

## **A Brighter Banking Experience Since 1920:**

This is a very proud year for us as we celebrate 100 years in business! Over that time we have experienced many economic changes, added and acquired banks, changed our name a few times, and have grown to nearly 100 employees. Even with the abundance of change, our focus has been to serve Eastern South Dakota, and we look forward to continuing that tradition for the next 100 years. Enjoy this special edition of our quarterly newsletter which will feature Reliabank's story in *SDBanker Magazine*, events we have planned for the year, and loyal employees that have been with us for 20+ years.

## **Feature in SDBanker Magazine**

***Article written and pictures by Alisa Bousa, editor with SDBanker Magazine which is a publication of the South Dakota Bankers Association. This appeared in their December 2019 issue.***

David W. Johnson was attending graduate school in 1975 when his father, Walter, announced during the Fourth of July that he was going to sell the family bank in Estelline. David, who wasn't planning to work in banking, decided to give the family business one last shot and returned to Estelline to join Farmers State Bank as its executive vice president. But a short eight months later, David, who was only 23 at the time, found himself in charge of the bank when his father passed away suddenly at the age of 68.

Today, what started as Farmers State Bank in Estelline is now Reliabank, an innovative and expanding bank with nine locations in eight communities along the I-29 corridor. David continues to lead the bank as CEO and chairman, with his wife, Jan, and their sons, Reid and Ethan, playing active roles in the direction of the bank.

### ***Bank History***

Reliabank dates back to 1920, when Fred Beskow chartered The Farmers National Bank of South Shore with \$25,000 in capital in the northeastern corner of the state. He moved the bank, with assets of \$69,281, to Strandburg in 1925 and then to Estelline in 1928. The bank became state chartered in 1946 and changed its name to Farmers State Bank in Estelline.

David's father, Walter K. Johnson, began working at the bank in 1944 and was the managing officer. Shortly thereafter, Walter contracted with Beskow to buy the bank after Beskow's death. It took more than 20 years to complete the transaction as Beskow lived to be 90. Walter became the bank's owner in 1968 and the first generation in what would become a family banking business.

David, and his four older siblings, grew up working in the bank in Estelline. They started as janitors cleaning out the bank's ashtrays, dusting, cleaning and waxing the floors and as vacation tellers in the summers. "I was always tall, so one time when I was 16 and there were no tellers on vacation, my dad went to the loan case and pulled out four past-due loans and said, 'Here, why don't you go out and see these people,'" Johnson recalled. "So, I went out and called on these people and said I would like to see a little action on this, and within about a week, three of the four were current."

David studied economics at Augustana College in Sioux Falls and continued to graduate school at the University of Wisconsin-Milwaukee part time as he worked as an insurance adjuster. David had no intention of returning to Estelline to work at the family bank. "I was hoping to find some kind of job in academia or with some government agency doing economic research or teaching," David said.

When Walter announced his plan to sell the bank, David decided to interrupt his graduate school studies and return to the bank as its executive vice president. "Before I even got back home, my dad had already started his life-long dream of branching to Watertown," David said. "He had made some calls to people and had me fill out the applications to branch into Watertown." They had already bought property in Watertown across from the post office when Walter passed away. Because of a large estate tax, the Johnson family decided to sell the Watertown property and withdrew the applications.

### ***Leading the Family Bank***

In addition to David being only 23 when he took over management of the bank in 1976, that year also brought a drought, followed by a year of no income for farmers. "There was a time when I thought this isn't much fun, and I think I should find some other line of work," David recalled. "I really have to credit the staff that we had. We had six people who had worked at the bank for a long time who really wanted me to succeed."

In addition to leading the bank, David also became the bank's insurance agent, HR and marketing person. He worked for his family, who owned the bank, for 12 years. For 10 of those years, David said Howard Peters, a seasoned banker from Alpena who also served on Farmers State Bank's board, was his mentor.

In 1988, David and his sister, Cyndi, bought out the other family members. David then bought out his sister in 2000. The bank began expanding in 1992 when it purchased Hamlin County Bank of Hayti and Hazel.

"We had a strategic plan in 1996 and became concerned about the demographics of our customer base, so we thought we have got to get in a younger market," David explained. "So we looked north and we looked south, and we thought Watertown was more attractive."

David contacted Hugh Bartels, a former banker and deputy director of the South Dakota Division of Banking, to help the bank expand to Watertown. The bank established a de novo bank in Watertown in 1997, with a second branch in Watertown in 2002. In 1999, the bank changed its name to Reliabank Dakota to appeal to a wider variety of customers. In 2007, the bank established a de novo branch in Hartford. Reliabank then acquired branches in Humboldt and Tea from Farmers State Bank of Marion in 2010. In 2015, Reliabank opened a mortgage office in Sioux Falls on West 57th St., followed by its first full-service bank in Sioux Falls on Sept. 12, 2018, at 608 W. 86th St.

Today, David said his main duties at Reliabank are recruitment, staff development and strategic planning. The bank employs around 95 people, and David is proud of the way staff continues to handle change. "I am a sports junkie, and I always envisioned myself as the general manager that puts the best team out on the field," David said. "I really think that has sped up decision making and has made decision makers out of branch managers. I have been very fortunate to put together a team that performs very well."

When offering financial products, David said a balance is needed among what is good for the customer, the bank and the employee. "We have incentive compensation laced throughout our bank," he said. "So we have got loan officers, insurance agents, wealth management people going out and asking for the business because it is good for them, it is good for the bank and it is a good product for the customer."

### ***A Family Approach***

David and his wife, Jan, have been married for 40 years. Jan, who is originally from Bruce, taught high school English in Estelline and Watertown for 32 years and recently retired from teaching beginning and advanced composition for 12 years at Mount Marty College's Watertown campus. "Ever since we have been married, I have been an advisor to Dave," Jan said. "With my English background, I have touched publications and documents at the bank for 40 years. I am the proof reader and often the editor."

Jan has served on Reliabank's Board of Directors since 1991 and currently chairs the audit committee and supervises the compliance and audit functions of the bank. She is also involved in the bank's high-level strategic planning, oversees the bank's scholarship program, assists with bank events, and wrote and will be updating a book about the bank's history.

"People have the perception that banking is just numbers, but the truth is that banking is really a lot of words," Jan said. "It is policies, it is strategic planning, it is marketing and culture building-it is all of those things. My skill set has worked really well for the bank. Many banks probably hire people who are good with numbers and forget how important words are to the success of an organization."

David and Jan have two sons, Reid and Ethan, who both work for Reliabank in the Sioux Falls office. Like their father, Reid and Ethan started working at the bank as summer tellers while they were in high school but didn't plan to have careers in banking. They both attended the University of Sioux Falls and participated in track.

Reid majored in business and media studies with plans to work for a marketing company in a larger city. After starting his own family, he decided to stay in Sioux Falls and work at the Tea branch in 2011. Reid first worked with the bank's traditional advertising—TV, radio, billboard and print. His role as marketing director has now expanded to digital advertising and helping keep on top of technology. Reid also oversees many of the bank's community events. Reid and his fiancée, Jessi Haugen, together have six children. "It has been pretty neat to see this thing grow from when I was a kid," Reid said. "I grew up in the bank and hung out there. To see the number of locations that we have and how we have expanded to almost \$500 million in assets."

Ethan worked at Reliabank's Tea branch performing credit reviews during the summers while he was in college. He double majored in business administration and sports management. "I didn't know what I wanted to do when I was in college," Ethan said. "When I was a kid, I wanted to be an architect and then I wanted to be a geologist." After graduating from college, Ethan went to work for a competing bank. He returned to Reliabank in 2016, working in the bank's mortgage department in Sioux Falls. After six months in the mortgage department, Ethan started working in lending. He is currently a business banker and securities manager and enjoys the financial side of the bank and managing the bond portfolio. "We don't currently have a CFO role," Ethan said. "That is what I would someday like to do." Ethan owns a four-year-old golden retriever named Bella, and his dream is to create a dog park behind the Sioux Falls bank.

All four family members are active in their communities. David serves on Mount Marty College's Board of Trustees and has been involved with Rotary, where he would someday like to serve as a district governor. David plays guitar and sings with 2nd Opinion, a rock-and-roll band which plays eight to 12 gigs a year, mainly at charitable banquets for organizations like Make-a-Wish, Lifescape, Beacon Center (a women's shelter in Watertown) and Family Visitation Center. He also sings in his church choir and has a hobby of singing the National Anthem for sporting events, including at a Minnesota Twins game this past summer.

Jan currently serves on the Friends of South Dakota Public Broadcasting Board, just completed a term with the South Dakota Hall of Fame and volunteers with tending two community gardens.

Reid serves on Volunteers of America, Dakotas Board, and Ethan serves on the St. Francis House Board in Sioux Falls.

## ***Innovative Banking***

Reliabank prides itself on being small enough to offer personalized service but large enough to offer the latest in technology. Customers can take Reliabank's services with them wherever they go, Reid said. "We have staff that really try to stay up on technology and bring things to the table and then decide whether we should do them or not," Reid said. "We recently rolled out a product where you can open up a checking account online 100% from start to finish and you don't have to go into the bank. You can take a picture of your valid photo I.D., answer a few questions and it doesn't take very long."

Innovation was also key in the design of Reliabank's newest location strategically built in a growing area of Sioux Falls. David refers to himself as an "old buildings guy" and rehabs houses and apartment buildings in Watertown and Estelline.

The main Watertown bank was constructed with timber-framed beams to look like an old Norwegian barn. David at first envisioned a similar look in Sioux Falls, but Reid and Ethan wanted a non-traditional bank design that embraced technology and the future. "We have gotten a lot of compliments on our Sioux Falls bank's look and how it is different from most banks," Jan said.

David has brought his passion for art into the interior design of all of Reliabank's locations. While he has never studied art, David's appreciation of all kinds of art has led him to support art projects in South Dakota and collect various works from all over the world.

His collection started while he was in college and studying economics in Germany and England. In the mid '90s, David taught American banking methods to bankers who were emerging from the fall of the Soviet Union in Uzbekistan and Turkmenistan. "The way we approach art is if we like it, especially if it is someone local, we see if we can find a spot because we like to showcase local talent," said Jan.

## ***The Next 100 Years***

This fall, Reliabank promoted two of its senior vice presidents to lead the bank as it closes in on its 100th anniversary. Joshua A. Hogue was named president of the bank, and Jeremy W. Keizer was named Sioux Falls market president.

Hogue, who lives in Watertown, joined the bank in January 2012 after seven years with First Fidelity Bank of Platte. Hogue has a bachelor's degree from Dakota State University and a master's in banking and financial services from Northern State University. He also completed the Graduate School of Banking in Wisconsin.

Keizer joined Reliabank in January 2010. He holds a bachelor of business economics from South Dakota State University and also completed the Graduate School of Banking in Wisconsin.

With a younger generation in place to lead the bank, Jan said she sees a lot of enthusiasm and talent. "It is exciting thinking about growing the bank with Josh and Jeremy," Ethan added. "It is fun to think about what can we do now."

The bank will celebrate its 100th anniversary on Sept. 1, 2020. The bank has built a special float featuring the bank's centennial logo that they will use at events throughout the next year. Jan said the bank is planning fun events to highlight its communities and honor where the bank was founded. David hinted at some centennial surprises throughout the year. The bank also plans to plant at least 100 trees in the communities it serves. City park managers will be able to apply for Reliabank centennial trees to be planted in their communities.

"One of the things that we do that I think is kind of unique for a bank is that we market with food," David said. "About 10 years ago, I bought a gas grill thinking that our people will get tired of cleaning it after about three or four years. Well, just the opposite happened. Now we have two gas grills, and we do community picnics, teacher in-services and grilling at high school sporting events. And we are going to be doing more of that during the centennial."

"The bank has a really good reputation in the communities where we are, and that is a testament to how this organization is run and the people inside these walls and how they conduct business," said Reid.

# **2020 Tentative Events & Promotions**

- January 14 - \$5,000 Half-court Shot - Hamlin Basketball Game**
- January 30 - \$5,000 Half-court Shot - Sioux Falls Christian Basketball Game**
- February 1 - \$5,000 Half-court Shot - Augustana Basketball Game**
- February 11 - \$5,000 Half-court Shot - Tea Area Basketball Game**
- February 14 - \$5,000 Half-court Shot - Watertown Basketball Game**
- February 21 - \$5,000 Half-court Shot - Estelline Basketball Game**
- March - Watertown St. Patrick's Day Parade**
- April 9 - Watertown Chamber After 5**
- April 14 - Sioux Falls Chamber Mixer Host**
- May - South Dakota High School Awards Show Sponsor**
- June 20 - Tea Teapot Days Parade**
- July 4 - Sioux Falls Levitt Concert Sponsor**
- July 4 - Kranzburg & Watertown Parades**
- August - Sioux Falls Riverfest Sponsor**
- August - Watertown KXLG Countdown**
- August - Watertown Thursday Night Live Sponsor**
- August 13 - Tea Back-to-School Bash**
- August 30 - 2nd Opinion concert in South Shore**
- September 1 - Reliabank Official 100th Charter Anniversary**
- September/October - Homecoming Parades**
- Sioux Falls Canaries Game Sponsor**
- Hot 104.7 \$100 Friday Cash Giveaway**
- Tree Plantings at towns with Reliabank locations**
- KXLG \$100 Reliabank Trivia Make It Count Monday**
- Special Centennial college scholarships**

Reliabank honors individuals who have been loyal employees for over 20 years. We thank you for your continued efforts at work and in our communities.

*\*numbers denote years of employment at Reliabank*

*(44) David W Johnson, CEO*

*(29) Jan Johnson, Board Director*

*(38) Pat Biederstedt, Loan Assistant*

*(35) David Ebbers, Senior VP*

*(34) Carmen Jankord, Insurance Agent*

*(28) Lisa Loomis, Marketing/Loan Assistant*

*(26) Cathy Smith, Customer Service Rep*

*(24) Cindy Fugere, VP/Human Resources*

*(23) Hugh Bartels, Board Director*

*(23) Jane Swenson, Senior VP*

*(21) Su Benning, Chief Operations Officer*

*(21) Susie Stroup, Internal Auditor*

*(21) Lisa Crocker, Customer Service Rep*

*(20) Dustin Padgett, Big Sioux Wealth Management*



## Statement of Condition December 31, 2019

### Assets

Cash & Due From Banks	\$8,593,420
Federal Reserve Balances	\$9,700,000
US Agency Bonds	\$11,132,370
Mortgage Backed Bonds	\$52,231,106
Municipal Bonds	\$44,050,505
Other Bonds/CDs	\$5,548,271

Loans	\$327,009,415
Less Loan Loss Res.	(\$3,376,546)

Net Loans	\$323,632,869
Bank Buildings & Fixtures	\$10,193,682
Interest Receivable	\$4,985,537
Other Assets	<u>\$1,150,675</u>

**Total Assets** **\$471,218,435**

### Liabilities

DDA Deposits	\$239,069,696
Time Deposits	\$175,715,520
Total Deposits	\$414,785,216
Fed Home Loan Bank Borrowings	\$5,627,283
Fed Funds Purchased	\$500,000
Other Liabilities	\$6,309,112
Interest & Taxes Payable	\$717,913
Unrealized Gain on ASF Bonds	\$1,243,872

**Total Liabilities** **\$429,183,396**

Capital Stock	\$203,500
Surplus	\$26,246,500
Undivided Profits	\$15,585,039
Total Capital Accounts	<u>\$42,035,039</u>

**Total Capital and Liabilities** **\$471,218,435**