



# Pioneer Bank

## Mapleton, MN

- 9 locations in south-central Minnesota
  - A “conglomerate” of community banks
- 130 employees
- \$730 million in assets
- Loans/Deposits 73%
- Highest industry concentration – agriculture production & farmland





# David P. Krause

## CEO

- 35 years at Pioneer Bank, CEO since 2000
- Background in residential mortgage, ag and business banking
- Farm boy from southwest Minnesota
- Five mergers and one de novo branch during career
- Passionate about community development





# Liquidity

- Prior to the May 2019 acquisition of Nicollet County Bank (50% Loans/Deposits), our Loans/Deposits average around 95%
- FHLB Des Moines borrowing capacity
- Established a line at the Fed Discount Window after the 2009 recession
- Reciprocal deposits through IntraFi Network





# Liquidity during PPP funding

- Loans/Deposits 71.64% on 3/31/2020, 74.12% on 4/30/2021
- Loans \$401.8 million on 3/31/2020 grew to \$483.9 million on 4/30/2021
  - Non-PPP loans dropped over \$30 million during the first 12 months of the pandemic
- Deposits \$560.8 million on 3/31/2020 grew to \$652.8 million on 4/30/2021





# PPP activity

- 2020
  - 749 loans (540 to existing customers, 209 to new relationships)
  - \$67.9 million (\$37.8 million to existing, \$30.1 million to new)
  - 6,885 jobs impacted
  - \$2.3 million of fees to the bank
- 2021
  - 965 loans (780 to existing, 185 to new)
  - \$40.6 million (\$35.8 million to existing, \$4.8 million)
  - 4,271 jobs impacted
  - \$3 million of fees to the bank





# PPP activity

- Our market
  - We have branches in three counties – Blue Earth, Nicollet, Watonwan
  - We did more PPP loans in each county than any other bank
  - Blue Earth County has two “big banks” - US Bank and Wells Fargo
    - US Bank was 4<sup>th</sup> in that county
    - Wells Fargo was not in the top 20





# Other programs

- Stimulus payments
- EIDL
- SBA guaranteed loan benefits
  - \$2.8 million in loan payments made by SBA
  - 90 customers
  - 48 industries
  - \$30,859 average benefit







# Reflections

- Outside liquidity sources weren't needed because of increased deposits
- 23% of our PPP loans (32% of loan proceeds) were made to customers of other banks, many of them big banks
- We acted quickly at the beginning of the program
  - We were an experienced SBA lender
  - We were drawn to the program because of what it could do for vulnerable businesses
  - We quickly realized how profitable this could be and devoted even more resources to the program
- Instrumental in receiving Outstanding CRA rating this spring







# Summary

- The PPP provided important liquidity and eased anxiety during the pandemic
- The PPPLF availability provided reassurance that bank liquidity could be devoted to the PPP
- Bank deposits grew because of the PPP and other government stimulus programs, enabling banks like ours to make substantial use of the program without using the PPPLF
- Revenue generated by the PPP for banks (fees and interest income) was essential during a time of significant loan activity contraction

