DACOTAH BANK

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DACOTAH BANKS, INC.
FIRST QUARTER REPORT

MARCH 31, 2021

Dacotah Banks, Inc.
FINANCIAL HIGHLIGHTS

(Dollar and share amounts in thousands, except per share data)

	Three months ended March 31		
	2021	2020	% change
PERFORMANCE			
Net interest income	**$24,342**	23,888	1.9%
Provision for loan and lease losses	**(600)**	600	(200.0)
Non-interest income	**6,690**	5,218	28.2
Non-interest expenses	**20,765**	19,705	5.4
Net income	**8,430**	6,877	22.6
Per share	**0.75**	0.61	23.0
Cash dividends declared	**3,146**	3,033	3.7
Per share	**0.28**	0.27	3.7
Net interest margin	**3.32%**	3.82%	(13.1)
Return on average assets	**1.07**	1.03	3.9
Return on average equity	**9.56**	8.45	13.1
AT MARCH 31			
Total assets	**$3,263,781**	2,709,409	20.5%
Investment securities and deposits with banks	**398,038**	270,984	46.9
Loans, net	**2,233,013**	2,091,577	6.8
Deposits	**2,854,418**	2,321,110	23.0
Borrowings	**17,000**	22,000	(22.7)
Stockholders' equity	**355,038**	333,442	6.5
Book value per share	**31.61**	29.67	6.5
Shares of common stock outstanding	**11,232**	11,237	(0.0)
Tier I leverage.	**10.76%**	11.90%	(9.6)
Tier I capital.	**14.58%**	13.90%	4.9
Total capital.	**15.83%**	15.16%	4.4

Dacotah Banks, Inc.
CONSOLIDATED STATEMENTS OF INCOME

(Dollar and share amounts in thousands, except per share data)

	Three months ended March 31	
	2021	2020
INTEREST INCOME		
Loans	**$24,742**	26,605
Securities:		
Taxable	**1,256**	1,348
Exempt from federal income taxes	**248**	259
Deposits in banks	**70**	76
Federal funds sold	**92**	518
	26,408	28,806
INTEREST EXPENSE		
Deposits	**1,877**	4,678
Borrowings	**189**	240
	2,066	4,918
NET INTEREST INCOME	**24,342**	23,888
PROVISION FOR LOAN AND LEASE LOSSES	**(600)**	600
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	**24,942**	23,288
NON-INTEREST INCOME		
Income from fiduciary activities	**641**	641
Service charges on deposit accounts	**537**	720
Insurance commissions	**1,425**	1,095
Fees on sale of residential mortgages	**1.190**	416
Servicing fees on residential mortgages	**409**	307
Other income	**2,488**	2,039
	6,690	5,218
NON-INTEREST EXPENSES		
Salaries and employee benefits	**13,948**	13,460
Occupancy, net	**1,339**	1,227
Furniture and equipment	**713**	521
FDIC assessment	**207**	5
Other expenses	**4,558**	4,492
	20,765	19,705
INCOME BEFORE INCOME TAXES	**10,867**	8,801
Applicable income taxes:		
Current	**2,267**	1,708
Deferred (credit)	**170**	216
	2,437	1,924
NET INCOME	**$ 8,430**	6,877
PER SHARE OF COMMON STOCK		
Net income - basic	**$ 0.75**	0.61
Cash dividends declared	**0.28**	0.27

Dacotah Banks, Inc.
CONSOLIDATED STATEMENTS OF CONDITION

(Dollar amount in thousands)

	March 31 2021	December 31 2020	March 31 2020
ASSETS			
Cash and due from banks	**$ 80,420**	75,705	38,507
Interest-bearing deposits in banks	**372,000**	295,000	134,600
Time deposits in banks	**11,467**	11,963	13,406
Securities:			
Taxable	**344,752**	232,584	224,394
Tax exempt	**53,286**	56,829	46,590
Total securities	**398,038**	289,413	270,984
Loans held for sale	**1,891**	1,268	845
Loans	**2,271,567**	2,300,594	2,123,998
Allowance for loan and lease losses	**(38,554)**	(39,040)	(32,421)
Net loans	**2,233,013**	2,261,554	2,091,577
Interest receivable	**22,219**	24,489	27,656
Premises and equipment, net	**54,787**	55,111	53,380
Foreclosed assets	**995**	1,400	843
Investment in life insurance contracts	**56,492**	56,127	53,387
Net deferred income tax	**10,808**	9,740	8,118
Goodwill	**10,248**	10,248	6,415
Intangible assets	**1,105**	1,170	533
Mortgage servicing rights	**1,957**	1,806	1,447
Other assets	**8,341**	8,200	7,711
Total assets	**$ 3,263,781**	3,103,194	2,709,409
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	**$ 850,457**	786,476	557,799
Interest-bearing	**2,003,961**	1,912,565	1,763,311
Total deposits	**2,854,418**	2,699,041	2,321,110
Borrowings	**17,000**	17,000	22,000
Interest payable	**1,987**	3,696	4,923
Accrued expenses and other liabilities	**35,338**	29,754	27,934
Total liabilities	**2,908,743**	2,749,491	2,375,967
Stockholders' equity:			
Common stock, $4 par value; 30,000,000 shares authorized, 14,285,980 shares issued and outstanding	**57,144**	57,144	57,144
Capital surplus	**20,499**	19,965	17,959
Retained earnings	**295,353**	290,069	270,377
Unrealized gain (loss) on securities available for sale, net	**1,592**	5,756	5,066
Treasury stock, 3,054,305 shares at March 31, 2021, 3,059,862 shares at December 31, 2020 and 3,048,615 shares at March 31, 2020, at cost	**(19,550)**	(19,231)	(17,104)
Total stockholders' equity	**355,038**	353,703	333,442
Total liabilities and stockholders' equity	**$ 3,263,781**	3,103,194	2,709,409

Dacotah Banks, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands)

	Three months ended March 31	
	2021	2020
Operating Activities:		
Net income	**$ 8,430**	6,877
Adjustments to reconcile net income to net cash from operating activities:		
Provision for loan and lease losses	**(600)**	600
Depreciation and amortization	**1,784**	1,220
Expense from deferred income taxes	**170**	216
Increase in investment in life insurance contracts	**(365)**	(332)
(Increase) decrease in loans held for sale	**(623)**	905
Decrease in interest receivable	**2,270**	1,102
Increase in other assets, net	**(424)**	(1,917)
Decrease in interest payable	**(1,709)**	(1,103)
Increase in other accrued expenses and liabilities, net	**5,585**	18
Net cash from operating activities	**14,518**	7,586
Investing Activities:		
Proceeds from maturities and calls of securities available for sale, interest-bearing deposits with banks and federal funds sold	**24,791**	20,149
Purchases of securities available for sale and interest-bearing deposits with banks	**(138,506)**	(28,207)
Net decrease (increase) in loans	**29,141**	(13,299)
Purchases of premises and equipment	**(1,079)**	(1,364)
Sale (purchase) of foreclosed assets	**405**	(67)
Net cash used by investing activities	**(85,248)**	(22,788)
Financing Activities:		
Increase (decrease) in non-interest-bearing deposits, net	**63,981**	(7,071)
Increase (decrease) in interest-bearing deposits, net	**154,607**	28,433
Decrease in certificates of deposit, net	**(63,211)**	(19,316)
Sale of treasury stock, net	**214**	38
Dividends paid to stockholders	**(3,146)**	(3,033)
Net cash from (used by) financing activities	**152,445**	(949)
Net change in cash and cash equivalents	**81,715**	(16,151)
Cash and cash equivalents, beginning of year	**370,705**	189,258
Cash and cash equivalents, end of year	**$ 452,420**	173,107

CONSOLIDATED STATEMENTS OF CHANGES IN THE ALLOWANCE FOR LOAN AND LEASE LOSSES

Balance, January 1	**$ 39,040**	32,483
Provision for loan and lease losses	**(600)**	600
Recoveries	**183**	80
Loans charged off	**(69)**	(742)
Balance, March 31	**$ 38,554**	32,421
As of % of loans	**1.70%**	1.53%

DIRECTORS

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Aberdeen, SD

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ELIZABETH A. LEWIS
Attorney
Woods, Fuller, Shultz & Smith P.C.
Sioux Falls, SD

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HelmsBriscoe
St. Cloud, MN

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Private Investor
Sante Fe, NM

Corporate Secretary
DIANA L. PFISTER
Senior Vice President and Chief Compliance Officer
Aberdeen, SD

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FAULKTON
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Dacotah Territory

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