DACOTAH BANK

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DACOTAH BANKS, INC.
FIRST QUARTER REPORT

MARCH 31, 2022

Dacotah Banks, Inc.
FINANCIAL HIGHLIGHTS

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

	Three months ended March 31		
	2022	2021	% change
PERFORMANCE			
Net interest income	**$25,316**	24,342	4.0%
Reduction in provision for loan and lease losses	**2,000**	600	233.3
Non-interest income	**6,788**	6,690	1.5
Non-interest expenses	**22,281**	20,765	7.3
Net income	**9,261**	8,430	9.9
Per share	**0.83**	0.75	10.7
Cash dividends declared	**3,466**	3,146	10.2
Per share	**0.31**	0.28	10.7
Net interest margin	**3.10%**	3.32%	(6.6)
Return on average assets	**1.07**	1.07	-
Return on average equity	**9.86**	9.56	3.1
AT MARCH 31			
Total assets	**$3,584,344**	3,263,781	9.8%
Investment securities and deposits with banks	**633,375**	398,038	59.1
Loans, net	**2,266,730**	2,233,013	1.5
Deposits	**3,180,838**	2,854,418	11.4
Borrowings	**9,000**	17,000	(47.1)
Stockholders' equity	**357,875**	355,038	0.8
Book value per share	**32.04**	31.61	1.4
Shares of common stock outstanding	**11,169**	11,232	(0.6)
Tier I leverage.	**10.60%**	10.76%	(1.5)
Tier I capital.	**14.47%**	14.58%	(0.8)
Total capital.	**15.72%**	15.83%	(0.7)

DACOTAH BANKS, INC.
CONSOLIDATED STATEMENTS OF INCOME

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

	Three months ended March 31	
	2022	2021
INTEREST INCOME		
Loans	**$24,112**	24,742
Securities:		
Taxable	**2,083**	1,256
Exempt from federal income taxes	**249**	248
Deposits in banks	**61**	70
Federal funds sold	**175**	92
	26,680	26,408
INTEREST EXPENSE		
Deposits	**1,237**	1,877
Borrowings	**127**	189
	1,364	2,066
NET INTEREST INCOME	**25,316**	24,342
REDUCTION IN PROVISION FOR LOAN AND LEASE LOSSES	**2,000**	600
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	**27,316**	24,942
NON-INTEREST INCOME		
Income from fiduciary activities	**705**	641
Service charges on deposit accounts	**630**	537
Insurance commissions	**1,180**	1,425
Fees on sale of residential mortgages	**521**	1,190
Servicing fees on residential mortgages	**493**	409
Other income	**3,259**	2,488
	6,788	6,690
NON-INTEREST EXPENSES		
Salaries and employee benefits	**15,070**	13,948
Occupancy, net	**1,460**	1,339
Furniture and equipment	**634**	713
FDIC assessment	**232**	207
Other expenses	**4,885**	4,558
	22,281	20,765
INCOME BEFORE INCOME TAXES	**11,823**	10,867
Applicable income taxes:		
Current	**2,084**	2,267
Deferred	**478**	170
	2,562	2,437
NET INCOME	**$ 9,261**	8,430
PER SHARE OF COMMON STOCK		
Net income - basic	**$ 0.83**	0.75
Cash dividends declared	**0.31**	0.28

Dacotah Banks, Inc.

CONSOLIDATED STATEMENTS OF CONDITION

(Dollar amount in thousands)

	March 31 2022	December 31 2021	March 31 2021
ASSETS			
Cash and due from banks	**$ 69,500**	59,920	80,420
Interest-bearing deposits in banks	**424,700**	307,500	372,000
Time deposits in banks	**9,679**	10,128	11,467
Securities:			
Taxable	**578,904**	493,514	344,752
Tax exempt	**54,471**	55,278	53,286
Total securities	**633,375**	548,792	398,038
Loans held for sale	**2,483**	1,621	1,891
Loans	**2,303,631**	2,333,378	2,271,567
Allowance for loan and lease losses	**(36,901)**	(38,691)	(38,554)
Net loans	**2,266,730**	2,294,687	2,233,013
Interest receivable	**20,698**	21,879	22,219
Premises and equipment, net	**53,668**	53,806	54,787
Foreclosed assets	**310**	76	995
Investment in life insurance contracts	**58,622**	57,890	56,492
Net deferred income tax	**16,947**	10,814	10,808
Goodwill	**10,248**	10,248	10,248
Intangible assets	**751**	791	1,105
Mortgage servicing rights	**3,256**	3,005	1,957
Other assets	**13,377**	11,972	8,341
Total assets	**$ 3,584,344**	3,393,129	3,263,781
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	**$ 973,633**	951,102	850,457
Interest-bearing	**2,207,205**	2,022,238	2,003,961
Total deposits	**3,180,838**	2,973,340	2,854,418
Borrowings	**9,000**	9,000	17,000
Interest payable	**1,352**	1,837	1,987
Accrued expenses and other liabilities	**35,279**	32,263	35,338
Total liabilities	**3,226,469**	3,016,440	2,908,743
Stockholders' equity:			
Common stock, $4 par value; 30,000,000 shares authorized, 14,285,980 shares issued and outstanding	**57,144**	57,144	57,144
Capital surplus	**21,541**	21,467	20,499
Retained earnings	**326,843**	321,048	295,353
Unrealized (loss) gain on securities available for sale, net	**(24,804)**	(1,431)	1,592
Treasury stock, 3,116,647 shares at March 31, 2022, 3,083,552 shares at December 31, 2021 and 3,054,305 shares at March 31, 2021, at cost	**(22,849)**	(21,539)	(19,550)
Total stockholders' equity	**357,875**	376,689	355,038
Total liabilities and stockholders' equity	**$ 3,584,344**	3,393,129	3,263,781

DACOTAH BANKS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands)

		Three months ended March 31	
		2021	2021
Operating Activities:			
Net income	$	**9,261**	8,430
Adjustments to reconcile net income to net cash from operating activities:			
Reduction in provision for loan and lease losses		**(2,000)**	(600)
Depreciation and amortization		**1,848**	1,784
Expense from deferred income taxes		**478**	170
Increase in investment in life insurance contracts		**(732)**	(365)
Increase in loans held for sale		**(862)**	(623)
Decrease in interest receivable		**1,181**	2,270
Increase in other assets, net		**(2,033)**	(424)
Decrease in interest payable		**(485)**	(1,709)
Increase in other accrued expenses and liabilities, net		**3,016**	5,585
Net cash from operating activities		**9,672**	14,518
Investing Activities:			
Proceeds from maturities and calls of securities available for sale, interest-bearing deposits with banks and federal funds sold		**17,302**	24,791
Purchases of securities available for sale and interest-bearing deposits with banks		**(131,463)**	(138,506)
Net decrease in loans		**29,957**	29,141
Purchases of premises and equipment		**(1,251)**	(1,079)
(Purchase) sale of foreclosed assets		**(234)**	405
Net cash used by investing activities		**(85,689)**	(85,248)
Financing Activities:			
Increase in non-interest-bearing deposits, net		**22,531**	63,981
Increase in interest-bearing deposits, net		**196,923**	154,607
Decrease in certificates of deposit, net		**(11,956)**	(63,211)
(Purchase) sale of treasury stock, net		**(1,235)**	214
Dividends paid to stockholders		**(3,466)**	(3,146)
Net cash from financing activities		**202,797**	152,445
Net change in cash and cash equivalents		**126,780**	81,715
Cash and cash equivalents, beginning of year		**367,420**	370,705
Cash and cash equivalents, end of year		**$ 494,200**	452,420

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

Balance, January 1		**$ 38,691**	39,040
Reduction in provision for loan and lease losses		**(2,000)**	(600)
Recoveries		**271**	183
Loans charged off		**(61)**	(69)
Balance, March 31		**$ 36,901**	38,554
As of % of loans		**1.60%**	1.70%

DIRECTORS

RICHARD L. WESTRA
Chairman of the Board
Aberdeen, SD
JOSEPH A. SENGER
Vice Chairman
Aberdeen, SD
ROBERT J. FOUBERG
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Aberdeen, SD
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Partner
RhodesAnderson Insurance
Aberdeen, SD
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Retired President and Chief Financial Officer
Aberdeen, SD
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Lemmon, SD
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Businesswoman
Sioux Falls, SD
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Attorney
Woods, Fuller, Shultz & Smith P.C.
Sioux Falls, SD
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Meeting, Event and Travel Planner
HelmsBriscoe
St. Cloud, MN
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Private Investor
Santa Fe, NM
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South Dakota Education Access Foundation
Aberdeen, SD
JOANN R. HOOPER
Certified Public Accountant
Valley City, ND
JOSHUA J. PAULI
Department Head and Professor
University of Arizona
Sioux Falls, SD

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

AFFILIATED DACOTAH BANKS

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ABERDEEN
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FAULKTON
BRANDON R. SPANIER, Market President
MOBRIDGE
CHAD B. JAGER, Market President
MORRIS
MICHAEL J. MAHONEY, Market President
SISSETON
KELLY L. HANSON, Market President
WEBSTER, ROSLYN, GROTON, LANGFORD
KELLY L. HANSON, Market President

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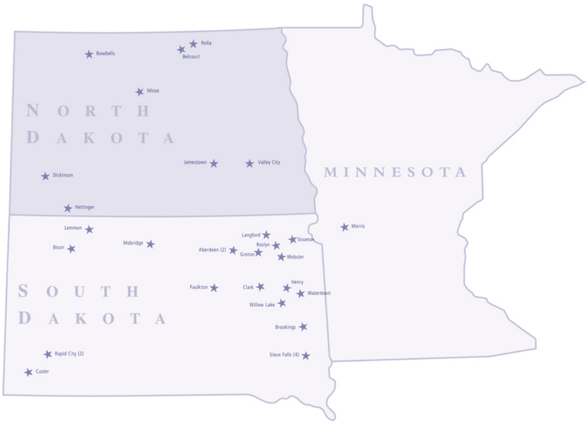
Dacotah Territory



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