



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

November 27, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Oconee Federal S&LA
Charter Number 704769

115 East North Second Street
Seneca, SC 29678

Office of the Comptroller of the Currency

ADC- Charlotte
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Charlotte, NC 28281

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.

Table of Contents

OVERALL CRA RATING	2
DEFINITIONS AND COMMON ABBREVIATIONS	3
DESCRIPTION OF INSTITUTION	7
SCOPE OF THE EVALUATION.....	8
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA.....	10
STATE RATING	11
STATE OF SOUTH CAROLINA.....	11
STATE RATING	15
STATE OF GEORGIA.....	15
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS.....	B-1
APPENDIX C: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....	C-1

Overall CRA Rating

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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

- The bank originates the majority of its loans within its assessment areas (AAs);
- The bank's loan-to-deposit (LTD) ratio is reasonable based upon the institution's size, financial condition, and the credit needs of the AAs;
- The distribution of loans to borrowers of different income levels reflects reasonable penetration among borrowers in the AAs;
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs;
- The bank's community development activities reflect adequate responsiveness to AA community development needs through qualified loans, investments, and services in relationship to the bank's capacity and opportunities; and
- No complaints were received during the evaluation period.

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

Oconee Federal Savings and Loan Association (Oconee Federal) is a federally chartered, stock savings association wholly owned by Oconee Federal Financial Corporation. Both the bank and its holding company are located in Seneca, South Carolina. On December 1, 2014, the bank acquired Stephens Federal Bank located in Toccoa, Georgia. Stephens Federal operated as a traditional savings association concentrating its operations on the acceptance of local deposits and originating home mortgage loans. With this acquisition, the bank's AAs expanded to include Stephens and Rabun Counties in Georgia.

As of December 31, 2016, Oconee Federal's total assets and deposits equaled \$476 million and \$383 million, respectively. The bank's tier 1 capital totaled \$77 million. The distribution of the bank's loan portfolio is 90.98 percent in residential real estate loans, 6.62 percent commercial real estate loans, 1.82 percent consumer loans, and 0.53 percent farm loans.

Oconee Federal operates seven full service branch offices, including four in the Oconee County AA; two in the Stephens County AA; and one in the Rabun County AA. There are two loan production offices located in the cities of Clemson and Greer, South Carolina. The bank did not open any new or close any existing branches during the evaluation period.

Historically, Oconee Federal operates as a traditional savings and loan association accepting local deposits to fund home mortgage loans. The bank offers conventional home mortgage loans for purchase, refinance, and construction of single-family dwelling. In addition, commercial loans and consumer loans are available. The bank offers both personal and business savings accounts and checking accounts, and other banking services. These banking services include free notary services, drive-thru windows, night depositories, automated teller machines (ATM) at four locations, safe deposits boxes, telephone banking, online banking, online Bill Pay, a mobile application for smart phones and tablets, mobile check deposits, and electronic transfer accounts.

There are no legal, financial, or other factors impeding the institution's ability to help meet the credit needs in its AAs. Oconee Federal received a "Satisfactory" Community Reinvestment Act (CRA) rating at the CRA public evaluation dated January 6, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Oconee Federal's performance was assessed using the Intermediate Small Bank examination procedures, which includes a Lending Test and a Community Development (CD) test. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AAs through qualified lending, investments, and service activities in the AA.

Based on our analysis of the bank's lending activity during the evaluation period, we determined that home mortgage loans are the bank's primary lending product. Oconee Federal is not subject to HMDA reporting requirements. Therefore, we reviewed a sample of 180 home mortgage loans to determine lending performance.

The evaluation period for the Lending Test covers home mortgage lending performance from January 1, 2014 through December 31, 2016. The evaluation period for the CD Test is January 7, 2014 through November 27, 2017.

Data Integrity

Oconee Federal is not subject to reporting requirements of the HMDA regulation. Therefore, we gathered data directly from the sampled loans to evaluate the bank's CRA performance.

Selection of Areas for Full-Scope Review

We conducted full-scope reviews of the bank's lending performance in its three AAs of Oconee County, SC, Rabun County, GA, and Stephens County, GA. Refer to tables in Appendix A for information regarding the bank's AAs.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Oconee Federal's overall rating is a blend of the state ratings. Performance in the state of South Carolina received the most weight as the majority of the bank's deposits and loans are located in this state. Approximately 71.10 percent of the bank's total deposits and 81.45 percent of the bank's total home mortgage loans are in the Oconee County AA. In comparison, 20.06 percent and 8.84 percent of the bank's total deposits are in the Stephens County AA and the Rabun County AA, respectively. Further, 10.53 percent and 9.02 percent of the bank's total home mortgage loans are in the Stephens County AA and the Rabun County AA, respectively.

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 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.

Conclusions with Respect to Performance Criteria

As part of the Lending Test, we analyzed the bank's loan-to-deposit ratio, lending inside the AAs, borrower and geographic distribution, and responsiveness to complaints. We also considered AA performance context information consisting of demographic data, local economic conditions, competition, and information from community contacts.

Loan-to-Deposit Ratio

Oconee Federal's average LTD is reasonable considering the bank's asset size and competition in the AAs. The bank's average LTD ratio for the 16 quarters since the preceding CRA evaluation in January 2014 is 77.38 percent. The bank's average quarterly LTD ratio ranged from a high of 82.76 percent to a low of 71.84 percent. In comparison, the quarterly average LTD ratio among similarly sized institutions located in adjacent counties in South Carolina and Georgia is 61.75 percent. The peer average LTD ratios ranged from a high of 80.96 percent to a low of 50.38 percent.

Lending in Assessment Area

Oconee Federal originates a majority of home mortgage loans inside the combined AAs. During the evaluation period, the bank originated 133 home mortgage loans totaling \$26.2 million in the combined AAs. This total represents 73.89 percent of the total number of home mortgage loans and 26.11 percent of the total dollar volume of loans in the AA. The following table details this analysis.

Lending In Combined AAs										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage	133	73.89%	47	26.11	180	\$26,251	68.02%	\$12,343	31.98%	\$38,594
Totals	133	73.89%	47	26.11	180	\$26,251	68.02%	\$12,343	31.98%	\$38,594

Source: Loan sample

State Rating

State of South Carolina

CRA rating for the State of South Carolina: Satisfactory

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The major factors that support this rating include:

- The distribution of home mortgage loans to borrowers of different income levels reflects reasonable penetration among AA borrowers.
- The bank's community development lending, investments and services activity reflect adequate responsiveness in the AA.

Description of Institution's Operations in South Carolina

Oconee Federal operates four full service branches in the Oconee County AA. The bank offers a number of loan products and banking services. The bank's AA branch offices maintain approximately 70 percent of the bank's total deposits. Based upon June 30, 2016 FDIC Deposit Market Share data, Oconee Federal ranked first among 13 depository institutions with a market share of 24.53 percent. There were no branch openings or closings during the evaluation period.

Oconee County, South Carolina is a non-metropolitan statistical area comprised of 15 geographies. There are no low-income or moderate-income census tract, six middle-income census tracts, and nine upper-income census tracts. The AA meets the technical requirements of the regulation and does not arbitrarily exclude any low- or moderate-income census tracts. Refer to Appendix C for detailed census tract and performance context information on the AA.

Scope of Evaluation in South Carolina

We conducted a full-scope review of the bank's performance in Oconee County AA, the bank's only AA in the state of South Carolina.

We obtained information from a community representative involved in economic development in the AA to obtain information regarding community credit needs. Refer to Appendix C for a summary of information from this community contact for the Oconee County AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTH CAROLINA

LENDING TEST

The bank’s performance under the Lending Test in South Carolina is rated “Satisfactory.” Based upon the full-scope review, the bank’s distribution of loans to borrowers of different income levels reflects reasonable penetration.

Lending to Borrowers of Different Incomes

The distribution of home mortgage loans reflects reasonable penetration among AA borrowers. In assessing borrower income distribution, we considered the impact of family poverty rates. According to 2010 U.S. Census, approximately 11.88 percent of the total families in the AA are below poverty. Family poverty rates may impact the bank’s opportunities to lend to low-income borrowers.

The percentage of loans to low-income borrowers is well below the percentage of low-income families. The percentage of loans to low-income borrowers exceeds the percentage aggregate lending to low-income borrowers. The percentage of loans to moderate-income borrowers are slightly below the percentage of moderate-income families. The percentage of loans to moderate-income borrowers exceeds aggregate lending data.

Borrower Distribution of Home Mortgage Loans in Oconee County AA			
Borrower Income Level	Percent of Loans	Percent of Families Distribution	% of Aggregate HMDA
Low	4.50%	15.40%	2.72%
Moderate	11.71%	15.90%	9.77%
Middle	20.72%	18.00%	20.00%
Upper	63.06%	50.70%	67.51%
Total**	100.00%	100.00%	100.00%

Source: Loan sample data, 2010 U.S. Census, and 2016 Aggregate HMDA Data. Does not include loans for which income was not considered.

Geographic Distribution of Loans

There are no low-income or moderate-income census tracts in the Oconee County AA. Therefore, we did not conduct a geographic distribution analysis.

Responses to Complaints

There were no public comments or complaints concerning discriminatory lending activities or the bank’s performance in meeting the credit needs of the AA.

COMMUNITY DEVELOPMENT TEST

Oconee Federal's CD performance is rated "Satisfactory." The bank's CD loans, qualified investments and CD services reflect adequate responsiveness to community development needs of the AA. In evaluating the bank's CD performance, we considered the bank's business strategy as a traditional home mortgage may impact Oconee Federal's ability to originate large scale affordable housing projects and engage in other economic development activities.

Number and Amount of Community Development Loans

The bank's CD loans reflect adequate responsiveness to community development needs in the AA. During the evaluation period, Oconee Federal originated 15 CD loans totaling \$1 million in the AA. These CD loans consisted of loans originated through two affordable home loan programs: the Affordable Home Ownership Program and Home Possible. The Affordable Home Ownership Program is a loan program by Oconee Federal which is targeted toward low and moderate-income borrowers. This loan product features minimum down payment of five percent with no private mortgage insurance and reduced loan origination fees. The Home Possible Program is available through the Federal Home Mortgage Loan Corporation. This program has minimum down payment requirements and flexible down payment sources.

Broader Statewide Regional Area

Oconee Federal originated five CD loans totaling \$1.44 million in the broader statewide area of South Carolina. Four of these loans were originated through the bank's aforementioned affordable homeownership loan program. The fifth CD loan provided \$975 thousand for the purchase and renovation of a commercial retail building located in a low-income census tract in the city of Greenville, South Carolina.

Number and Amount of Qualified Investments

Oconee Federal's qualified investments reflect adequate responsiveness to AA community development needs relative to the bank's resources and capacities. During the evaluation period, Oconee Federal made investments and financial contributions totaling \$2.0 million in AA. This total includes of \$243 thousand in financial contributions to twelve community development organizations in the AA. These community development organization provide various social services including medical care, food and shelter to low and very-low income individuals.

Broader Regional Stateside Area

The bank also invested in two mortgage-back securities (MBS) totaling \$1.2 million. The underlying mortgages are loans to low- and moderate-income borrowers. We also considered the impact the remaining balance of \$684,000 of a prior period MBS where the underlying mortgages are to low- and moderate-income borrowers.

In 2017, Oconee Federal invested a total of \$250 thousand each (total of \$500,000) in two minority owned financial institutions located in Georgia and Florida.

Extent to Which the Bank Provides Community Development Services

Oconee Federal's CD services reflect adequate responsiveness to community development needs. Management and bank employees provide leadership and financial expertise to seven community development organizations. Several members of management serve in leadership positions with organizations providing social services to low-income individuals. In addition, several bank personnel conduct personal budgeting and finance classes for low- and moderate-income individuals and school-age children.

Responsiveness to Community Development Needs

The bank's community development loans, investments and CD activities are responsive to community development needs. The bank offers several affordable home mortgage loan products designed to meet credit needs of low- and moderate-income borrowers. According to information from local community representatives, local banks need to provide increased participation in community organizations and provide creative options for affordable housing loan programs. In addition, Oconee Federal personnel provide leadership and financial expertise to community organizations providing social services for low-income individuals.

State Rating

State of Georgia

CRA rating for the State of Georgia: Satisfactory

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The major factors that support this rating include:

- The distribution of home mortgage loans to borrowers of different income level reflects reasonable distribution among AA borrowers.
- The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AAs.
- The bank's community development lending, investments and services activity reflects adequate responsiveness in the AA.

Description of Institution's Operations in Georgia

Oconee Federal's AAs consist of two non-metropolitan areas of Stephens and Rabun Counties in Georgia. The bank has two branch offices in Stephens County AA and one branch office in Rabun County. There are ATMs at each branch office. No new branch offices were opened or closed during the evaluation period.

Oconee Federal's deposits in Stephens County and Rabun County represent approximately 28.90 percent of the bank's total deposits. Based upon June 30, 2016 FDIC Deposit Information, Oconee Federal ranked 3rd out of 14 depository institutions in Stephens and Rabun Counties with a market share of 17.02 percent. Regions Bank and Rabun County Bank ranked first and second in deposits with market shares of 22.18 percent and 17.02 percent.

There are 10 geographies in the bank's combined AAs in Georgia. Stephens County has five geographies consisting of one moderate-income census tract and four middle-income census tracts. All four middle-income census tracts are classified as distressed geographies due to poverty rates. Rabun County has five geographies consisting of one moderate-income census tract, two middle-income census tracts, and two-upper income census tracts. The two middle-income census tracts are classified as distressed geographies due to poverty rates. Refer to Appendix C for detailed geographic data and performance context information for each AA.

Scope of Evaluation in Georgia

We conducted a full-scope review of the bank's performance in Stephens County and Rabun County AAs.

We obtained information from a community representative involved in economic development in the AA to obtain information regarding community credit needs. Refer to Appendix C for a summary of information obtained from these community contacts for Stephens County AA and Rabun County AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GEORGIA

LENDING TEST

The bank's performance under the Lending Test in Georgia is rated "Satisfactory." Based upon the full-scope reviews, the bank's overall distribution of loans to borrowers of different income reflects reasonable penetration among borrowers throughout the AAs. The bank's overall geographic distribution of loans reflects reasonable dispersion throughout the AAs.

Lending to Borrowers of Different Incomes

The overall borrower income distribution of home mortgage loans reflects a reasonable penetration among AA borrowers. In assessing borrower income distribution, we considered the impact of family poverty rates. According to 2010 U.S. Census data, family poverty rates are 12.31 percent and 12.69 percent in Stephens County AA and Rabun County AA, respectively. Families living below poverty may impact the bank's ability to originate loans to low-income borrowers.

In addition, we considered housing affordability issues and economic conditions may impact mortgage loan opportunities among low- and moderate- income individuals. According to the 2010 U.S. Census data, the median value of housing in the Stephens County AA and Rabun County AA is \$117,973 and \$188,192, respectively. With AA median family income of \$45,300, low-income and moderate-income borrowers could have difficulty qualifying for home mortgage loans. In the Stephen County AA, economic conditions are poor with limited population growth, no new retail development, or new home construction.

Home Mortgage Loans

Stephens County AA

The distribution of home mortgage loans reflects poor penetration among AA borrowers. The percentage of loans to low-income borrowers is well below the percentage of low-income families. The percentage of loans to low-income borrowers exceeds the percentage of aggregate lending to low-income borrowers. The bank made no loans to moderate-income borrowers. The bank's percentage of loans to moderate-income borrowers is significantly below the percentage of moderate-income families. The percentage of loans to moderate-income borrowers is significantly below peer lending data. High poverty rates, high unemployment rates and housing affordability issues in the AA may have impacted the bank's lending opportunities among low- and moderate-income borrowers.

Borrower Distribution of Home Mortgage Loans in Stephens AA			
Borrower Income Level	Percent of Loans	Percent of Families Distribution	% of Aggregate HMDA
Low	7.14%	22.10%	4.86%
Moderate	0.00%	18.77%	17.33%
Middle	28.57%	18.17%	24.32%
Upper	64.29%	40.96%	53.50%
Total	100.00%	100.00%	100.00%

Source: Loan sample data, 2010 U.S. Census, and 2016 Aggregate HMDA Data. Does not include loans for which income was not considered.

Rabun County AA

The borrower income distribution of home mortgage loans reflects reasonable penetration among AA borrowers. The percentage of loans to low-income borrowers is well below the percentage of low-income families. The percentage of loans to low-income borrowers exceeds the percentage of aggregate lending to low-income borrowers. The bank’s percentage of loans to moderate-income borrower is near to the percentage of moderate-income families. The percentage of loans to moderate-income borrowers exceeds aggregate lending data.

Borrower Distribution of Home Mortgage Loans in Rabun AA			
Borrower Income Level	Percent of Loans	Percent of Families Distribution	% of Aggregate HMDA
Low	8.33%	18.00%	3.20%
Moderate	16.67%	17.30%	10.67%
Middle	8.33%	18.80%	14.93%
Upper	66.67%	45.90%	71.20
Total	100.00%	100.00%	100.00%

Source: Loan sample data, 2010 U.S. Census, and 2016 Aggregate HMDA Data. Does not include loans for which income was not considered.

Geographic Distribution of Loans

The overall geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AAs. The geographic distribution in Stephens County AA is poor and geographic distribution in Rabun County AA is excellent. In evaluating geographic distribution in Stephens County AA, we considered a number of factors which may impact the bank’s lending opportunities in the moderate-income census tract. There is a limited number of owner-occupied housing units located in the moderate-income census tract. In addition, demand for home loans in the moderate-income census tract is limited as indicated by the low percentage of lending by other lenders in the moderate-income census tract. We also considered competition from other lenders and mortgage companies offering a wide range of loan products.

Home Mortgage Loans

Stephens County

The geographic distribution of loans reflects poor dispersion in the AA. The bank did not originate any home mortgage loans in the moderate-income census tract. While the percentage of lending in the moderate-income census tract is poor, there are several mitigating factors which may impact the bank’s lending opportunities in the moderate-income census tract. These factors include a limited number of owner occupied housing units (12.10 percent) in the moderate-income census tract. In addition, there is limited loan demand in the moderate-income census tract. According to 2016 Peer HMDA data, only 7.72 percent of the total loans originated by other lenders were in the moderate-income census tract.

Geographic Distribution of Home Loan in Stephens AA			
Census Tract Income Level	Percent of Loans	Percent of OOHU*	Percent of Aggregate Loans
Low	0.00%	0.00%	0.00%
Moderate	0.00%	12.10%	7.72%
Middle	78.57%	87.90%	92.28%
Upper	21.43%	0.00%	0.00%
Total	100.00%	100.00%	100.00%

Source: Loan sample data, 2010 U.S. Census, and 2016 Aggregate HMDA Data; * Owner-Occupied Housing Units

Rabun County AA

The geographic distribution of loans reflects excellent dispersion in the AA. The percentage of loans in the moderate-income census tract exceeds the percentage of owner-occupied housing units in the moderate-income census tract. The geographic distribution of loans in moderate-income census tract exceeds the percentage of aggregate lending data.

Geographic Distribution of Home Loan in Rabun AA			
Census Tract Income Level	Percent of Loans	Percent of OOHU*	Percent of Aggregate Loans
Low	0.00%	0.00%	0.00%
Moderate	33.33%	21.40%	17.84%
Middle	16.67%	25.20%	19.61%
Upper	50.00%	53.40%	62.55%
Total	100.00%	100.00%	100.00%

Source: Loan sample data, 2010 U.S. Census, and 2016 Aggregate HMDA Data; * Owner-Occupied Housing Units

Responses to Complaints

There were no public comments or complaints concerning discriminatory lending activities or the bank’s performance in meeting the credit needs of the AAs.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test is rated Satisfactory. Based on full-scope reviews, the bank's CD activities in the Stephens County AA and the Rabun County AA reflect adequate responsiveness to community credit needs given the bank's size, capacity, and opportunities.

Number and Amount of Community Development Loans

Stephens County AA

Oconee Federal provides an adequate level of CD loans in response to community development needs in relationship to the bank's resources and operating strategy. Oconee Federal originated one CD loan totaling \$52 thousand in the AA. This loan was originated through the bank's internal affordable homeownership program. This program targeting toward low- and moderate-income borrowers and features minimum down payment requirements, no private insurance requirement, and reduced loan origination fees.

Rabun County AA

Oconee Federal provides an adequate level of CD loans in response to community development needs in relationship to the bank's resources and operating strategy. Oconee Federal originated two CD loans totaling \$173 thousand in the AA. These loans were originated through the bank's internal affordable homeownership program. This program targeting toward low- and moderate-income borrowers and features low down payment requirements of three percent, no private insurance requirement, and reduced loan origination fees.

Number and Amount of Qualified Investments

Stephens County AA

Oconee Federal made an adequate level of qualified investments that are reasonably responsive to community development needs. During the evaluation period, the bank made \$8 thousand in financial contributions to seven community development organizations in the AA. These community organizations provide various social services such as medical care, shelter, and food for low- and moderate-income individuals.

Rabun County AA

Oconee Federal made an adequate level of qualified investments that are reasonably responsive to community development needs. Oconee Federal made financial contributions totaling \$10 thousand to six community development organizations in the AA. These community organizations provide various social services such as medical care, shelter, and food for low- and moderate-income individuals.

Investments in Broader Statewide Regional Area

The bank also invested in two mortgage-back securities (MBS) totaling \$257 thousand where the underlying mortgages are to low- and moderate-income borrowers.

Extent to Which the Bank Provides Community Development Services

Stephens County AA

The bank's CD services reflect reasonable responsiveness to CD needs of the AA. Members of senior management and bank employees provide financial expertise to two community development organizations in the AA. One employee provides leadership as a board member of an organization involved in economic development. Another employee taught financial literacy programs in middle and high schools primarily serving low- and moderate-income students.

Rabun County AA

The bank's CD services reflect reasonable responsiveness to CD needs of the AA. Senior management and bank employees provide banking expertise to two community development organizations. The organizations provide financial management and personal financial education programs for adults and high school students who primarily serve low- and moderate-income individuals.

Responsiveness to Community Development Needs

Stephens County AA

The bank's community development loans, investments and CD activities are responsive to community development needs. The bank offers several affordable home loan products designed to meet credit needs of low- and moderate-income borrowers. According to information from local community representatives, local banks need to provide credit in order to address housing needs and stimulate economic growth. In addition, Oconee Federal personnel provide leadership to community organizations involved in economic development. Our community outreach efforts revealed that economic growth is needed in order to increase population growth, housing inventory, and retail development.

Rabun County AA

The bank's community development loans, investments, and CD activities are responsive to community development needs. Based upon information from community contacts, local banks are supportive of economic development and provide convenient banking services.

Appendix A: Scope of Examination

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”).

Time Period Reviewed	Lending Test : (01/01/14 to 12/31/16) Investment and Service Tests and CD Loans: (01/08/14 to 11/27/17)	
Financial Institution	Products Reviewed	
Oconee Federal Savings and Loan Association, Seneca, SC	Home Mortgage Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A- The bank does not have affiliates.	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Oconee County (non-MSA) Stephens County (non-MSA) Rabun County (non-MSA)	Full-Scope Full-Scope Full-Scope	N/A

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS Oconee Federal S&LA			
Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Oconee Federal	Satisfactory	Satisfactory	Satisfactory
Multistate Metropolitan Area or State:			
South Carolina	Satisfactory	Satisfactory	Satisfactory
Georgia	Satisfactory	Satisfactory	Satisfactory

Appendix C: Community Profiles for Full-Scope Areas

State of South Carolina

Oconee County AA

Demographic Information for Full-Scope Area: Oconee County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	15	0.00	0.00	40.00	60.00	0.00
Population by Geography	74,273	0.00	0.00	45.12	54.88	0.00
Owner-Occupied Housing by Geography	23,000	0.00	0.00	41.90	58.10	0.00
Businesses by Geography	3,578	0.00	0.00	41.00	59.00	0.00
Farms by Geography	173	0.00	0.00	56.07	43.93	0.00
Family Distribution by Income Level	20,692	15.36	15.90	18.02	50.72	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	4,619	0.00	0.00	34.23	65.77	0.00
Median Family Income HUD Adjusted Median Family Income for SC Families Below the Poverty Level	= \$43,494 = \$44,200 = 11.88%	Median Housing Value Unemployment Rate		\$138,100 = 4.2%		

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

Oconee County is a nonmetropolitan area located in the westernmost part of South Carolina. There are 15 census tracts consisting of six middle- and nine upper-income census tracts. There are no low-income or moderate-income census tracts. In addition, there are no distressed or underserved middle-income census tracts in the AA.

Oconee Federal operates three full-service branch offices and a main office in the AA. Banking competition is significant with 13 institutions operating 24 offices in the AA. According to June 30, 2016 FDIC Deposit Market Share data, Oconee Federal ranks first in market share of deposits with 24.53 percent. Wells Fargo National Bank and Community First Bank rank second and third with market shares of 17.07 percent and 16.11 percent, respectively.

There is significant competition for home mortgage loans in the AA. According to 2016 Peer HMDA data, 224 lenders originated home mortgage loans in Oconee County. The top three lenders were Wells Fargo National Bank, South State Bank, and Quicken Loans with market shares of 9.81 percent, 7.01 percent, and 6.26 percent, respectively.

Oconee County has a diverse economy. The key economic sectors include healthcare and social assistance, accommodation and food services, and public administration. The major employers are Duke Energy Corporation, School District of Oconee County, and Oconee Memorial Hospital.

Oconee County's unemployment rate decreased from 6.5 percent in January 2014 to 4.2 percent in December 2016. In comparison, the unemployment rate in South Carolina is 4.2 percent as of December 2016.

We relied upon recent information from local economic development organization to determine economic conditions and community credit needs. According to the contact, Oconee County has experienced growth in the areas of manufacturing, tourism, and agribusiness. The contact noted that small business lending, housing options under \$200,000, and work force housing are needed in the AA. In addition, there is a need for local financial institutions to increase participation with local community organizations and provide creative options to improve availability of credit.

State of Georgia

Stephens County AA

Demographic Information for Full-Scope Area: Stephens County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	20.00	80.00	0.00	0.00
Population by Geography	26,175	0.00	14.61	85.39	0.00	0.00
Owner-Occupied Housing by Geography	6,703	0.00	22.10	87.90	0.00	0.00
Businesses by Geography	1,355	0.00	20.00	80.00	0.00	0.00
Farms by Geography	34	0.00	2.94	97.06	0.00	0.00
Family Distribution by Income Level	20,692	22.10	18.77	18.17	40.96	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,654	0.00	20.27	79.73	0.00	0.00
Median Family Income HUD Adjusted Median Family Income Families Below the Poverty Level	= \$44,940 = \$44,200 = 12.31%		Median Housing Value Unemployment Rate		\$117,973, = 5.9%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census and 2016 HUD updated MFI, U.S. Bureau of Labor Statistics

Stephens County is a nonmetropolitan area located in Northeast Georgia. The AA has five census tracts consisting of one moderate-income and four middle-income census tracts. All four middle-income census tracts are distressed and underserved census tracts due to poverty rates. The AA meets regulatory requirements and does not arbitrarily exclude low-income census tracts.

Oconee Federal operates two full service branch offices in Stephens County. As of June 30, 2016, Oconee Federal’s deposits in the AA represented approximately 20.06 percent of the bank’s total deposits. The bank ranks second in deposits out of five depository institutions with a market share of 27.94 percent. First Citizens Bank and Trust and Regions Bank ranked 1st and 3rd in AA deposits with market shares of 30.39 percent and 19.63 percent, respectively.

There is significant competition for home mortgage loans in the AA. According to 2016 Peer HMDA data, 101 lenders originated home mortgage loans in Stephens County. The top three lenders were Homestar Financial Corporation, Wells Fargo National Bank, and Quicken Loans with market shares of 14.02 percent, 7.32 percent, and 7.32 percent, respectively.

During the evaluation, we interviewed a representative of a local economic development organization regarding local economic conditions and community credit needs. Economic conditions in Stephens County are weak. According to the contact, Stephens County has a high poverty rate, little population growth, and affordable housing problems. In recent years, there has been a limited amount of new home construction.

The key economic sectors include services, wholesale and retail, and manufacturing. The major employers include Stephens County School System, Caterpillar, and Patterson Pump. The AA unemployment rate decreased from 7.8 percent in January 2014 to 5.8 percent in December 2016. In comparison, the unemployment rate for the state of Georgia is 5.2 percent.

Affordable housing is a problem in the AA. Considering that the median family income in the AA is \$44,300, many low-income borrowers would have difficulty qualifying for home mortgage loans. The median home price in Stephens County increased moderately during the evaluation period. Median home prices in 2014 were \$99,500, increasing to \$117,973 in 2016.

Rabun County AA

Demographic Information for Full-Scope Area: Rabun County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	20.00	40.00	40.00	0.00
Population by Geography	16,276	0.00	21.06	26.33	52.61	0.00
Owner-Occupied Housing by Geography	5,216	0.00	21.40	25.19	53.41	0.00
Businesses by Geography	1,355	0.00	20.00	80.00	0.00	0.00
Farms by Geography	49	0.00	2.94	97.06	0.00	0.00
Family Distribution by Income Level	20,692	18.00	17.30	18.80	45.90	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,588	0.00	34.63	22.54	42.82	0.00
Median Family Income HUD Adjusted Median Family Income Families Below the Poverty Level	= \$44,940 = \$44,300 = 12.69%		Median Housing Value Unemployment Rate	\$188,129 = 5.9%		

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census and 2016 HUD updated MFI, U.S. Bureau of Labor Statistics

Rabun County is a nonmetropolitan area located in the northeastern most part of Georgia. The AA has five census tracts consisting of one moderate-income, two middle-income, and two upper-income census tracts. Both middle-income census tracts are distressed due to poverty rates.

Oconee Federal operates one branch office in the AA. As of June 30, 2016, Oconee Federal's deposits in the AA comprised approximately 8.84 percent of the bank's total deposits. Banking competition is high with six depository institutions operating seven offices in Rabun County. According to FDIC Market Deposit Share data as of June 30, 2016, Oconee Federal ranked sixth among six depository institutions with a market share of 7.98 percent. The top three depository institutions are Rabun County Bank, Regions Bank, and United Community Bank with market shares of 30.42 percent, 24.59 percent and 17.42 percent, respectively.

There is also significant competition for home mortgage loans in the AA. According to 2016 Peer HMDA data, 110 lenders originated home mortgage loans in Rabun County. The top three lenders were Rabun United Community Bank, Quicken Loans, and Wells Fargo National Bank, with market shares of 7.84 percent, 7.84 percent, and 7.65 percent, respectively.

Rabun County has a well-diversified economy. The key economic sectors include health and medical services, banks and financial institutions, and heavy construction. The major employers are Caterpillar, Oconee County School Systems, and Oconee County Government. The AA unemployment rate decreased from 9.6 percent in January 2014 to 5.9 percent in December 2016. The AA unemployment is higher than the statewide rate of 5.2 percent.

The median home price in Rabun County increased significantly during the evaluation period. Median home prices in 2014 were \$85,700, increasing to \$188,129 in 2016.

During the evaluation, we relied upon information obtained from an individual involved in economic development in Rabun County. According to the contact, Rabun County was heavily impacted by the recession. Recent economic conditions are improving as evidenced by lower unemployment and positive impacts from tourism. In addition, the contact noted that local banks are providing credit opportunities necessary to provide economic development.