



Peoples State Bank - Committed to the Community's Needs, Well-Being, and Continuous Improvement, along with Growth of the Local Businesses in Perry County



Tony Davis
President and Chief Executive Officer

Peoples State Bank
Peoples National Bancshares Incorporated
(Holding Company)
<https://www.psbohio.com/>

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Interview conducted by:
Bud Wayne, Editorial Executive
CEOCFO Magazine

CEOCFO: *Mr. Davis, you have worked in the financial industry for 30 years. Would you tell us about your role at Peoples State Bank and how it developed to where you became its President and CEO in 2014?*

Mr. Davis: I grew up in New Straitsville, Ohio, which is a town in Perry County, located about ten miles from our existing office in New Lexington. It is in Appalachia, Ohio. While going through high school and living in an area where there is not a whole lot of things to do, my dream was to get as far away from Perry County as I could. After graduating from college my first job was in the hospitality industry with Red Roof Inns Incorporated, in Statesville, North Carolina.

As time passed, I realized I missed everything about Perry County and I was offered a job at our bank, Peoples State Bank. I had worked at the bank during my senior year in college and decided to give it a try for a career. Upon my entry-level position back here at the bank, I worked at every department of the bank to experience the different aspects and responsibilities of each area. After a few years I was promoted to loan officer and shortly thereafter was named our Chief Lending Officer and served as such until being chosen as the tenth President and CEO of our financial institution in November of 2014.

It is a community that I cherish and love. The surroundings and area make it a great place to live, work and raise a family. A place where I now want to stay. There are quite a few tenured employees at Peoples State Bank and not much turnover. We just had an employee retire two years ago that had 56 years of service in our bank and last year, another employee retired with 47 years of service.

CEOCFO: *Would you give us a little background and history of the bank and how it developed from its founding. Is there significance to its name?*

Mr. Davis: This year we are celebrating our 90th anniversary. Our banking history goes back to 1907 when the bank was known as Citizens National Bank. The bank was reorganized in 1932 with active cash of \$15,929.22. This reorganization

was after the banking calamity, Black Tuesday, the national stock market collapse and during the recovery period from the Great Depression. A group of local gentlemen felt the need that a true community bank was necessary for the community and pooled their funds to reorganize and start the Peoples National Bank of New Lexington. The name Peoples, derived from "service to people", thus the name Peoples National Bank.

On February 15th 1932, under a national banking charter, Peoples National Bank was formed. In 2019, we converted that national charter to a state charter for economic and regulatory reasons, thus becoming Peoples State Bank. One of the interesting things, the bank did not open its first drive-through window until October 1st, 1967. I found a newspaper article on that a few years ago in our archives. Interesting, the first drive-through window in 1967 was a big deal and how banking has evolved since that date.

CEO/COO: *Has the vision changed much from its founding vision?*

Mr. Davis: The original vision was to have a locally owned and controlled bank to serve the people of our community, meaning that money our customers and shareholders invest, is kept within our communities to benefit local businesses and residents. Our bank's management philosophy and mission remain the same, we are committed to the community's needs, well-being, and continuous improvement, along with growth of our local businesses.

CEO/COO: *Would you tell us about your team and your management style with your team. Would you say you take a more hands-on approach to management?*

Mr. Davis: We try not to micromanage, and we let our team do their job. We are also as transparent as possible with our whole team. With my experience in every department of the bank, it does make it easier for me to interact with the processes of day-to-day operations whenever needed.

"Relationships with our local businesses, their employees and residents of the community are what it is all about when it comes to revenue potential. Building those relationships are what generates revenue over time." Tony Davis

I am fortunate to be surrounded by a team with many years of banking experience. We also have some young bright minds with fresh ideas. That is very critical to our bank moving forward. Attracting and retaining talent in a small community has, and always will be a difficult task. We are fortunate in that aspect, to have some young individuals who want to stay local and strive for a rewarding career mixed with a seasoned group of experienced bankers.

CEO/COO: *What does "hometown banking" mean for you and your customers?*

Mr. Davis: Just not putting on the facade of a friendly hometown bank. We prove our dedication every day. We take special interest in the community we serve by volunteering many hours of community service. Our customers know us and we know them. Sometimes it is coaching on the same Little League team, volunteering at fundraisers, benefits, etcetera. It makes it much more comfortable for that customer, and for us, when they are sitting across your desk or across the service line, when you know them, and you both have that mutual trust.

CEO/COO: *Would you tell us about the businesses in your community? Which of the different industries that you serve provides the greatest revenue potential for your bank today?*

Mr. Davis: One of the largest employers in our area is Ludowici Tile, which is a worldwide supplier of roof tile. The clay used to make that tile is also locally mined, which is beneficial. We also have a manufacturer of auto parts, Cooper Standard. We have four school districts in our area which are some of the larger, main employers. Being in a rural community we do not have a lot of local industry to rely on.

Relationships with our local businesses, their employees and residents of the community are what it is all about when it comes to revenue potential. Building those relationships are what generates revenue over time. One to four-family real estate mortgages have always been our bank's bread and butter for many years. Real estate mortgages make up 78% of our loan portfolio with one to four-family mortgages making up 59% of that number.

CEO/COO: *Are you more of a business/commercial bank than a consumer bank? What is the mix and would you like to see that change?*

Mr. Davis: We are primarily a consumer bank. Our mix is roughly 70% consumer and 30% commercial. As I mentioned, due to the makeup or lack of commercial industry in our area. We would always like to see more commercial businesses come into the area to generate additional revenue in the community and narrow the disparity in those percentages. We do have a lot of great blue-collar, hardworking individuals in the community that we serve, and many of those individuals must commute out of our area to work. Our focus will continue to be on those consumers in our communities.

CEOCFO: *When your lenders are working with a potential customer, what do they look at to determine if a business' revenues can manage the payments?*

Mr. Davis: First and foremost, if someone is loan worthy, it is their ability to repay the debt. We take into consideration all types of revenue generated and income streams that the customer has. If they have the ability to repay the debt, that is first and foremost.

CEOCFO: *With the rise of online banking, mobile apps and people staying at home because of COVID, is the personal touch still important for you and your customers or do you find with the newer generations that are in the workforce these things don't matter as much?*

Mr. Davis: All those tools that you mentioned are convenient and a great service but when it comes time for the consumers in our community to make a financial decision whether it is a home loan, auto loan, a refinance or investment recommendation, we find in our that everyone still wants and needs that personal touch of face-to-face communication.

CEOCFO: *How many branches do you have and are you looking to grow that number in the near future?*

Mr. Davis: We presently have five branch locations and one loan production office that we recently opened. We always keep our eyes and ears open and if we feel the opportunity is right for expansion into other markets, we may grow in those areas. However, we want to be cautious and not make any move that would hinder our ability to focus on our current commitment of quality service to our existing communities. Our model has been successful.

CEOCFO: *When you add branches is it through acquisition, de novo or a mix?*

Mr. Davis: As mentioned, we opened a loan production office in 2021. It has been 17 years since we acquired a branch. We have built two of our branches, one in 1999 and the other in 2005. Other than that, we've pretty much stayed status quo.

CEOCFO: *You have a few social media pages. What do you use those for?*

Mr. Davis: We mainly utilize Facebook and LinkedIn. We feel it is important for us to utilize these social media pages as tools to not only make the community more aware of what is happening at all our locations and with our employees, but to share customer events; be it a fundraiser, a benefit or any gathering that encourages community involvement.

Our marketing officer, Michelle Davis, does a great job in the social media arena as well as getting employees involved in the community events.

CEOCFO: *Would you tell us about funding for the bank? Are your shareholders all local?*

Mr. Davis: - As I mentioned, we have a bank holding company, Peoples National Bancshares Inc. Our stock is privately held. We have 223 shareholders and 430, 848 shares outstanding. Our largest shareholders and board members are all local.

CEOCFO: *Is attending conferences an important part of your role as CEO?*

Mr. Davis: I feel it is very important from both a professional and personal development standpoint. Continuing education has been and always will be very important to me. We also ensure availability for members of our team. I have gained a lot of knowledge, not only from the educational sessions but also the networking that occurs at conferences; not to mention building friendships with peers that will last a lifetime.

CEOCFO: *You have been a life-long resident of Perry County. How does your personal commitment to the communities that you serve translate to Peoples State Bank? Do you stress community involvement?*

Mr. Davis: I think by now you understand that I take pride in being a child of Perry County and Appalachia, Ohio. I feel that involvement in community events is a major part of my job responsibility. The individuals of Perry County have done so much for me both personally and professionally, I consider community involvement a hobby and enjoy it.

When I became president in 2014, one of the first committees I formed was a Bank Activities Team, we call it the BAT committee. This committee is responsible for targeting different community events, fundraisers, parades, etcetera for our employees to participate in. I want to lead by example and if I'm not actively involved why should I ask that of our employees. The bank activities team also organizes our annual Christmas parties, customer appreciation days, employee appreciation days, and other events that we have going on. Next Wednesday is National Cream-filled Donut Day and we are celebrating by having cream filled donuts with our employees. We celebrate different types of events with our employees to get involvement and show appreciation. Our employees willingly volunteer many hours in community service each year.

PEOPLES STATE BANK

