



PUBLIC DISCLOSURE

January 25, 2021

**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
212 South Tyron St. Suite 700
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.

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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 major factors that support this rating include:

- The Lending Test is based on the bank's performance in the states of South Carolina and Georgia. Performance included reasonable geographic distribution of home mortgage loans, reasonable distribution of loans to borrowers of different income levels, a reasonable loan-to-deposit (LTD) ratio, and a majority of lending within the bank's assessment areas (AAs).
- The Community Development (CD) Test rating is based on the bank's performance in the states of South Carolina and Georgia. They reflect adequate responsiveness to community development needs through CD loans, qualified investments, and community services.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the loan-to-deposit (LTD) ratio is reasonable. We assessed the bank's quarterly LTD ratio since the preceding CRA evaluation. The bank's average quarterly LTD from December 31, 2017 to December 31, 2019 was 84.94 percent. It ranged from a quarterly low of 81.74 percent and a quarterly high of 88.57 percent. In comparison, over the same 12 quarters, the quarterly average LTD ratio among similarly sized financial institutions in South Carolina and Georgia was 80.35 percent, ranging from a quarterly low of 52.87 percent and a quarterly high of 100.24 percent.

Lending in Assessment Area

A majority of the bank's loans are inside its assessment areas (AAs). The bank originated 73 percent of its total loans inside the AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
|---------------|-----------------|-------------|------------|-------------|------------|---------------------------------|-------------|---------------|-------------|----------------|
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | | | | | | | | | | |
| 2017 | 159 | 72.6 | 60 | 27.4 | 219 | 35,733 | 68.0 | 16,834 | 32.0 | 52,567 |
| 2018 | 147 | 72.1 | 57 | 27.9 | 204 | 43,826 | 64.4 | 24,211 | 35.6 | 68,037 |
| 2019 | 123 | 74.5 | 42 | 17.2 | 165 | 36,603 | 64.4 | 20,211 | 35.6 | 56,850 |
| Total | 429 | 73.0 | 159 | 27.0 | 588 | 116,162 | 65.5 | 61,292 | 35.6 | 177,454 |

Source: Bank Data
Due to rounding, totals may not equal 100.0%

Description of Institution

Oconee Federal Savings and Loan Association (“Oconee Federal” or “bank”) is a federally chartered savings association headquartered in Seneca, South Carolina with total assets of \$503.2 million as of December 31, 2019. Oconee Federal operates under a mutual holding company structure and is a wholly owned subsidiary of Oconee Federal Financial Corp.

The bank operates as a traditional savings and loan association accepting local deposits to fund home mortgage loans. They offer conventional home mortgage loans for purchase, refinance, and construction of single-family dwellings. They also offer commercial loans and consumer loans. The bank offers both personal and business checking and savings accounts. Other banking services offered include a free notary service, drive-thru windows, night depositories, automated teller machines, safe deposits boxes, telephone banking, online banking, online bill pay, a mobile application for smart phones and tablets, and mobile check deposits.

As of December 31, 2019, the bank’s main office was located in Seneca, South Carolina. They operated six additional branch locations in Seneca, Walhalla, and Westminster, South Carolina and Toccoa, and Clayton, Georgia. On January 6, 2020, the bank opened its eighth branch in Clemson, South Carolina and added the Pickens County, South Carolina to its AAs. The branch opened outside the scope of our current evaluation period from January 2017 through December 2019. As a result, we will not consider activity in the Pickens County AA in our assessment.

Oconee Federal’s AA consisted of three distinct areas: Oconee County, South Carolina, Rabun County, Georgia, and Stephens County, Georgia. The AAs contain whole geographies and the counties are located in non-metropolitan statistical areas (non-MSAs).

There are no legal, financial, or other factors impeding Oconee Federal’s ability to help meet the credit needs in its AAs. The bank received a “Satisfactory” Community Reinvestment Act (CRA) rating at the CRA public evaluation dated November 27, 2017.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated the bank’s lending products and determined that home mortgage loans are the primary loan product. Oconee Federal is not subject to the Home Mortgage Disclosure Act (HMDA) reporting requirements as the AAs are in a non-Metropolitan Statistical Area (non-MSA). Therefore, we reviewed a sample of 180 home mortgage loans to determine lending performance. We will evaluate the Rabun and Stephens County AAs together given that they are non-MSA AAs located in the same state.

The evaluation period for the Lending Test is January 1, 2017 through December 31, 2019. The evaluation period for the Community Development Test is November 27, 2017 through December 31, 2019.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope 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 73.0 percent of the bank’s total deposits and 69.9 percent of the bank’s total home mortgage loans are in the Oconee County AA. In comparison, 27.0 percent of the bank’s total deposits and 30.1 percent of the bank’s total home mortgage loans are in the combined Rabun and Stephens County AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 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 AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution’s lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

State Rating

State of South Carolina

CRA rating for the State of South Carolina¹: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank exhibits reasonable geographic distribution of home mortgage loans in the AA.
- The bank exhibits reasonable distribution of home mortgage loans to borrowers of different income levels.
- The bank's CD lending, qualified investments, and CD services demonstrated adequate responsiveness to CD needs in the AA.

Description of Institution's Operations in South Carolina

| Table A – Demographic Information of the Assessment Area | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Oconee County | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 15 | 0.0 | 13.3 | 40.0 | 46.7 | 0.0 |
| Population by Geography | 74,949 | 0.0 | 14.0 | 42.3 | 43.7 | 0.0 |
| Housing Units by Geography | 39,020 | 0.0 | 11.6 | 42.0 | 46.4 | 0.0 |
| Owner-Occupied Units by Geography | 22,644 | 0.0 | 11.0 | 42.4 | 46.7 | 0.0 |
| Occupied Rental Units by Geography | 7,912 | 0.0 | 19.0 | 41.8 | 39.2 | 0.0 |
| Vacant Units by Geography | 8,464 | 0.0 | 6.5 | 41.1 | 52.4 | 0.0 |
| Businesses by Geography | 4,218 | 0.0 | 11.2 | 38.0 | 50.8 | 0.0 |
| Farms by Geography | 188 | 0.0 | 12.2 | 55.3 | 32.4 | 0.0 |
| Family Distribution by Income Level | 21,142 | 17.3 | 17.0 | 17.0 | 48.7 | 0.0 |
| Household Distribution by Income Level | 30,556 | 18.9 | 15.2 | 16.6 | 49.2 | 0.0 |
| Median Family Income Non-MSAs - SC | | \$44,609 | Median Housing Value | | | \$155,093 |
| | | | Median Gross Rent | | | \$668 |
| | | | Families Below Poverty Level | | | 14.1% |

Source: 2015 ACS and 2019 D&B Data
 Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.

¹ This rating reflects performance within the state.

The bank operates four full-service branches in the Oconee County AA and offer a number of loan products and banking services. Branches in the AA maintain approximately 73 percent of the bank's total deposits. Based upon June 30, 2020 FDIC Deposit Market Share data, Oconee Federal ranked first among 10 depository institutions in the AA with a market share of 21.21 percent. There were no branch openings or closings during the evaluation period.

Oconee County, South Carolina is a non-metropolitan statistical area consisting of 15 census tracts. There are no low-income census tracts, two moderate-income census tracts, six middle-income census tracts, and seven 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.

We completed three community contacts in the AA during the review period. They noted that the AA is primarily in need of additional affordable housing development. However, opportunities also exist for business education initiatives, job training, and infrastructure improvements.

Scope of Evaluation in South Carolina

We conducted a full-scope review of the bank's performance in the Oconee County AA, the bank's only AA in the state of South Carolina. Performance in this state received the most weight as the majority of the bank's deposits and loans are located here.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN SOUTH CAROLINA

LENDING TEST

The bank's performance under the Lending Test is Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review of the Oconee County AA, the bank's lending performance in the state of South Carolina is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of home mortgage loans in the AA.

Home Mortgage Loans

Refer to Table O in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Lending in the AA to low- and moderate-income geographies was limited to 8.0 percent of loans in moderate-income tracts. However, this area presents limited opportunities to lend to low- or moderate-income census tracts, as there are no low-income census tracts in the county and only two (13.3 percent) moderate-income census tracts. The overwhelming majority of census tracts in the AA are either middle-income (6 or 40 percent) or upper-income (7 or 46.7 percent). Additionally, only 14 percent of the population within the AA resides in the two moderate-income census tracts. Only 11 percent of

owner-occupied housing units are located in the two moderate-income census tracts. The limited number of low- or moderate-income areas, combined with the relatively small percentage of the population that resides in these areas, inhibits the bank's ability to lend within low- and moderate-income (LMI) geographies. The limited number of owner-occupied housing units, as well as the respective percentages of households living below the poverty level (17.6 percent) and receiving public assistance (1.64 percent), further inhibits the bank's ability to produce home mortgage loans in the moderate-income census tracts. Considering these limitations, distribution is reasonable.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of home mortgage loans to borrowers of different income levels.

Home Mortgage Loans

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The bank's distribution of home mortgage loans to low-income families (3.3 percent) is less than the percentage of low-income families in the AA (17.3 percent). The bank's distribution of home mortgage loans to moderate-income families (8.7 percent) is less than the percentage of moderate-income families in the AA (17 percent). However, the bank's distribution of home mortgage loans to low- to moderate-income families were comparable to aggregate lender data (2.3 percent to low income borrowers and 8.8 percent to moderate-income borrowers).

In evaluating borrower income distribution, we considered the high level of lending competition in the area, a community identified need for affordable housing, and the relevant income characteristics of the borrowers. Approximately 17.6 percent of the AA's households live below the poverty level, while an additional 1.6 percent receive public assistance. These indicators significantly impact the bank's ability to lend to LMI borrowers. Distribution is reasonable considering these factors and the bank's performance compared to aggregate lender data.

Responses to Complaints

There were no complaints related to the bank's CRA performance.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of South Carolina is rated Satisfactory.

Conclusions for Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

| Community Development Loans | | | | |
|---|-----------|--------------|------------|---------------|
| Assessment Area | Total | | | |
| | # | % of Total # | \$(000's) | % of Total \$ |
| Oconee County | 9 | 82 | 651 | 82 |
| Rabun and Stephens County | 2 | 18 | 147 | 18 |
| Total AAs | 11 | 100 | 798 | 100 |
| Broader Statewide Area with No P/M/F* to Serve AA | 1 | 100 | 4,300 | 100 |

*Purpose/Mandate/Function

The bank provided a satisfactory amount of CD loans in the AA. Oconee Federal offers an affordable homeownership program that provides financing for low- and moderate-income borrowers for the purchase of a single-family residence. These loans are held in a portfolio. Special loan terms include a maximum 95 percent loan-to-value ratio with no private mortgage insurance required, a 0.5 percent loan origination fee, and a maximum loan amount of \$142,500. In order to qualify for this program, applicants must make less than 80 percent of the median income for the area. During the review period, the bank made eight of these loans in the Oconee AA. In addition to the loans in the affordable homeownership program, the bank originated a \$40,000 loan in June 2018 to the Westminster Rescue Squad for the purchase of a pickup truck. The loan supports community services in the AA. The rescue squad serves the city of Westminster and surrounding areas, including census tract 45073031100, a moderate-income tract.

In total, the bank originated nine loans in the Oconee County AA totaling \$651 thousand. This represents 1.1 percent of allocated capital. Loans originated as part of the affordable homeownership program are responsive to the need for affordable housing identified by our community contact in Oconee County.

The bank also participated in a \$7 million loan (of which the bank owns \$4.3 million) to Taylors Hotel Group LLC in October 2018 for the construction of a new hotel. The hotel is located in Greenville County, SC within census tract 45045001700, a moderate-income tract. The hotel will hire within the local community, including low- and moderate-income individuals and spur economic growth. While this loan was located outside of the AA, we considered it as part of our assessment of Community Development loans given that the bank was responsive to the needs of its AA.

Number and Amount of Qualified Investments

| Qualified Investments | | | | | | | | | | |
|---|---------------|-----------|----------------|------------|-----------|--------------|------------|---------------|------------------------|-----------|
| Assessment Area | Prior Period* | | Current Period | | Total | | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | % of Total # | \$(000's) | % of Total \$ | # | \$(000's) |
| Oconee County | 0 | 0 | 32 | 214 | 32 | 84 | 214 | 92 | 0 | 0 |
| Rabun and Stephens County | 0 | 0 | 6 | 19 | 6 | 16 | 19 | 8 | 0 | 0 |
| Total AAs | 0 | 0 | 38 | 233 | 38 | 100 | 233 | 100 | 0 | 0 |
| Broader Statewide Area with No P/M/F*** to Serve AA | 5 | 1,920 | 0 | 0 | 5 | 100 | 1,920 | 100 | 0 | 0 |

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

***Purpose/Mandate/Function

The bank provided a satisfactory amount of CD investments during the review period. In the Oconee AA, they made a total of 32 donations totaling \$214 thousand to qualified organizations. Donations were made to a variety of organizations serving the low- and moderate-income population in the county, including the United Way of Oconee County, Oconee County Habitat for Humanity, and Our Daily Bread. Donations to the Oconee County Habitat for Humanity are directly responsive to the community contacts identified need for additional affordable housing in the AA.

In the broader statewide and regional area, we also considered five prior period investments. These investments included two CDs at minority owned institutions for \$250 thousand each (\$500 thousand total) purchased in 2017 and still held as investments at the bank. The three remaining investments are mortgage backed securities (MBS) purchased in 2013, 2016, and 2017 with current book values of \$453 thousand, \$318 thousand, and \$648 thousand respectively. The loans that make up the MBS are located in South Carolina and Georgia and a majority of the borrowers are low- or moderate- income.

Extent to Which the Bank Provides Community Development Services

Oconee Federal's CD services reflect reasonable responsiveness to community development needs. Management and bank employees provide leadership and financial expertise to community development organizations. For example, employees provided financial counseling and budgeting classes for 2 different community development organizations in the AA, Habitat for Humanity and the United Way. Employees also volunteered at food banks serving the LMI community and served on the finance committee of one food bank organization.

State Rating

State of Georgia

CRA rating for the State of Georgia²: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank exhibits reasonable geographic distribution of loans in the combined AAs.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels.
- Oconee Federal's CD lending, qualified investments, and CD services demonstrated reasonable responsiveness to CD needs in the AA.

Description of Institution's Operations in Georgia

| Table A – Demographic Information of the Assessment Area | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Rabun and Stephens County AA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 10 | 0.0 | 10.0 | 50.0 | 40.0 | 0.0 |
| Population by Geography | 41,886 | 0.0 | 7.2 | 50.4 | 42.4 | 0.0 |
| Housing Units by Geography | 24,982 | 0.0 | 7.3 | 49.3 | 43.4 | 0.0 |
| Owner-Occupied Units by Geography | 11,607 | 0.0 | 5.5 | 51.7 | 42.8 | 0.0 |
| Occupied Rental Units by Geography | 4,380 | 0.0 | 11.2 | 55.5 | 33.4 | 0.0 |
| Vacant Units by Geography | 8,995 | 0.0 | 7.6 | 43.3 | 49.0 | 0.0 |
| Businesses by Geography | 3,003 | 0.0 | 9.7 | 52.2 | 38.0 | 0.0 |
| Farms by Geography | 106 | 0.0 | 0.0 | 61.3 | 38.7 | 0.0 |
| Family Distribution by Income Level | 11,053 | 18.1 | 19.8 | 17.0 | 45.1 | 0.0 |
| Household Distribution by Income Level | 15,987 | 23.8 | 15.8 | 16.7 | 43.7 | 0.0 |
| Median Family Income Non-MSAs - GA | | \$45,886 | Median Housing Value | | | \$142,007 |
| | | | Median Gross Rent | | | \$626 |
| | | | Families Below Poverty Level | | | 13.2% |
| <i>Source: 2015 ACS and 2019 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

Georgia AAs consist of two non-metropolitan statistical areas, Rabun and Stephens Counties. The bank has two branch offices in Stephens County 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.

² This rating reflects performance within the state.

Deposits in Rabun County and Stephens County represent approximately 27 percent of the bank's total deposits. Based upon June 30, 2016 FDIC Deposit Information, Oconee Federal ranked 4th out of 8 depository institutions in the combined counties with a market share of 13.10 percent.

There are 10 census tracts in the combined AAs. Stephens County has five geographies consisting of one moderate-income tract, two middle-income tracts, and two upper-income designated tracts. Rabun County contains five census tracts including three middle-income tracts and two upper-income tracts.

Two community contacts completed during the review period noted a need for additional affordable housing and general credit assistance programs.

Scope of Evaluation in Georgia

We conducted a full-scope review of the bank's performance in the combined Rabun and Stephens Counties AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN GEORGIA

LENDING TEST

The bank's performance under the Lending Test is Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review of the Rabun and Stephens County combined AA, the bank's lending performance in the state of Georgia is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the combined AAs.

Home Mortgage Loans

Refer to Table O in Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Lending in moderate-income census tracts totaled 3.9 percent. While this is below the percentage of owner-occupied housing units in moderate-income tracts, it is higher than aggregate lender data. The AA presents limited opportunities to lend to low- or moderate-income census tracts. During our review period, the AA did not include any low-income census tracts and included only one (10 percent) moderate-income tract. While the moderate-income census tract represented 10 percent of the total census tracts in the area, the population residing within that tract was limited to 7 percent. The majority of the AA (and its population) resides in middle-income (5 or 50 percent) or upper-income (4 or 40 percent) census tracts. Additionally, the percentage of owner-occupied housing units located in the sole moderate-income census tract was limited to 5.5 percent. The limited number of owner-occupied housing units, as well as the respective percentages of households living below the poverty level (19.9

percent) and receiving public assistance (3.0 percent), also limits the bank's ability to produce home mortgage loans in the moderate-income census tract. Given the limited number of low- and moderate-income census tracts, as well as the limited population residing in these areas, the bank's ability to lend within LMI geographies is challenged and geographic distribution is reasonable.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels.

Home Mortgage Loans

Refer to Table P in Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

During the evaluation period, the bank's percentage of home mortgage loans to low-income borrowers (4.7 percent) is less than the percentage of low-income families in the AA (18.1 percent). The bank's distribution of home mortgage loans to moderate-income borrowers (12.4 percent) is less than the percentage of moderate-income families in the AA (19.8 percent). However, the bank's distribution of home mortgage loans to low- and moderate-income families were slightly above those of aggregate lenders (3.2 percent to low income borrowers and 11.9 percent to moderate-income borrowers).

In determining the reasonableness of this distribution, we considered the community identified need for additional affordable housing, and the relevant income characteristics of the borrowers. Approximately 19.9 percent of the AA's households live below the poverty level while an additional 3.0 percent receive public assistance. These indicators significantly impact the bank's ability to lend to LMI borrowers and impacted our reasonable distribution conclusion.

Responses to Complaints

There were no complaints related to the bank's CRA performance.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Georgia is Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AAs.

Number and Amount of Community Development Loans

Oconee Federal provides an adequate level of CD loans in relationship to the bank's resources and operating strategy. The bank originated two CD loans in the AA during the review period totaling \$147 thousand. These loans were part of the affordable housing program offered by the bank. The total represents 0.65 percent of allocated capital. While this percentage is lower than that for the Oconee

County AA, we also considered that the bank has considerably less deposits in the combined Rabun and Stephens County AA as compared to Oconee. We also noted that the affordable housing loans were directly responsive to the community contact's assessment of need for affordable housing in the area. Given these considerations, the bank was adequately responsive.

Number and Amount of Qualified Investments

Oconee Federal made an adequate level of qualified investments that are reasonably responsive to community development needs. During the evaluation period, the bank made \$19 thousand in financial contributions 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.

Extent to Which the Bank Provides Community Development Services

The bank's CD services reflect reasonable responsiveness to CD needs of the combined AA. The bank encourages employees to take active roles in community organizations in the AA. For example, in Stephens County, one employee served on a local advisory board for a community group that works to improve education, help people achieve financial stability, and promote healthy lives. In addition, the same employee gave several presentations on safe banking for seniors and taught financial literacy at a local high school where the majority of the students receive free or reduced lunch. Another employee taught financial literacy at another local school primarily serving low- and moderate-income students.

In Rabun County, management and bank employees provide banking expertise to community development organizations. One employee taught financial literacy at a local high school and provided financial counseling through a local community group. These community organizations provided financial management and education programs to adults and students who were low- and moderate-income individuals.

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 MSA(s) and non-MSA(s) 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: | January 1, 2017 to December 31, 2019 | |
| Bank Products Reviewed: | Home Mortgage Loans Community Development Loans, Qualified Investments, Community Development Services | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| N/A- The bank does not have affiliates. | NA | NA |
| List of Assessment Areas and Type of Examination | | |
| Rating and Assessment Areas | Type of Exam | Other Information |
| South Carolina | | |
| Oconee County (non-MSA) | Full Scope | NA |
| Georgia | | |
| Rabun and Stephens County (non-MSA) | Full Scope | NA |

Appendix B: Summary of State Ratings

| RATINGS: Oconee Federal S&LA | | | |
|------------------------------|----------------------|----------------|----------------------------|
| | Lending Test Rating* | CD Test Rating | Overall Bank /State Rating |
| Overall Bank: | | | |
| Oconee Federal | Satisfactory | Satisfactory | Satisfactory |
| State: | | | |
| South Carolina | Satisfactory | Satisfactory | Satisfactory |
| Georgia | Satisfactory | Satisfactory | Satisfactory |

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

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

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

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

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

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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

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

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

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

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

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

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

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

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

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

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

Metropolitan 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.

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

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

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

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

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

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

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

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

| Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography | | | | | | | | | | | | | | | | | | | | 2017-2019 | | |
|---|---------------------------|--------------|--------------|----------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|------------|------------------|--|--|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Tracts | | | Moderate-Income Tracts | | | Middle-Income Tracts | | | Upper-Income Tracts | | | Not Available-Income Tracts | | | | | |
| | # | \$ | % of Total | Overall Market | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | | | |
| Rabun and Stephens County | 129 | 30.1 | 30.1 | 1,316 | 0.0 | 0.0 | 0.0 | 5.5 | 3.9 | 2.8 | 51.7 | 48.8 | 52.4 | 42.8 | 47.3 | 44.8 | 0.0 | 0.0 | 0.0 | | | |
| Oconee County | 300 | 69.9 | 69.9 | 2,623 | 0.0 | 0.0 | 0.0 | 11.0 | 8.0 | 7.7 | 42.4 | 35.3 | 33.8 | 46.7 | 56.7 | 58.4 | 0.0 | 0.0 | 0.0 | | | |
| Total | 429 | 100.0 | 100.0 | 3,939 | 0.0 | 0.0 | 0.0 | 9.1 | 6.8 | 6.1 | 45.5 | 39.4 | 40.0 | 45.4 | 53.8 | 53.9 | 0.0 | 0.0 | 0.0 | | | |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

| Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower | | | | | | | | | | | | | | | | | | | | 2017-2019 | | |
|--|---------------------------|----------------|---------------|----------------|----------------------|--------------|------------|---------------------------|--------------|------------|-------------------------|--------------|-------------|------------------------|--------------|-------------|--------------------------------|--------------|-------------|------------------|--|--|
| Assessment Area: | Total Home Mortgage Loans | | | | Low-Income Borrowers | | | Moderate-Income Borrowers | | | Middle-Income Borrowers | | | Upper-Income Borrowers | | | Not Available-Income Borrowers | | | | | |
| | # | \$ | % of Total | Overall Market | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | % Families | % Bank Loans | Aggregate | | | |
| Rabun and Stephens County | 129 | 18,519 | 30.1 | 1,316 | 18.1 | 4.7 | 3.2 | 19.8 | 12.4 | 11.9 | 17.0 | 19.4 | 16.4 | 45.1 | 62.0 | 52.6 | 0.0 | 1.6 | 15.9 | | | |
| Oconee County | 300 | 97,644 | 69.9 | 2,623 | 17.3 | 3.3 | 2.3 | 17.0 | 8.7 | 8.8 | 17.0 | 10.7 | 16.0 | 48.7 | 77.3 | 58.6 | 0.0 | 0.0 | 14.3 | | | |
| Total | 429 | 116,113 | 100.00 | 3,939 | 17.6 | 3.7 | 2.6 | 17.9 | 9.8 | 9.9 | 17.0 | 13.3 | 16.1 | 47.5 | 72.7 | 56.6 | 0.0 | 0.5 | 14.8 | | | |

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%