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 4th 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
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.