

ON THE FARM

SPRING 2021



Prairie State Bank & Trust



Welcome to the Spring-2021 edition of our newsletter! This past year has most certainly been a challenge for all of us but we've turned the page and are glad to be back with a renewed commitment and fresher format. We hope you enjoy the new look and find it informative. *Mike Battfeld, Western Region President*

Paycheck Protection Program

Travel. Communication. Conducting business. Family gatherings. So much has changed, including the very way we talk and our commonly used vocabulary. A year ago COVID, pandemic, contact tracing, CARES Act and a host of now commonly used and understood words were just not said or heard. Among those is the acronym PPP, short for Paycheck Protection Program. This past year those three letters have come to dominate the language of so many of us in the financial sector and beyond. Since its roll out nearly a year ago, PPP has become perhaps the most significant component among all the economic stimulus measures enacted by congress. Let's look at some national statistics on the program:

	PPP Life to date	2021
Number of loans originated	9,140,946	3,997,635
Total dollars	\$745.8 billion	\$223.6 billion
Average loan size	\$81,591	\$55,926
Participating lenders	5,479	5,222

It is interesting to note that the average loan size decreased by more than \$25,000 with the advent of PPP Round two earlier this year. One can assume that this is reflective of program guideline changes designed to bring more small borrowers into eligibility and increase available loan amounts.

So just what has Prairie State Bank & Trust been able to accomplish with respect to PPP? Again, here are some statistics:

Number of loans originated	782
Total dollars	\$41 million
Average loan size	\$52,515
Number of loans forgiven through 3/31/21	421
Total dollars forgiven	\$22 million

It is worth noting that 100% of PPP loans are funded by our depositor's money until such time as the SBA forgives the debt. Maintaining this kind of liquidity, one that allows us to extend over \$40 million in new loans in less than a year, is something with which we are very proud. Further, we take great satisfaction in having been able to assist our customers and guide them through the PPP process. A huge part of the credit on this goes to Chief Lending Officer, Sam Leak for his diligence in interpreting the sometimes cloudy guidance on the program, and to Jon Valuck and Stephen Coyle for their countless hours in managing the SBA program portal.

The PPP application deadline was recently extend to May 31, 2021, so if you haven't already, there's still time to sign up. Note as well that even if you have already received a PPP loan, you may be eligible for a second draw under the program. Contact your lender to learn more.

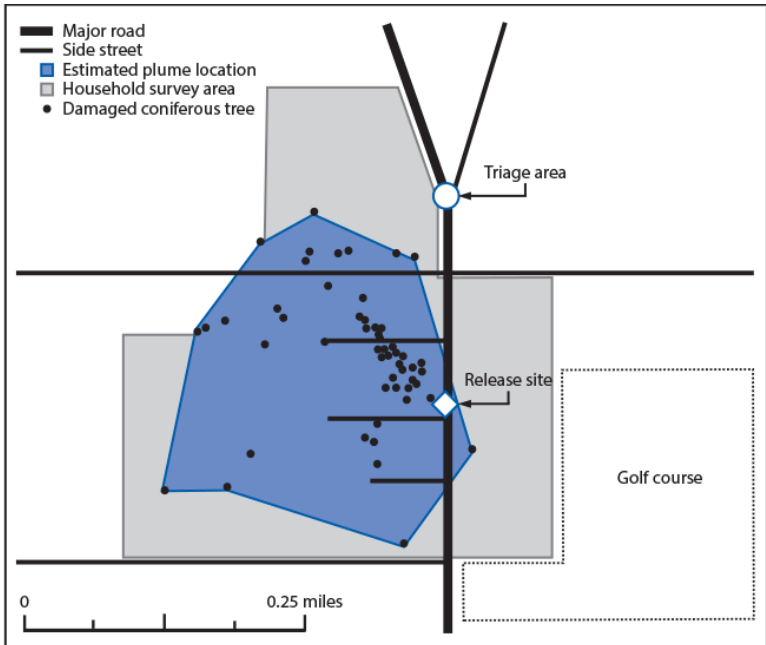
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Anhydrous Ammonia Merits Diligence

Though many of you are likely finished with your ammonia applications for 2021, emphasizing the need for caution in handling and applying NH3 never really goes out of style.

Beach Park is a village of roughly 13,000 located in Lake County in northern Illinois. Early on the morning of April 25, 2019 an otherwise routine ammonia application went wrong. Very wrong. An individual with what is reported to be significant experience in handling ammonia had finished one field and pulled onto the roadway to travel less than a mile to next field. Transfer hoses from the nurse tanks to the tool bar were left connected and liquid valves remained open. During the short trip a hose coupler came loose, resulting in a significant ammonia release. The operator was able to escape but unfortunately without his phone to notify 911. Passing motorists drove into the ammonia cloud and were immediately overcome. Citizens called 911 indicating smoke from a car fire and consequently first responders arriving on the scene lacked necessary equipment and were overcome as well. In all, 400 emergency personnel responded and 80 people were taken to hospitals with some being placed on ventilators and in critical condition. Reports indicate that, fortunately, there were no fatalities.

Though it appears that no criminal charges have been lodged pursuant to the accident, a host of other cases have been filed by individuals impacted.

We're all guilty of it. We get comfortable. We think that sort of thing happens to other people. In reality though, there is a significant danger anytime anhydrous ammonia is in play and thus caution and diligence are critical.

Lender Focus - Matthew Dill, Southern market

Our spring 2021

Lender Focus features Matthew Dill, a rising star in our Southern Market. Based in our Virden Office, Matthew stands ready to meet not only your lending needs but crop insurance as well!



Matthew joined the Prairie State Bank & Trust team in November 2020 following a 10 year tour of duty in the crop insurance arena as a mapper, adjuster and compliance specialist. His farming background goes still further. A graduate of Waverly High School and ISU with an agribusiness degree, Matthew's classroom knowledge is complimented well by his real world experience. Matthew points out that he takes pride in his family's ownership of the same farm for four generations.

Matthew and his wife Becca reside in Chatham presently, along with soon to be 2 year old son Parker.

Matthew enjoys fishing, golfing, volunteering at the Sangamon County Fair (that'll be here before you know it!) and spending time with his family.

If you're in the Virden area and need something stop by and see Matthew or give him a call at 217-953-6109.





PROJECTED CASH FLOW: An Educated and Necessary Guess

With any lending institution there is a certain amount of financial information gathering and “number crunching” that goes on with every loan relationship. Various financial measures enter into the lending decision, determining the interest rate and arriving at a loan structure that is prudent for both lender and borrower.

So why the emphasis on projections? While a solid financial statement and net worth is very important and is an indicator of how well an operation has performed over time, those numbers are what is seen while looking in the rear view mirror. Performance going forward is perhaps even more important not only for preserving that established financial position but servicing debt payments as well. Operations with thin or even negative projected cash flow coverage typically will struggle meeting obligations and are more susceptible to annual operating shortfalls, erosion of capital and ultimately declining operator equity.

Cash flow projections, like many of the decisions an operator makes, are filled to the brim with educated guesses. Hybrid selection, fertility plans, commodity marketing and a plethora of other matters critical to success are not sure bets. These choices, like a cash flow, are based on the best available information at the time. By relying on accurate and reasonable projections for

crop input costs, commodity values and yields and historical tax return data, the projected cash flow can be built to provide you and your lender the best indicator of how next year looks for your operation. You and your lender can evaluate this information and discuss what financial strategies put you in the best position to not only preserve your financial statement but improve it. Another important feature in the models we use is the ability to “shock” the cash flow for yield or price drops, showing you any combination of adverse changes and the effects that they would have on your operation.

Think of your cash flow projection as a tool, not just a necessary part of getting a loan. Your Prairie State Bank & Trust lender is a great resource to help you through a financial or operational decision and once a cash flow is built it is exceptionally easy to change pieces of it to analyze the effects of that decision.





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AMERICAN PRAIRIE INSURANCE SOLUTIONS

American Prairie Insurance Solutions, located in central Illinois, offers a wide array of crop insurance products. With more than 15 years of experience, we'll help find the products to protect your crop. No two farms are the same. Contact one of our agents below to discuss the policies for your specific needs.

Rob Ames, Charleston/Mattoon 217-246-6398
Matthew Dill, Virden 217-993-6276
Matt Ehlers, Kansas 217-979-9210
Andrew Lauritson, Bloomington 309-445-6343
Justin Lyon, Decatur 217-619-7353
Kyle Pflum, Mt Zion 217-864-4904
Rob Shaffer, El Paso 309-716-4713
Sara Ervin, Charleston/Mattoon 217-512-2349

