Banking & Financial Services

Pioneer CEO on new branches, the stock price and the future

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Tom Amell is CEO of Pioneer.
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Jul 22, 2024

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Pioneer CEO Tom Amell sees opportunity for the Colonie-based financial institution to grow at the southern and northern ends of its current footprint.

Earlier this year the bank unveiled renovations of its branches in Cairo and Greenville - its southernmost retail locations -- which it purchased from Berkshire Bank in 2016.

The remodeling followed last year's acquisition of a Hudson-based wealth management firm. At the time Amell said Pioneer would consider opening a branch in Hudson.

“We are actively looking to find a location in Hudson to have a branch,” Amell said Thursday. “We want to find the right spot.”

Looking in the other direction, Amell said Pioneer sees a gap in its coverage area between its existing branches in Malta and Queensbury.

“We feel like there's an opportunity to fill in there, in and around Exit 15,” he said. “It's a little tougher market because it's really, really overbanked, and the real estate there is a little different than it is going south.”

The bank's recent switch to a national charter, approved by regulators in April, also makes it easier to potentially expand beyond New York, according to Amell.

In a recent, wide-ranging conversation with the Business Review, Amell addressed an array of other topics, including Pioneer's first-ever stock buyback initiative, its $1.3 billion loan portfolio and its pursuit of noninterest income.

Five years on Nasdaq exchange

This month marks five years for Pioneer Bancorp Inc. (Nasdaq: PBFS), Pioneer's parent company, as a publicly traded company.

The stock ended its first day of trading in 2019 at $14.35 per share. At the close this past Friday, July 19, shares were trading at $11 $10.98.

Amell said it's common for initial public offerings to afford stocks an “artificial” bump. Struggles in the regional bank sector, the pandemic and MyPayrollHR founder Michael Mann's fraud negatively affected the stock's price, he said.

“We're hopeful that we're on the other side of that,” Amell said. “We want to be in the upper third of our peer banks.”

Pioneer's stock is up about 11% this year, outperforming the SPDR S&P Regional Banking ETF, which has increased by about 7% over the same period.

In May, Pioneer announced the launch of a stock buyback program, under which it could eventually purchase as much as 5% of outstanding common stock.

“We've improved the franchise value significantly over the last five years,” said Amell, adding that he saw the opportunity to acquire shares around $10 - the price at which it initially sold shares to select depositors in 2019 - as “a great buy for us.”

On loans last year: ‘Demand was not as robust’

Last year, as was the case for many of its competitors, Pioneer's volume of new commercial mortgages in the region declined.

The company reported $79.66 million in new deals of that type, down nearly 18% from 2022.

“Demand was not as robust,” Amell said. “With rates starting to go back up fewer projects were getting done.”

The bank also passed on certain long-term, fixed-rate opportunities while interest rates were expected to rise further, Amell said.

Pioneer's current loan book is weighted toward residential mortgages, Amell said. It doesn't have much exposure to office real estate - a pain point for banks across the country - and the loans it does have in that category are in the suburbs rather than downtowns and are performing well, he added.

Pioneer's net loans receivable stood around $1.3 billion at the end of March, according to a regulatory filing.

Wealth management, other sources key parts of the future

Noninterest income - which includes sources like wealth management fees and insurance premiums - currently makes up about 15% of Pioneer's income.

Amell said the bank is aiming to boost that figure to 30% through organic growth and acquisitions. Moving closer to that ratio would put Pioneer roughly on par with larger competitors like NBT Bank and Community Bank.

“We believe that's the future,” he said. “Community banks are going to be successful if they can get that number up and not rely on loans and deposits solely.”

The timing of acquisitions will depend on when opportunities arise, Amell said.

A market pullback, for instance, could present an opportunity to acquire another wealth management firm, he suggested.

“All the wealth managers are experiencing exponential growth because the market just continues to climb,” Amell said. “When the market retreats, they won't make as much money. And I think then they'll look to sell.”