DACOTAH BANK

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DACOTAH BANKS, INC.
FIRST QUARTER REPORT

MARCH 31, 2023

Dacotah Banks, Inc.
FINANCIAL HIGHLIGHTS

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

	Three months ended March 31		
	2023	2022	% change
PERFORMANCE			
Net interest income	**$28,020**	25,316	10.7%
Reduction in provision for loan and lease losses	**-**	2,000	(100.0)
Non-interest income	**5,506**	6,788	(18.9)
Non-interest expenses	**26,219**	22,281	17.7
Net income	**6,171**	9,261	(33.4)
Per share	**0.55**	0.83	(33.7)
Cash dividends declared	**3,932**	3,466	13.4
Per share	**0.35**	0.31	12.9
Net interest margin	**3.33%**	3.10%	7.4
Return on average assets	**0.69%**	1.07%	(35.5)
Return on average equity	**6.93%**	9.86%	(29.7)
AT MARCH 31			
Total assets	**$3,670,522**	3,584,344	2.4%
Investment securities and deposits with banks	**611,060**	633,375	(3.5)
Loans, net	**2,714,370**	2,266,730	19.7
Deposits	**3,257,859**	3,180,838	2.4
Borrowings	**4,000**	9,000	(55.6)
Stockholders' equity	**367,289**	357,875	2.6
Book value per share	**32.69**	32.04	2.0
Shares of common stock outstanding	**11,237**	11,169	0.6
Tier I leverage.	**11.15%**	10.60%	5.2
Tier I capital.	**13.23%**	14.47%	(8.6)
Total capital.	**14.45%**	15.72%	(8.1)

DACOTAH BANKS, INC.
CONSOLIDATED STATEMENTS OF INCOME

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

	Three months ended March 31	
	2023	2022
INTEREST INCOME		
Loans	**$33,214**	24,112
Securities:		
Taxable	**2,839**	2,083
Exempt from federal income taxes	**253**	249
Deposits in banks	**70**	61
Federal funds sold	**801**	175
	37,177	26,680
INTEREST EXPENSE		
Deposits	**8,966**	1,237
Borrowings	**191**	127
	9,157	1,364
NET INTEREST INCOME	**28,020**	25,316
REDUCTION IN PROVISION FOR LOAN AND LEASE LOSSES	**-**	2,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	**28,020**	27,316
NON-INTEREST INCOME		
Income from fiduciary activities	**702**	705
Service charges on deposit accounts	**606**	630
Insurance commissions	**1,119**	1,180
Fees on sale of residential mortgages	**224**	521
Servicing fees on residential mortgages	**216**	493
Other income	**2,639**	3,259
	5,506	6,788
NON-INTEREST EXPENSES		
Salaries and employee benefits	**18,111**	15,070
Occupancy, net	**1,680**	1,460
Furniture and equipment	**682**	634
FDIC assessment	**238**	232
Other expenses	**5,508**	4,885
	26,219	22,281
INCOME BEFORE INCOME TAXES	**7,307**	11,823
Applicable income taxes:		
Current	**1,136**	2,084
Deferred	**-**	478
	1,136	2,562
NET INCOME	**$ 6,171**	9,261
PER SHARE OF COMMON STOCK		
Net income - basic	**$ 0.55**	0.83
Cash dividends declared	**0.35**	0.31

Dacotah Banks, Inc.
CONSOLIDATED STATEMENTS OF CONDITION

(Dollar amount in thousands)

	March 31 2023	December 31 2022	March 31 2022
ASSETS			
Cash and due from banks	**$ 48,523**	80,854	69,500
Interest-bearing deposits in banks	**85,500**	-	424,700
Time deposits in banks	**9,669**	10,168	9,679
Securities:			
Taxable	**561,426**	567,917	578,904
Tax exempt	**49,634**	50,948	54,471
Total securities	**611,060**	618,865	633,375
Loans held for sale	**248**	447	2,483
Loans	**2,751,784**	2,737,017	2,303,631
Allowance for loan and lease losses	**(37,414)**	(37,398)	(36,901)
Net loans	**2,714,370**	2,699,619	2,266,730
Interest receivable	**26,669**	26,544	20,698
Premises and equipment, net	**55,621**	55,397	53,668
Foreclosed assets	**376**	170	310
Investment in life insurance contracts	**64,624**	59,892	58,622
Net deferred income tax	**21,995**	23,869	16,947
Goodwill	**10,248**	10,248	10,248
Intangible assets	**600**	636	751
Mortgage servicing rights	**4,567**	4,595	3,256
Other assets	**16,452**	15,632	13,377
Total assets	**$ 3,670,522**	3,606,936	3,584,344
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	**$ 949,291**	1,010,949	973,633
Interest-bearing	**2,308,568**	2,109,186	2,207,205
Total deposits	**3,257,859**	3,120,135	3,180,838
Federal funds purchased	**-**	85,300	-
Borrowings	**4,000**	4,000	9,000
Interest payable	**5,215**	2,401	1,352
Accrued expenses and other liabilities	**36,159**	36,918	35,279
Total liabilities	**3,306,233**	3,248,754	3,226,469
Stockholders' equity:			
Common stock, $4 par value; 30,000,000 shares authorized, 14,285,980 shares issued and outstanding	**57,144**	57,144	57,144
Capital surplus	**25,014**	24,863	21,541
Retained earnings	**355,363**	353,124	326,843
Unrealized (loss) gain on securities available for sale, net	**(46,602)**	(53,363)	(24,804)
Treasury stock, 3,049,319 shares at March 31, 2023, 3,051,985 shares at December 31, 2022 and 3,116,647 shares at March 31, 2022, at cost	**(23,630)**	(23,586)	(22,849)
Total stockholders' equity	**367,289**	358,182	357,875
Total liabilities and stockholders' equity	**$ 3,670,522**	3,606,936	3,584,344

Dacotah Banks, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands)

	Three months ended March 31	
	2023	2022
Operating Activities:		
Net income	**$ 6,171**	9,261
Adjustments to reconcile net income to net cash from operating activities:		
Reduction in provision for loan and lease losses	**-**	(2,000)
Depreciation and amortization	**1,687**	1,848
Expense from deferred income taxes	**-**	478
Increase in investment in life insurance contracts	**(4,732)**	(732)
Decrease (increase) in loans held for sale	**199**	(862)
(Increase) decrease in interest receivable	**(125)**	1,181
Increase in other assets, net	**(2,982)**	(2,033)
Increase (decrease) in interest payable	**2,814**	(485)
Increase in other accrued expenses and liabilities, net	**1,509**	3,016
Net cash from operating activities	**4,541**	9,672
Investing Activities:		
Proceeds from maturities and calls of securities available for sale, interest-bearing deposits with banks and federal funds sold	**17,907**	17,302
Purchases of securities available for sale and interest-bearing deposits with banks	**(1,245)**	(131,463)
Net (increase) decrease in loans	**(14,752)**	29,957
Purchases of premises and equipment	**(1,675)**	(1,251)
Purchase of foreclosed assets	**(206)**	(234)
Net cash used by investing activities	**29**	(85,689)
Financing Activities:		
(Decrease) increase in non-interest-bearing deposits, net	**(61,658)**	22,531
Increase in interest-bearing deposits, net	**31,902**	196,923
Increase (decrease) in certificates of deposit, net	**167,480**	(11,956)
Repayments of borrowings	**(85,300)**	-
Sale (purchase) of treasury stock, net	**107**	(1,235)
Dividends paid to stockholders	**(3,932)**	(3,466)
Net cash from financing activities	**48,599**	202,797
Net change in cash and cash equivalents	**53,169**	126,780
Cash and cash equivalents, beginning of year	**80,854**	367,420
Cash and cash equivalents, end of year	**$ 134,023**	494,200

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

Balance, January 1	**$ 37,397**	38,691
Reduction in provision for loan and lease losses	**-**	(2,000)
Recoveries	**80**	271
Loans charged off	**(63)**	(61)
Balance, March 31	**$ 37,414**	36,901
As of % of loans	**1.36%**	1.60%

DIRECTORS

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Meeting, Event and Travel Planner
HelmsBriscoe
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Services Officer
Great Lakes Educational Loan Services Inc.
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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

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