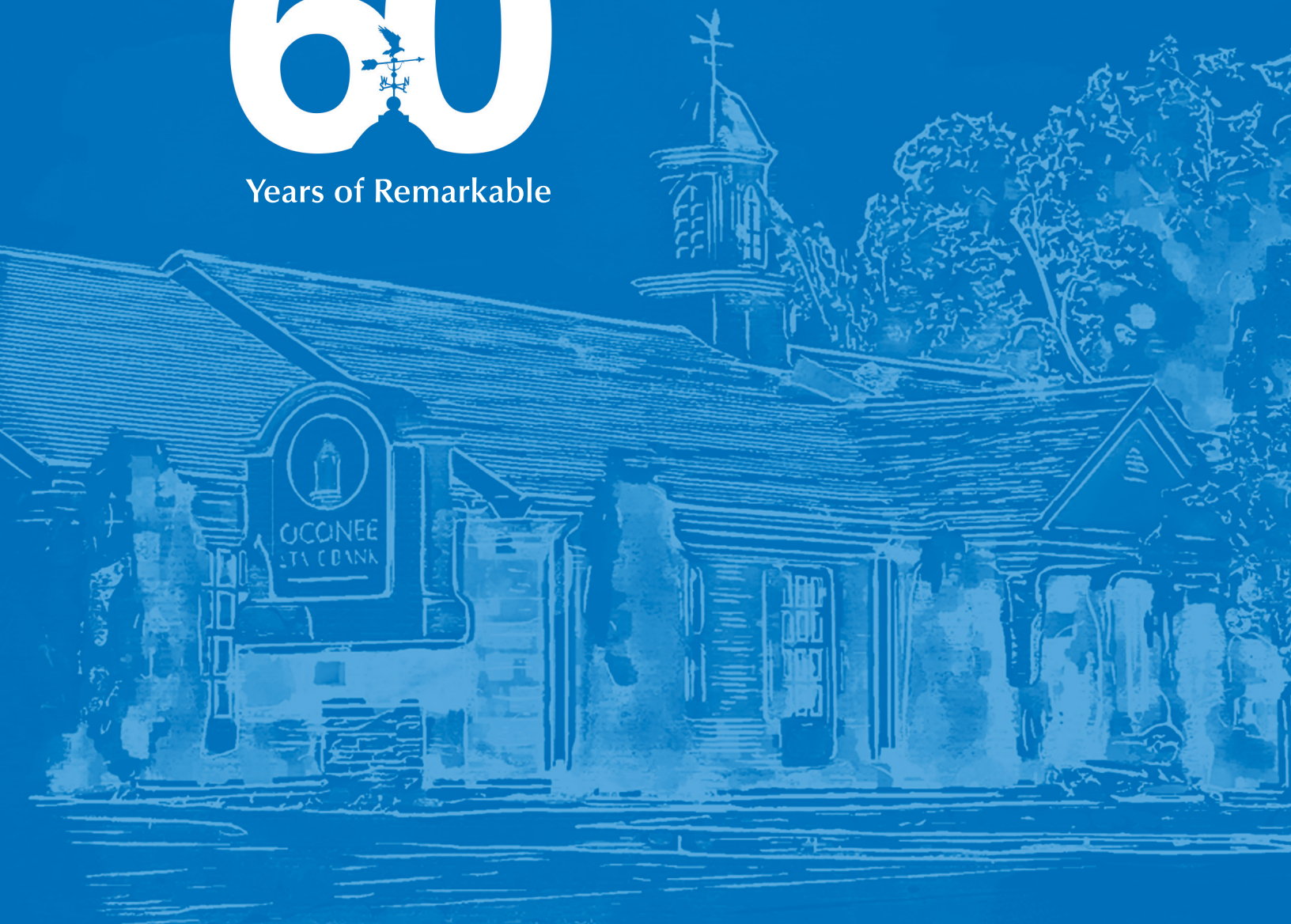


60

Years of Remarkable



2019 Annual Report
OCONEE STATE BANK

OCONEE STATE BANK

60 Year History



1960

Oconee State Bank opened
for business

1970

Oconee State Bank opened its
Main Office

1983

Oconee State Bank opened its
Bogart Financial Center

2004

Oconee State Bank opened the
H. Mell Wells Operations Center

2006

Oconee State Bank opened its Butler's
Crossing Financial Center

2017

Oconee State Bank expanded
to SBA lending

2018

Oconee State Bank opened its
Gwinnett Financial Center and its
Athens Loan Production office

2019

Oconee Financial Corporation is listed
on the OTCQX Exchange

2020

Oconee State Bank celebrated its
60th anniversary

OCONEE STATE BANK

For over 60 years, Oconee State Bank has provided world-class banking to the communities we serve.

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To Our Shareholders

Oconee State Bank continued to experience growth in 2019 as we prepared to celebrate our 60th anniversary in 2020. A rich history began on February 1, 1960 when our bank opened its doors on Main Street in downtown Watkinsville. While we're proud of our history and the strong foundation it has afforded us, our vision is fixed on the opportunities and growth to come in the next 60 years.

We are pleased to report 2019 was a strong year for the bank. Excluding a one-time item discussed below, our net income was \$2.5 million or \$2.75 per share, an increase of 42 percent from 2018. The book value of Oconee Financial Corporation common stock was \$39.82 on December 31, 2019. A dividend of \$0.60 per share was declared and paid to shareholders in April. Our core deposits remain strong and grew 13.8 percent, reaching \$27.9 million.

These increases do not include the sale of the building that houses our Operations Center in the fourth quarter, which resulted in an additional \$1.3 million in after-tax income. While the Operations Center has served us well for 16 years, we wanted to take the opportunity to harvest value from a strong real estate market and redeploy those earnings to build infrastructure for the Oconee State Bank of tomorrow.

As you can imagine, some of that infrastructure is digital, and in 2019 we invested in more robust online and mobile app platforms to meet the needs of our diverse and growing customer base. We served 59 percent of our customers via online banking, compared to the 42 percent average among other banks. Digital banking is unlocking new streams of revenue and decreasing expenses, as each digital transaction costs significantly less than a traditional teller transaction. In addition, our OSB Perks Program generated \$128,000 in revenue and added tremendous value to our consumer customer base. As our customers seek additional ways to conveniently conduct their business via alternative channels, we are well positioned to serve them efficiently with an enhanced digital customer experience, while maintaining industry-leading levels of customer service in our financial centers.

Much of our income was driven by the remarkable efforts of our lending and credit teams. We are pleased to report that 2019 was another year of solid loan growth for our company with \$248.8 million in total loans, which was an increase of 12.2 percent. We continued to diligently manage credit quality last year as we focused on growing our portfolio in the most resilient categories, including a 22 percent growth in Owner Occupied Commercial Real Estate loans. Owner Occupied Real Estate is the safest type of loan and is a foundation for strong commercial relationships. These types of loans represented 39 percent of our total loan portfolio at year-end. Outside of this segment, we maintained a well-balanced loan portfolio.

In 2019, we focused on bringing maximum value to your shares while making them easier for shareholders to buy and sell. In March, we began trading on the OTCQX® Best Market so you can more easily access information on the bank, determine the value of your shares, and buy or sell seamlessly. Qualifying for OTCQX meant demonstrating that Oconee State Bank meets the highest financial standards, and we saw an increase in the value of our shares after trading on the marketplace began. In April, the board created additional opportunities for liquidity for shareholders, who may wish to sell, by authorizing the holding company to buy back stock from time to time.

We continued to make smart investments in culture and talent in 2019. A key growth area was

residential mortgage, allowing us to better assist our customers with one of their most important investments. In December, we added a talented new banker focused on the residential construction market; assisting builders and buyers with construction loans.

Our culture continues to shine as we add talent. One way we are holding ourselves accountable is through our Voice of the Customer program. This program enables us to receive feedback from our customers about their service experience through our retail and digital channels. We set the aggressive goal of achieving a 94 percent customer satisfaction rating, and exceeded it with a score of 95 percent. As part of this process, we also collected incredible first-hand accounts of the remarkable experiences our team members are creating for customers every day.

Our Oconee lending team continues to remain strong, while managing over half of the bank's loan portfolio. Our service is significantly marking lives outside our home base in Oconee County as well. Our Gwinnett Financial Center team was voted Best of Gwinnett and was a finalist in the Gwinnett County Chamber of Commerce Impact Awards, all the while achieving loan growth of 57 percent and a phenomenal deposit growth of 412 percent. Our Athens Loan Production team was also a finalist for OnlineAthens' Best of the Best awards, while achieving loan growth of 42 percent, bringing loans outstanding to nearly \$50 million. Our SBA (Small Business Administration) program remains a strong source of revenue, generating \$822,000 of net income in 2019, which resulted in special recognition in the Atlanta Business Chronicle for ranking in the top 25 of SBA 7(a) lenders in the state of Georgia.

In closing, I want to thank each of you for your investment and your support over the past 60 years. Along with our talented team of bankers, each of you are a vital part of our success. For six decades, our bank has stood as a cornerstone of the community as it grew and evolved in previously unimaginable ways, preparing wisely in times of plenty to withstand challenging times that inevitably came. Our foundation is remarkably solid, and our board and teams are taking the appropriate measures to grow the value of your investment as we weather the uncertainty that faces us in 2020. We will do this by steadfastly holding to our vision of being essential to the lives, businesses, and communities we serve, while fulfilling our mission of creating remarkable experiences that significantly mark the lives of others.

Going forward, in order to allow ample time to prepare for our annual shareholder meeting and adequate time for each of you to review and respond to these materials, our board has decided to reschedule the annual Shareholders' Meeting for the first Monday of June. As a result, our Annual Shareholders' Meeting will be held June 1, 2020, and I look forward to seeing you there.



Neil Stevens
President and
Chief Executive Officer



Financial Highlights

For the Year

	Years Ended December 31,	
	2019	2018
	(Dollars in thousands, except per share data)	
Net Income	\$ 3,759	\$ 1,737
Cash Dividends Paid	540	540
Per Share:		
Net Income (Loss)	4.18	1.93
Cash Dividends Paid	0.60	0.60
Book Value	39.82	34.10

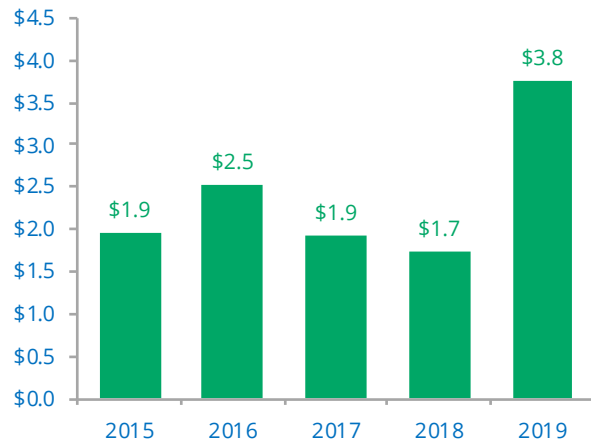
At Year End

Total Assets	399,521	349,860
Investment Securities	99,229	90,802
Total Loans	251,592	224,240
Reserve for Loan Losses	2,821	2,249
Total Deposits	361,523	318,497
Shareholders' Equity	35,667	30,689
Number of Shares Outstanding	895,742	901,364
Full Time Equivalent Employees	99.0	91.0

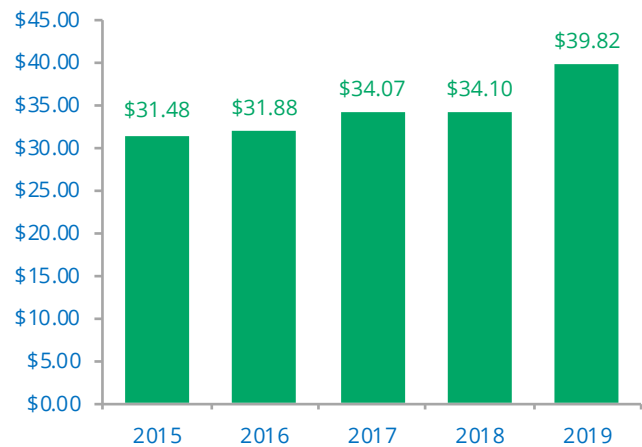
Financial Ratios

Return on Average Assets (ROA)	1.07%	0.51%
Return on Average Equity (ROE)	11.82%	5.89%
Net Interest Margin (Fully Tax-Equivalent)	3.83%	3.73%

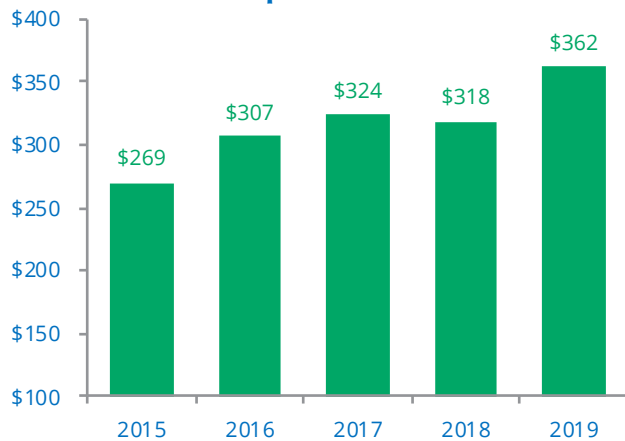
Net Income (\$Millions)



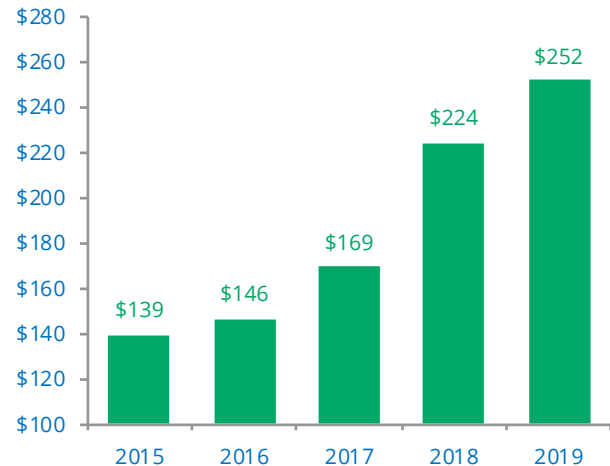
Book Value Per Share



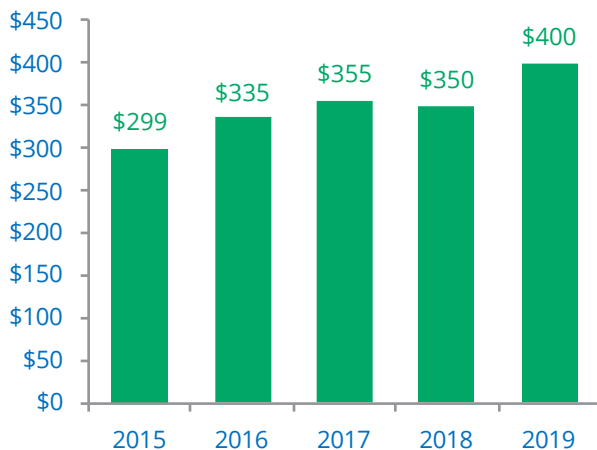
Total Deposits (\$Millions)



Total Loans (\$Millions)



Total Assets (\$Millions)

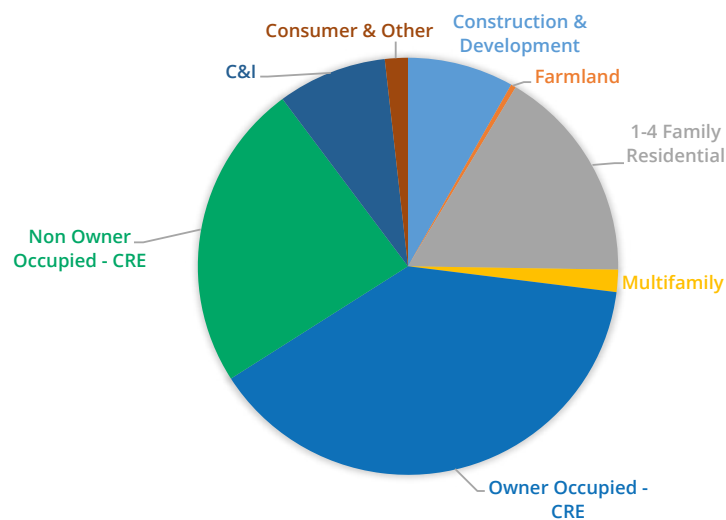


Did you know?

On February 1, 2020, Oconee State Bank celebrated 60 years of service to our community. We're proud of our commitment to providing our customers with world-class banking.

Lending Highlights

As illustrated, the Bank's primary loan segments, as a percentage of the total loan portfolio, are: Owner Occupied Commercial Real Estate at 39%, Non Owner Occupied Commercial Real Estate at 24%, and 1-4 Family Residential at 17%.



Non-Interest Income Highlights

Total Assets Under Management

Oconee State Financial Services	2019	2018
	\$116,051,732	\$90,862,236

Total Loans

Small Business Administration	
	\$16,444,500
	\$6,604,000

Mortgage

\$20,676,062

*Mortgage established
at the end of 2018*

"With loan growth in excess of \$100 million since late 2016, I'm proud of the performance of our lending teams across all markets, and look forward to a year of new opportunities in 2020."

Philip Bernardi

**Executive Vice President,
Chief Lending Officer**

Retail Banking Highlights

OSB launched a new lineup of Commercial Accounts during first quarter. These account offerings add greater value to the customer and allows us to be more competitive in our markets.

We're excited about the various delivery channels we can offer to our commercial clients to assist with their business needs.

Business Services Highlights for 2019:

- \$238,273,347 was processed via ACH Origination, Remote Deposit Capture (RDC), and Mobile Remote Deposit Capture (mRDC), resulting from 8,405 transactions
- \$77,776 in cost savings was created through customer usage of RDC and mRDC (It is less costly to process electronically than through tradition teller line transactions)
- \$17,895 in revenue generated from various business services lines
- \$16,302 generated in service charge income on commercial accounts
- 45% increase in Merchant Services users



It was another great year with OSB Perks, powered by BaZing! With our exciting checking account lineup, we can provide essential benefits that offer savings, value, and convenience. This year, we introduced surcharge free ATM withdrawals to OSB Perks account holders.

Since enhancing our checking products, deposit related non-interest income remains strong and over 40% of new customers continue to choose an OSB Perks account to add value to their relationship!

Customers are sure to find a discount on services at over 50 local merchants and more than 400,000 merchants participating nationwide.

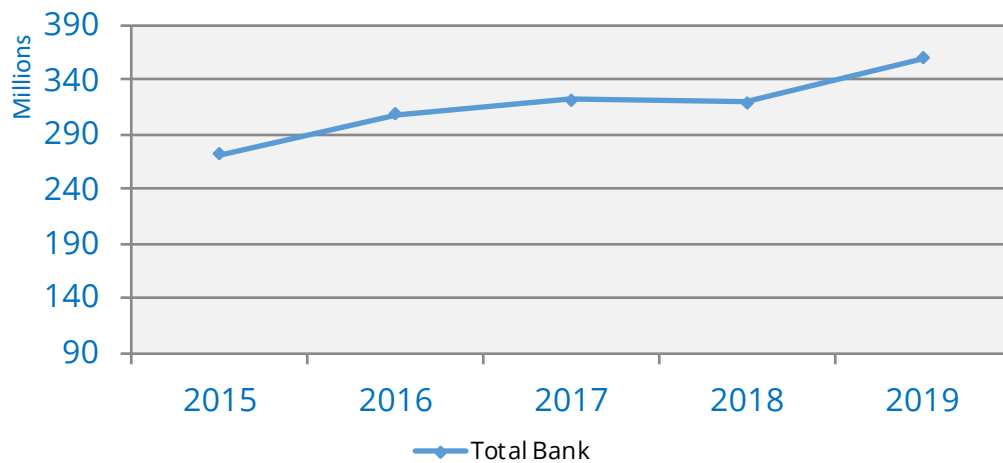
RETAIL *gives*

In our second year of the Retail Gives initiative, we were excited to continue our partnership with Mercy Health Center's Meals for Mercy. Mercy Health Center exists to provide healthcare to our community's underserved through a network of medical and administrative volunteers. We are excited to partner with an organization whose values so closely align with our own and help them accomplish their mission.

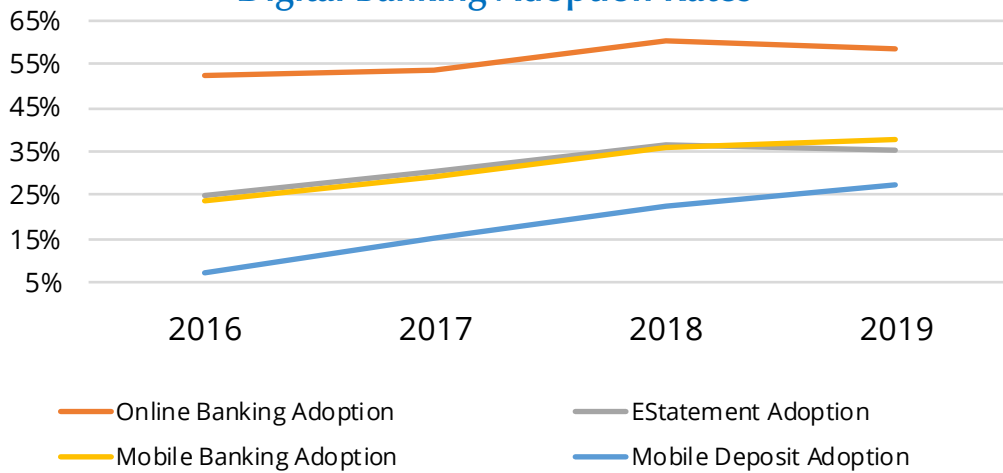
In addition to this partnership, Retail Gives enjoyed volunteering in other events including the Spring EGGtravaganza at the Piedmont Oconee Health Campus and the United Way Day of Caring.



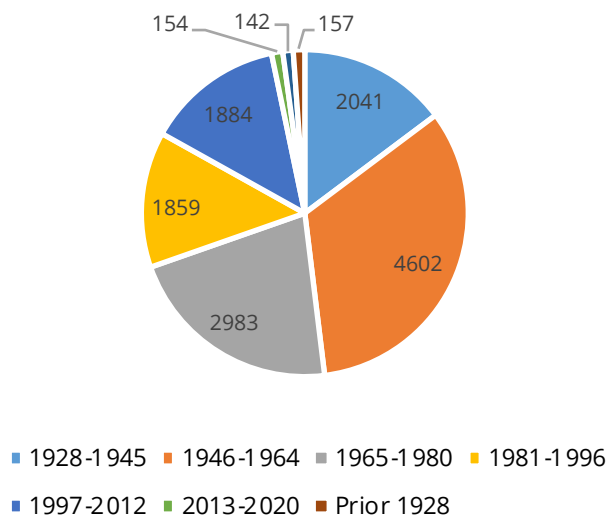
Total Deposits Outstanding



Digital Banking Adoption Rates



Total Consumer Accounts by Birth Year



Board of Directors

Pictured back row (left to right)

G. Robert Bishop

Joined in 1991

Retired, Georgia Department of Natural Resources

Bob has served as a director since 1991. His business experience, together with his historical knowledge of the corporation, makes Bob an integral member of the Board of Directors.

Tony L. Powell

Joined in 2018

President, Powell Home Builders, Inc.

Tony has a degree in Landscape Architecture from the University of Georgia and graduated high school from Oconee County High School. He is President and founder of Powell Home Builders, Inc., a custom home building company.

Brian J. Brodrick

Joined in 2016

Partner & Manager of Athens Office, Jackson Spalding

Brian has more than 25 years of strategic communications experience, the past 22 at Jackson Spalding, Georgia's leading independent marketing communications agency. Brian also serves as a Watkinsville City Council member.

W. Toby Smith, CPA/CVA

Joined in 2017

Director of Financial Reporting & Assurance Services, Trinity Accounting Group, PC

Toby received his Bachelor of Business Administration from the University of Georgia in 1998 and is a member of the Georgia Society of CPA's, the AICPA, and the National Association of Certified Valuation Analysts (NACVA). Toby is an alumnus of L.E.A.D. Athens and is active in the Athens area community. He currently serves on the Board of Directors for Extra Special People and the Athens Pregnancy Center.

Henry C. Maxey

Joined in 1999

President, Maxey Brothers, Inc.

Henry has served on the Board of Directors for 21 years. His business acumen and management skills, together with his extensive knowledge of all things Oconee State Bank, provide valued insight to our team.

Mack H. Guest III

Joined in 2015

President, LAD Truck Lines, Inc.

Mack graduated from UGA in 1980 with a B.S. in Education and has 38 years of experience in the transportation and logistics industry. He is current Chairman of the Georgia Motor Trucking Association and past Chairman of the Georgia Poultry Federation. Outside of work, Mack enjoys time with his family and involvement with numerous civic and charitable organizations.



Jonathan R. Murrow, MD

Joined in 2016

Cardiologist, Piedmont Heart Institute - Athens

Jonathan received his undergraduate degree from Harvard College. He earned his medical degree from Emory University School of Medicine in 2001. He completed his internal medicine residency at Johns Hopkins Hospital in 2004 and cardiovascular fellowship training at Hopkins and Emory.

Pictured front row (left to right)

J. Albert Hale, Sr.

Joined in 2008

Board Vice Chair, Owner, Hale's Dairy

Albert brings a balanced perspective to the Board of Directors. His demonstrated business experience, leadership skills, and management skills make him an excellent addition to our team.

Virginia W. McGeary

Joined in 1990

Board Chair, President & CEO, Wells & Co. Realtors, Inc.

Virginia graduated from UGA's Terry College of Business in 1982 with a degree in Banking and Finance, and she is proud to have been in the real estate business for more than 40 years.

T. Neil Stevens

Joined in 2016

President & Chief Executive Officer, Oconee State Bank

Neil brings more than 30 years of broad based banking experience to the team. Over the years, his main focus has been to lead financial institutions to levels of accelerated performance by placing a high emphasis on building a remarkable culture within the organization.

Laura H. Whitaker (Not Pictured)

Joined in 2020

Executive Director, Extra Special People, Inc.

Laura obtained both her Bachelor's degree in Collaborative Special Education and her Master's degree in Adapted Curriculum Classic Autism at the University of Georgia. She is an alumna of L.E.A.D Athens and Leadership Georgia and has served as a Board Member for United Way, while also serving as a member of North Oconee Rotary, Oconee Civitan, and the Junior League of Athens.



Executive Leadership Team

"We are blessed to have a talented Executive Leadership Team. The collaboration among these team members is an essential part of the success we have experienced."

- T. Neil Stevens



Philip Bernardi

Executive Vice President,
Chief Lending Officer



Cristi Donahue

Executive Vice President,
Chief Retail Officer



Jim McLemore

Executive Vice President,
Chief Financial Officer



T. Neil Stevens

President,
Chief Executive Officer



Tom Wilson

Executive Vice President,
Chief Credit Officer

Community Advisory Committees

Oconee State Bank's Community Advisory Committees serve as ambassadors of Oconee State Bank, our eyes and ears in the communities we serve, to offer valuable feedback to continually enhance our operations. Each committee is comprised of a diverse group of individuals and businesses from the surrounding Oconee, Athens-Clarke, and Gwinnett County communities, who serve as a liaison between the local community and the bank.

Athens/Oconee Community Advisors

Andy Thoms

CEO & Co-Founder
See.Spark.Go

Davis Knox

CEO & Co-Founder
Fire & Flavor

Donald Hansford

Attorney at Law
Donald W. Hansford, PC

Elmer Stancil

Senior Managing Director
Dentons

Robert Griffith

President
Golden Pantry

Lenn Chandler

Retired Vice President
Georgia Power

Dan Elder

President
Oconee Well Drillers

Delena Brockmann

Director
Piedmont Athens - Oconee Campus

Dutch Guest

Vice President
LAD Truck Lines Inc.

Holly Stephenson

Risk and Liability Specialist
Walton County Board of Commissioners

Tiffany Carter

CPA
WAG CPA

Gwinnett Community Advisors

Rob Coatsworth

CEO
CTR Partners Inc.

Matt Hyatt

President & CEO
Rocket IT

Marlon Allen

Partner
RAMP Marketing LLC.

Lee Merritt

Principal
Merritt Properties Inc.

Russell Reece

Atlanta Managing Partner
Hancock Askew & Co.

Junior Board of Directors

Founded in 1984 by H. Mell Wells, Oconee State Bank's Junior Board of Directors is comprised of high school students throughout Oconee County. During their one year term, students are exposed to the many facets of community banking during monthly meetings facilitated by leaders and subject matter experts throughout the Bank. In addition to monthly Board meetings, directors serve alongside Oconee State Bank team members during various community wide events and Bank sponsored events.

Our 2019-2020 Junior Board of Directors kicked off the year with a teambuilding event at Escape the Space, followed by presentations by our Chairman, Virginia W. McGeary, and President and CEO, T. Neil Stevens, during which directors learned of Oconee State Bank's rich history, Vision, Mission, and Values. Beyond banking basics, participants also learned about brand marketing, the importance of creating and fostering a remarkable culture, and toured the Federal Reserve Bank in Atlanta. Sharing in our Mission to create remarkable experiences that mark the lives of others, these young directors especially enjoy serving our community alongside Oconee State Bank team members and participating in various events throughout the year.

Alex Gilmore, Prince Avenue Christian School | Ali Powell, Oconee County High School
Anna Kate Thurmond, Prince Avenue Christian School | Annie Stephenson, North Oconee High School
Ansley Howard, Westminster Christian Academy | Betsy Chambers, Homeschool
Cameron Zengo, North Oconee High School | Camille Stephenson, North Oconee High School
Felicia Pursner, North Oconee High School | Katherine Woody, Athens Academy
Katy Atkins, North Oconee High School | Kyia White, North Oconee High School
Lauren Chapeau, North Oconee High School | Norine Moore, Oconee County High School
Phoebe Brodrick, Oconee County High School | Reena Pidaparti, Oconee County High School
Sarah Marie Goodkin, Oconee County High School | Tanner Bowers, Oconee County High School
Zachary Bolding, Oconee County High School | Sara Dunn, Program Director



Our Team

Since 1960, we are proud to have welcomed talented team members to the Oconee State Bank family. With an unparalleled commitment to personalized service, innovative products and solutions, and a mission to mark the lives of others, we are more than just a locally owned and operated community bank. We are a cornerstone for positive growth and support of local businesses in our community.



100 Team Members

726 Combined Years Spent at OSB

960 Total Volunteer Hours in 2019



Kerrie Bramlett 2019 Volunteer of The Year

"The spirit of giving is in my heart. It brings me joy to take care of others, to help others experience peace, comfort, and happiness. I am blessed with the opportunity to give financially, and contributing my time and talent allows me to see and feel the difference I make in the lives of others, which is so rewarding."



Culture Committees

Our culture committees were created to give our team members further opportunities to share their talents. Team members are able to volunteer for a group based on their interests and passions. The committees look to create new opportunities for our team members focused on their area of interest.

Green Committee

To find strategic opportunities to become better stewards of and leave a positive impact on our environment which will create a brighter tomorrow.

Community Committee

To add value to and enrich the lives of the communities we serve.

Remarkable Experiences Committee

To create remarkable experiences that significantly mark the lives of others.

Leadership Committee

To support team members by cultivating and developing leadership skills and creating ways for team members to enhance their leadership impact.

Wellness Committee

To enrich the lives of Oconee State Bank team members by promoting overall wellness.



Did you know?

Every year Oconee State Bank hosts a Customer Appreciation Day as a way to say thank you to the Bank's loyal customers. What started as a small gathering has grown into a community wide event, complete with food trucks and other treats.





Who We Are

OUR VISION

To be essential to the lives, businesses, and communities we serve.

OUR MISSION

To create remarkable experiences that significantly mark the lives of others.

OUR VALUES

We value S.U.C.C.E.S.S.

Stewardship - The privilege and responsibility of wisely shepherding our resources

Unity - Believing the best in, expecting the best from, seeking the best for, and telling the best about each other

Collaboration - A culture of teamwork

Community - Partnering with our communities through local ownership, involvement, and decision-making

Excellence - Exceptional performance with a long-term perspective

Service - Consistently creating remarkable service experiences for our customers

Solutions - Empowering our team members to deliver solutions

60
**Years of
Remarkable**

Here today, here tomorrow.

Since we opened our doors in 1960, we have proudly served our customers and community with friendly service and innovative banking solutions. As we celebrate our diamond anniversary in 2020, we are excited to look ahead to the future, while preserving our rich history and heritage. We invite you to join us this year as we find ways to commemorate, give back, and serve with even greater passion.



OCONEE
STATE BANK



Oconee Financial Corporation

We're proud that Oconee State Bank, and the cupola that represents our brand, has become a landmark of service in Oconee County. It's a distinction earned day by day - for more than 60 years. Earned through careful stewardship of the resources entrusted to us. Earned through smart solutions that put more in reach. Earned through unity and collaboration across a shared culture of excellence. Earned through expanding into new communities to invest in community here at home. Beyond the cupola, you'll find us continuing to earn our place in Oconee, Athens, and Gwinnett by marking the lives of others with remarkable experiences and personalized, localized, extraordinary service.

Oconee Financial Corporation ("Oconee"), a registered bank holding company, was incorporated under the laws of Georgia in 1998 and commenced operations by acquiring 100% of the outstanding shares of Oconee State Bank (the "Bank") effective January 1, 1999. Oconee is the Bank's successor issuer after the aforementioned acquisition. All of Oconee's activities are currently conducted by the Bank, its wholly owned subsidiary, which was incorporated under the laws of Georgia in 1959 and opened its doors for business in Watkinsville, Georgia on February 1, 1960. The Bank's executive offices are located at 35 North Main Street, Watkinsville, Georgia 30677.

The Bank is a community oriented full-service commercial bank, headquartered in Oconee County, Georgia, with three full-service financial centers in Oconee County, one full-service financial center in Gwinnett County, and a limited service loan production office in Athens/Clarke County. In addition to the Main Office in Watkinsville, the Bank has a financial center in Bogart, located on U.S. Highway 78 at Mars Hill Road; a financial center located on Experiment Station Road, which serves the Butler's Crossing community; a financial center located on North Brown Road in Lawrenceville; and a loan production office located in One Press Place in downtown Athens. In addition to these locations, the Bank also has three automated teller machines (ATMs) located at each of our Oconee Financial Centers. The Bank is committed to providing a full range of financial products and services for consumers and businesses in Oconee and surrounding counties, and to creating value for our shareholders, customers, team members, and community.

Shareholder Information

Annual Meeting

Monday, June 1, 2020

Registration & Refreshments - 4:30 PM
Business Session - 5:00 PM

Oconee State Bank
H. Mell Wells Operations Center
7920 Macon Highway
Watkinsville, Georgia 30677

Investor Relations

Jim McLemore

Executive Vice President & Chief
Financial Officer

Oconee Financial Corporation
Post Office Box 205
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Telephone: (706) 769-6611
Facsimile: (706) 583-3878
www.oconeestatebank.com

Independent Registered Public Accounting Firm

Mauldin & Jenkins, LLC

Certified Public Accountants
200 Galleria Parkway, S.E.
Suite 1700
Atlanta, Georgia 30339-5946

Transfer Agent

**Broadridge Financial
Solutions, Inc.**

2 Gateway Center, 283-299 Market
Street, 15th Floor
Newark, New Jersey 07102
Phone: +1 (201) 714-3996



OONEE
STATE BANK

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