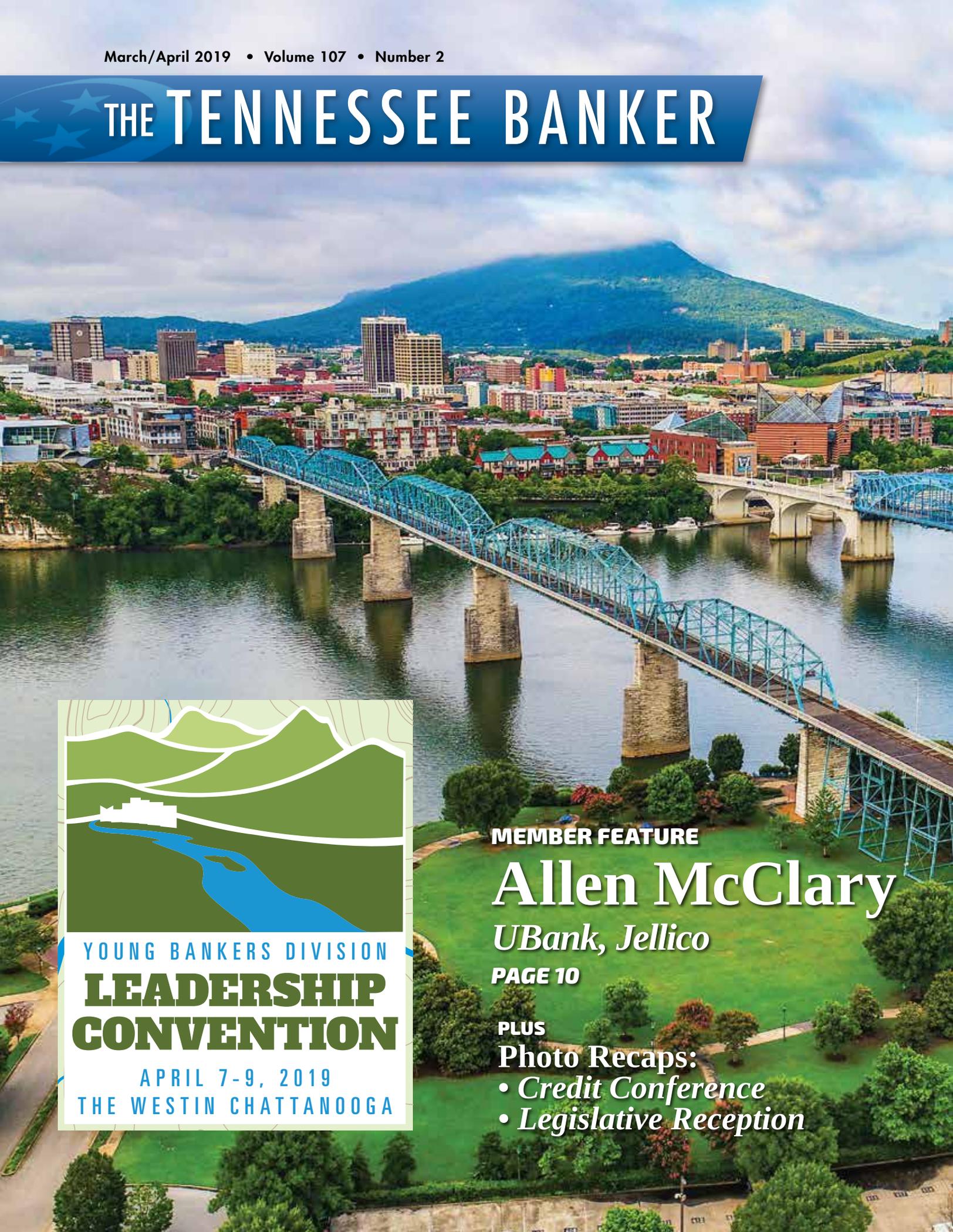


THE TENNESSEE BANKER



YOUNG BANKERS DIVISION
**LEADERSHIP
CONVENTION**
APRIL 7-9, 2019
THE WESTIN CHATTANOOGA

MEMBER FEATURE

Allen McClary

UBank, Jellico

PAGE 10

PLUS

Photo Recaps:

- *Credit Conference*
- *Legislative Reception*



Small Town Small Bank Big Ideas

UBank and President/CEO Allen McClary helping meet needs big and small

STORY BY ROGER SHIRLEY

PHOTOS BY KEITH MILES AND COURTESY OF ALLEN McCLARY

UBank's Allen McClary plays a prominent role in the economic and civic life of Jellico, a small town north of Knoxville that borders the Kentucky state line.

He knows the names of all of his employees, their spouses and children, the bank's shareholders, and most all of his customers—one of whom comes in every morning as soon as the bank opens just to get a cup of coffee and a bottle of water. He often gets involved in transactions and answers customer or employee questions that never reach most CEO's desks.

He's as likely to lend someone \$10 out of his pocket as he is to make a \$50,000 loan.

And he wouldn't have it any other way.

Continued on next page



As a third-generation banker in the small town of Jellico—population 2,500—Allen McClary enjoys the challenges and successes UBank provides.

With \$66 million in assets and 17 employees, UBank is one of the smallest banks in Tennessee. (In fact, it is the second smallest, just ahead of Citizens Bank & Trust in Atwood.) The bank, named Union Bank for most of its 100-year history, has been part of the community's lifeblood for all the decades, through thick and thin.

"The name UBank was first used in an advertising campaign about five years before we changed the name," McClary said. "We called it U Banking and the slogan was 'Everything we do begins with U.' We decided that kind of worked, so we changed our sign out front and said, 'OK, let's make it official,' and we did."

Proving a point

McClary is a third-generation banker who was determined not to be one.

His grandfather, Jake McClary, came to work at the Union Bank in 1934 after the Etowah, Tenn., bank he'd worked for closed during the Depression. He became president in 1952, and continued working until he was 88, the last 10 years as a teller. His father, Pat A. McClary, who still serves as UBank's chairman of the board, went to work for Hamilton National Bank in Chattanooga when he got out of the armed services in 1954 and later joined the elder McClary at Union Bank with a plan for him to assume leadership. McClary's mother also went to work at the bank in human resources and management.

When his parents moved from Chattanooga to Jellico, Allen McClary, then 15, remained behind to finish high school

at The McCallie School, living with his grandmother and making the drive to Jellico on weekends.

McClary went to the University of Tennessee, working at Union Bank in the summers, and he received his degree in civil engineering in 1982. After graduating, he landed a job at an engineering firm in Williamsburg, Ky., just north of Jellico. His wife, Diane, is a Jellico native, and they bought a house there and started a family.

Still, Pat McClary persisted in guiding his son to a destiny of joining the family tradition.

"Even when I was in college, my dad would say, 'You know you only need to finish college, and then just come back to the bank,'" McClary said. "Dad was always encouraging me to come to the bank, so I decided if I'm going to be in Jellico, that's probably where I need to be. I did everything I could to prove that I could be something besides a banker. And I proved that."

McClary was familiar with the bank from his work there as a student. He knew everybody and knew what was going on behind the scenes; but he still had a learning curve to go through.

"For the first five years, I learned to do everything, which almost hinders me to this day because I still know a little bit of everything, and people still come to me with their minor problems; but I let them. As I tell my staff, I'm not going to ask them to do anything I have not done or not willing to do myself."

Continued on next page

A Video Star Is Born



As UBank's 98th anniversary approached in late 2016, Allen McClary and his team decided to make a video to mark the occasion and share it on the bank's Facebook page. It was then that McClary became a video star of sorts in the small town of Jellico, using a self-deprecating sense of humor that plays well on social media.

"Here at the U, we are proud to announce we are celebrating Annie Versary's 98th birthday," McClary deadpans. "Cut," the director says off-screen. "We're not celebrating Annie Versary's birthday," he bellows. "Well, whose birthday is it?" McClary asks. "It's UBank's 98th an-ni-versary," says the director. And so on.

Then there's the one about celebrating Community Banking Month, which McClary garbles as community "baking" month as he stands wearing an apron and holding a mixing bowl and an egg beater.

Some feature customers, such as the couple George and Ethel, in which he assures her he can pay the bills through online banking even though she has no envelopes or stamps. Others are more serious in tone, such as his interview with one of the founders of the Jellico Rescue Squad in the 1950s. All of them have proven to be highly popular,



Allen and his wife, Diane

with hundreds of likes; a few of them had 4,000 views—an impressive amount for such a small town.

“I got the idea, I believe at an ICBA convention, during a panel on marketing,” McClary said. One banker showed some Facebook videos his bank had done that mixed comedy with messaging. That gave me the idea.”

UBank has posted about 25 videos in the past two years. “We haven’t been as active lately, but we’re going to kick it back up,” he said. “We’re also going to add Instagram and Twitter, because that’s where the young people are.”

For McClary, it’s a great way to reach people in a town that doesn’t have its own local newspaper or TV station. Instead it has just one radio station and one billboard.

“UBank is a great example for other banks to follow of how you can serve a small area but have a big reach using social media,” said Stacey Langford, TBA executive vice president and chief operations officer. “They are showing you don’t have to have a huge budget or an in-house marketing team to be effective and fun in engaging your community through social media.” 📺



With \$66 million in assets and 17 employees, UBank is the second smallest bank in the state. Here, McClary, his wife and the UBank staff, support Women's Heart Health Go Red Day.



Renewed optimism

In the 1950s and into the '60s, Jellico benefited from the once-booming coal industry that dominated the region, on both sides of the state line in Kentucky and Tennessee. The local economy was humming and jobs were relatively plentiful. At that time, Jellico had about 10,000 residents.

Today, the town has only about 2,500 residents, light manufacturing jobs in the area are sparse, and there's little residential construction. "Jellico has had its share of hard knocks," McClary said.

For McClary, part of the mission of the bank is to help spark the local economy, and he has been active in the business and civic fabric of the town. About two years ago, he helped organize a local group called Gem City Proud—"they used to call the local coal The Gem"—which came together to discuss ways to improve the community.

"We meet once a month at the bank to keep the conversation going as to things we all can do not only to promote our town, but to put our ideas and words into action," he said, "We figured out if you don't plan for something, it definitely won't get done. So we've done that and have some things rolling to spur things on."

An example is the announcement last year by a heavy-duty trailer manufacturing operation that it will open a new facility and create 100 new jobs after receiving a state grant to renovate an existing industrial building—a move that McClary says is a "huge deal" for Jellico.

"There really is a new optimism renewed sense of growth and spirit here in Jellico," he said.

There are other community needs that McClary and UBank have helped meet, which he finds particularly satisfying. "A fellow came to me for help to get a food pantry started, and he's been doing it now for about six years," he said. "We have a drug addiction facility here that's been open about four years. The bank was involved in helping them get started."

And then there are projects like Jellico's 23 new self-watering planters. The Gem City Proud group raised \$7,000 to buy the planters and brighten up the downtown atmosphere. McClary used UBank's locally popular Facebook page to help lead an "adoption" campaign to get them filled. "Our message was, we don't have any dirt, we don't have any flowers, so adopt a pot," he said with a smile. "And that's what we did."

McClary is also proud of the bank's college scholarship program for Jellico High School graduates, which has handed out 33 \$8,000 scholarships over the past 17 years.

"We did a count the other day, and roughly half of those recipients are still in Jellico," he said. "That was surprising to me in a good way. It's important for a town our size for good, well-educated young people to want to remain here."

'Always thinking'

One reason that's important, as McClary points out, is that almost all of his staff are from Jellico: Something that's virtually required for a small-town bank where customers expect to not only know their bankers' names, but to know them as people.

Another reason is that it is a part of the broader effort to reverse the town's economic fortunes—for the overall good of the community and for the future of the bank. Although UBank enjoys an 83 percent deposit market share, Jellico's negative growth over past few decades means commercial lending opportunities are virtually nonexistent.

While some banks are setting asset targets for cost efficiency in areas such as cybersecurity, IT, and compliance, he said, "we're so small we're not even in that position."

How to preserve the future of the bank, however, is something McClary thinks about "every day when I wake up."

"So we are always thinking. Do we need to branch? Do we need to look for a partner? We are always looking for the answer to the question, 'How long can you ride this?' You have to have growth to keep up with inflation, and in a small community, that becomes harder."

For Allen McClary, sustaining the future of the bank is important well beyond financial implications. It's important for his employees—most of whom are long-timers. It's important for his family—his wife, Diane, is a senior vice president and his son, Jake, is a lender, and his other son, Matt, is a successful local businessman.

Perhaps more than anything, it is important for the community.

"We make a lot of small loans that we make nothing off of, probably lose some money. We are literally open to any request of anyone who walks in the door. But in our community, that's the need, and that's what we have done all these years." 