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Oconee State Bank – With a Team That is Engaged and Ready to Serve the Small to Medium-Sized Business in Their Communities in Watkinsville, Gwinnett, Athens and Macon Georgia



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Interview conducted by:
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CEO CFO: *Mr. Stevens, one of the first things I see on the Oconee State Bank site is, "We are a community bank that is built to serve our community." What does that mean for you at Oconee State Bank?*

Mr. Stevens: Everything that we do and say, here within the Bank and externally, begins with our vision and mission. Our values are also a key element in how we serve our communities. We believe those pillars should not solely live on the walls, but they should be lived out in the halls. That means that they are not just something that is on a piece of paper, a website, or a conference room wall. They are elements of our team's DNA, and we make sure to live them out. Our vision is to be essential to the lives, businesses, and communities that we serve. We plan to accomplish that by creating remarkable experiences that significantly mark the lives of others.

To answer your question, we believe being essential and meeting the needs of our community is the best way to serve. By that, I mean being absolutely necessary, something that they feel they cannot live without. We have built that relationship through remarkable experiences. We want our communities to look at Oconee State Bank and see an organization with an impact.

CEO CFO: *Would you give us a couple of examples of how that plays out, day-to-day?*

Mr. Stevens: One of the primary ways this plays out is through frictionless service for our customers. As mentioned, we desire to create remarkable experiences. We know that customers are not looking for an experience like Disney World when they go to the bank. Most people do not go to the bank or do online banking because it is something fun to do; they go because it is a necessary part of life. We want to enhance this necessary part of life by providing simple, quick, and accurate service while being friendly, courteous, and going the extra step to know the individual. Another way, is we give our time and financial resources to multiple organizations in the communities that we serve. We also recognize that our team members have specific talents that could be beneficial to our communities outside of banking. We want to serve to be dynamic and a part of the fabric of who we are.

CEO CFO: *Would you tell us about the geography you serve? Is the bank business or consumer-focused? Would you give us some specifics about Oconee State Bank?*

Mr. Stevens: Let me start with our geographies, and then I will talk a little bit about our lines of business. We are headquartered in Watkinsville, Georgia located in Oconee County. Over the past seven years, we have expanded into Gwinnett and Athens. Currently, we are opening a full-service financial center in Macon, GA. Each of our markets is led by

Community Presidents. Our Gwinnett financial center has provided us the ability to tap into the Metro Atlanta area as well as the suburban surrounding, led by Joe Godfrey. Athens is the home of the highly-ranked University of Georgia, which serves about 30,000 undergrad students. The University brings a variety of individuals to Athens. Our financial center is located downtown, right in the heart of Athens and near the campus, led by Phillip Edwards and Chad Thomason. Next, we have a location in Downtown Macon that will serve the Central Georgia region, led by Robby Redmond. Specifically Macon-Bibb and Warner Robins which has an MSA population of about 400,000. Our markets are exceptionally strong and range from college towns to metropolitan, rural, and suburban areas.

In terms of the clients we are focused on, it would predominately be small to medium-sized businesses. Our quintessential client has a small operation that generates \$15 million in sales, manufacturers, or service providers. We like to partner with them to finance new buildings, new equipment, and maximize their deposit relationship by offering treasury service products. We work with them to maximize value for their organizations and their impact. We do provide retail and some consumer services, although this is not our primary source of business.

In addition to the commercial line, we also do some commercial real estate. For example, if a group of doctors wants to buy a facility and lease it out, and it is non-owner occupied; we can service them. Recently, we launch Remarkable Mortgage, our separately branded mortgage division led by Charlie Fleming. Also, our SBA department, led by Tareasa Harrell, is able to service the needs of small businesses.

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Neil Stevens

CEO/COO: At Oconee State Bank you take care of your customers!

Mr. Stevens: Absolutely, we do! We can take care of our customers because we are focused on high-quality services and experiences. We have a methodical approach to selecting the services we provide and how we provide them. Our focus is not to be the bank for everyone, because we acknowledge that some individuals will have needs outside of our scope. We recognize that and we are not trying to compete with Wells Fargo as it relates to having the latest and greatest consumer products and services. Also, if Home Depot comes to us and needs a \$70 million credit facility, we know we do not have the capacity to serve them. They would need a big money center bank, and that is just not who we are. We know our scope and dedicate our time and resources to best supporting those within it. There are times when we tell a customer that we may not be your best alternative, so we will try to point them in the right direction.

CEO/COO: Was this always the approach at Oconee, or did it develop over time? Did you recognize over time the need to be more specialized?

Mr. Stevens: I think that in order to be successful, you have to evolve and stay relevant. We have a 63-year history. So, let's think back. The distance between Watkinsville and Athens is about eight miles. The infrastructure back then made it a lot harder for people to navigate the distance. For Oconee County residents to conduct bank business they would have to take a day trip to Athens. One of the needs of the community was not being met locally. Therefore, a group of small business people started a bank in Watkinsville in order to serve those living in Oconee Country, which was primarily consumer services and some small business services. The Bank also did a lot of AG lending back then; that has not happened in many years.

Before I joined the Bank, we were heavily concentrated in residential development, acquisition and development lending, and a little bit of small business, owner-occupied but much less than we do now. Then when I came, the focus changed again to be less consumer-oriented, meaning much less commercial real estate oriented, residential acquisition and development-oriented, and more to owner-occupied at that time. The bank has evolved over the years to stay relevant in these changing communities and the new markets we enter. It is much different than it was before.

CEO/COO: What is your plan for the next couple of years?

Mr. Stevens: We want to continue on a growth path. I feel that if you are not growing, you are regressing. I do not think there is any middle ground. We want to continue to grow and gain more scale. We do not desire to sell the bank. That is not part of our plan. The plan is to continue to grow closer to the \$1 billion in assets, but we do not want to grow just to say we are growing. We want to grow for the right reasons. We feel that the right reasons are, number one, scale, and, number two, impact. When you are a larger asset-sized institution your resources run deeper, and you can become more efficient and can do more. We could hire more people with less impact on our financials and provide more opportunities for team members. Scale is important. However, it also allows us to impact more people. We want to create these remarkable experiences. We want to become essential to the lives, businesses, and communities that we serve, and growth allows us to do that.

We want to continue growing to \$1 billion to answer your question. We want that to be bold and strategic with our growth plan. At the same time, we do not want it to be so aggressive that we put the Bank at undue risk. Safety and soundness are paramount. We keep safety and soundness as our number one strategic goal. With that in mind, we want to continue to grow profitability, and in order to do that in the right way, we feel that we have to continue to grow assets, and probably grow geographies.

We do not have plans to expand into a specific market; we build our Bank around talent and teams. If in the next year, we find a team in a great market that works, we will consider hiring that team. I cannot tell you, in 2 years, exactly where we will be. I do know that if we think about the next 5 years or so, we would love to break \$1 billion in assets.

CEOCFO: *How do you know when an employee is a good fit for your bank, and how do you instill and help them understand the philosophy you talked about earlier?*

Mr. Stevens: The word I would use to ensure that is intentionality. By that I mean, when we interview or recruit someone, they will go through multiple interviews and meetings with different people. We want to have different angles and conversations. Each person they meet with will be able to determine if the values of the individual and our values at the Bank are in alignment. This is important because you cannot change behavior by just focusing on the behavior. Behavior changes when thinking changes. Thought processes are directly connected to values. I once heard someone say, "Why do you try to make people nice, just go find nice people."

For us, it is not finding someone and trying to make them fit into our culture. It is finding someone and asking the right questions to determine if their values, the way they think, and the way they want to be and work aligns with the values and standards of our organization. You would be surprised how often someone appears to be a cultural fit but there are slight differences in values; this has major implications. Think about it this way, you are flying to San Francisco but the pilot gets slightly off course. You end up in Portland, Oregon. That slight difference in direction over the course of time can put you completely off course. It is important to be intentional throughout the whole process.

There are three big things that we look for. Do the values align, do they have the technical skills to get the job done at the level of our standards, and do they have a sense of humility. Low ego, high humility. I think that if those things are present and multiple people see that, you do not always get it right, but it significantly increases the probability that that person will be a great cultural fit in the organization.

CEOCFO: *Would you tell us about your recent dividend increase?*

Mr. Stevens: We increased our dividends to 85 cents per share. We had a great year in 2022, despite many economic uncertainties, as everybody knows. The rate increase has helped us, but we also had good income and expense management across the entire organization. We want to reward our shareholders when that happens. Also, we want to reward them by increasing our book value per share, which hopefully translates into a higher stock price for them. I think that they are excited about that.

CEOCFO: *There are so many banks to consider. Why choose Oconee State Bank?*

Mr. Stevens: I wish I could say that we have a special machine or a next-level ATM, or we have this superb piece of product that we have developed that just makes us stand out. Our money is just as green as everyone else's. Our transactions work just like every other bank. What truly makes the difference in my mind, is how we create connections within the organization; we have an engaged team.

According to a Gallup Poll, there is only a 34% engagement rate for workers across America. Fifty percent of workers are not engaged and 16% are actively disengaged. We have a team engagement score of 85%. That is because we really focus on building connections and enhancing our team's experience. I believe that team engagement is secret because it creates a culture and place where everybody is electric. Everybody wants to be a part of it, there is a buzz. They are fascinated with the future. They are excited about coming to work every day. When that happens and they are in the right positions, they will offer friction-free service and go above and beyond. This creates an experience for our customers that is unmatched by competitors.

Everybody says that service makes a difference, and I believe that is very true. However, I think that is lip service. You can preach about high-quality service all day long, but if you do not have a team that is engaged, then it will not happen. A team who comes to work every day eager to provide that service must see how their values align with the values of the organization. Success breeds success. I totally believe that is what makes us different. When the team is connected and engaged, great things happen.