RE	20.94	7.55	16.26	6.60	20.36	22.64	42.45	63.21

Source: Loan Sample, U.S. Census Data

The distribution of loans to businesses reflects a reasonable penetration. Approximately thirty-two percent of businesses do not report their revenues; therefore the percentage of businesses by income level may not accurately reflect a true percentage in each income category. Our sample of business loans inside the assessment area revealed a substantial majority of the bank’s business loans were to businesses with revenues less than \$1 million.

Borrower Distribution of Loans to Businesses				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	49.24%	3.86%	46.90%	100%
% of Bank Loans in AA by #	85.00%	15.00%	0%	100%
% of Bank Loans in AA by \$	69.52%	30.48%	0%	100%

Source: Loan sample; U.S. Census Data

Geographic Distribution of Loans

The geographic distribution of residential real estate loans is adequate. The percentage of loans in the low-income tracts is less than the percentage of owner occupied units in the low-income tracts. The percentage of loans in the moderate-income tracts is also less than the percentage of owner occupied units in the moderate-income tracts. However, due to the low percentage of owner occupied units in the low and moderate income tracts, opportunities to originate loans in these areas are limited. Additionally, the geographic location of the low and moderate-income tracts in relation to the bank’s branch locations limits lending opportunities in these areas.

Geographic Distribution of Residential Real Estate Loans								
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 RE	0.93	3.36	8.01	15.44	70.41	64.43	20.65	16.78

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

The geographic distribution of loans to businesses is reasonable. While the distribution of loans to businesses in the low and moderate income tracts is lower than the demographic data would suggest, the competition for these loans is very strong. In addition to the economic factors influencing loan demand previously discussed, the bank sits very low in terms of market share, owning only 0.40% of all loans in the area. There is competition from national and state chartered banks, credit unions, finance companies, and mortgage brokers.

Geographic Distribution of Loans to Businesses								
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 RE	8.00	0.00	13.32	10.00	54.13	45.00	24.55	45.00

Source: Loan Sample; U.S. Census Data

Responses to Complaints

Slocomb National Bank has not received any CRA related complaints during the assessment period.

Fair Lending or Other Illegal Credit Practices Review

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