DACOTAH BANK

DACOTAH BANKS, INC.
SECOND QUARTER REPORT

JUNE 30, 2024

DACOTAH BANKS, INC. BOARD OF DIRECTORS

ROBERT J. FOUBERG (2020)
Chairman and Chief Executive Officer
Aberdeen, SD

DARYL A. EBACH (2023)
President and Chief Revenue Officer
Aberdeen, SD

ARTHUR R. RUSSO (1985)
Partner
RhodesAnderson Insurance
Aberdeen, SD

BRADFORD J. WHEELER (1997)
Vice President
Wheeler Manufacturing, Inc.
Lemmon, SD

RICHARD L. WESTRA (2005)
Retired Chairman and CEO
Aberdeen, SD

CATHERINE O. SMITH (2012)
Businesswoman
Sioux Falls, SD

ELIZABETH A. LEWIS (2014)
Attorney
Woods, Fuller, Shultz & Smith P.C.
Sioux Falls, SD

JOSEPH A. SENGER (2015)
Retired President and CEO
Aberdeen, SD

LORI LAMONT LANGE (2016)
Meeting, Event and Travel Planner
HelmsBriscoe
Rapid City, SD

FREDERICK M. LAMONT (2020)
Private Investor
Santa Fe, NM

PAULA KAY CARLSON (2021)
Retired Chief Loan Program and Services Officer
Great Lakes Educational Loan Services Inc.
Aberdeen, SD

JOANN R. HOOPER (2021)
Certified Public Accountant
Valley City, ND

JOSHUA J. PAULI (2021)
Department Head and Professor
University of Arizona
Sioux Falls, SD

Corporate Secretary

DIANA L. PFISTER
Senior Vice President and General Counsel
Aberdeen, SD

DACOTAH BANKS, INC.

FINANCIAL HIGHLIGHTS

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

	Six months ended June 30		
	2024	2023	% change
PERFORMANCE			
Net interest income	**$60,727**	57,580	5.5%
Credit loss expense	**900**	-	100.0
Non-interest income	**11,978**	11,217	6.8
Non-interest expenses	**59,603**	54,183	10.0
Net income	**11,380**	12,305	(7.5)
Per share	**1.02**	1.10	(7.3)
Cash dividends declared	**3,355**	3,932	(14.7)
Per share	**0.30**	0.35	(14.3)
Net interest margin	**3.15%**	3.38%	(6.8)
Return on average assets	**0.55%**	0.68%	(19.1)
Return on average equity	**5.87%**	6.77%	(13.3)
AT JUNE 30			
Total assets	**$4,309,834**	3,718,339	15.9%
Investment securities and deposits with banks	**603,065**	597,583	0.9
Loans, net	**3,393,279**	2,851,846	19.0
Deposits	**3,719,410**	3,212,061	15.8
Overnight borrowings	**142,100**	88,100	61.3
Long term borrowings	**-**	4,000	(100.0)
Stockholders' equity	**392,706**	367,995	6.7
Book value per share	**35.15**	32.80	7.2
Shares of common stock outstanding	**11,172**	11,218	(0.4)
Tier I leverage	**10.17**%	11.18%	(9.0)
Tier I capital	**11.38**%	12.84%	(11.4)
Total capital	**12.43**%	14.02%	(11.3)

DACOTAH BANKS, INC.

CONSOLIDATED STATEMENTS OF INCOME

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

	Three months ended June 30		Six months ended June 30	
	2024	2023	**2024**	2023
INTEREST INCOME				
Loans	**$50,899**	37,820	**96,790**	71,034
Securities:				
Taxable	**3,552**	2,772	**7,057**	5,611
Exempt from federal income taxes	**211**	229	**425**	482
Deposits in banks	**52**	70	**106**	140
Federal funds sold	**174**	355	**2,060**	1,156
	54,888	41,246	**106,438**	78,423
INTEREST EXPENSE				
Deposits	**22,665**	11,180	**44,443**	20,146
Borrowings	**368**	506	**368**	697
	23,033	11,686	**44,811**	20,843
NET INTEREST INCOME	**31,855**	29,560	**61,627**	57,580
CREDIT LOSS EXPENSE	**900**	-	**900**	-
NET INTEREST INCOME AFTER CREDIT LOSS EXPENSE	**30,955**	29,560	**60,727**	57,580
NON-INTEREST INCOME				
Income from fiduciary activities	**790**	605	**1,505**	1,307
Service charges on deposit accounts	**754**	611	**1,477**	1,217
Insurance commissions	**1,458**	1,225	**3,077**	2,344
Fees on sale of residential mortgages	**430**	340	**706**	564
Servicing fees on residential mortgages	**103**	190	**226**	406
Other income	**2,893**	2,740	**4,987**	5,379
	6,428	5,711	**11,978**	11,217
NON-INTEREST EXPENSES				
Salaries and employee benefits	**19,553**	18,889	**39,569**	37,000
Occupancy, net	**1,502**	1,596	**3,081**	3,276
Software	**1,343**	1,065	**2,778**	2,179
Marketing	**733**	669	**1,457**	1,201
Furniture and equipment	**678**	706	**1,354**	1,388
FDIC assessment	**621**	578	**1,282**	816
Other expenses	**5,390**	4,461	**10,082**	8,323
	29,820	27,964	**59,603**	54,183
INCOME BEFORE INCOME TAXES	**7,563**	7,307	**13,102**	14,614
Applicable income taxes:				
Current	**1,794**	1,082	**2,447**	2,218
Deferred (credit)	**(634)**	91	**(725)**	91
	1,160	1,173	**1,722**	2,309
NET INCOME	**$ 6,403**	6,134	**11,380**	12,305
PER SHARE OF COMMON STOCK				
Net income - basic	**$ 0.57**	0.55	**1.02**	1.10
Cash dividends declared	**-**	-	**0.30**	0.35

DACOTAH BANKS, INC.

CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands)

	June 30 2024	December 31 2023	June 30 2023
ASSETS			
Cash and due from banks	**$ 79,484**	87,341	55,723
Interest-bearing deposits in banks	**-**	151,800	-
Time deposits in banks	**6,435**	6,930	8,424
Securities:			
Taxable	**562,952**	556,999	549,866
Tax exempt	**40,113**	42,324	47,717
Total securities	**603,065**	599,323	597,583
Loans held for sale	**2,435**	800	1,554
Loans	**3,432,423**	3,132,981	2,889,287
Allowance for credit losses	**(39,144)**	(38,296)	(37,441)
Net loans	**3,393,279**	3,094,685	2,851,846
Interest receivable	**33,338**	36,256	24,208
Premises and equipment, net	**54,949**	56,163	55,743
Foreclosed assets	**179**	113	316
Investment in life insurance contracts	**70,915**	66,208	65,055
Deferred income tax asset	**19,280**	18,599	23,123
Goodwill	**10,248**	10,248	10,248
Intangible assets	**453**	498	565
Mortgage servicing rights	**4,835**	5,112	4,513
Other assets	**30,939**	30,049	19,438
Total assets	**$ 4,309,834**	4,164,125	3,718,339
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	**$ 750,214**	832,697	849,370
Interest-bearing	**2,969,196**	2,893,668	2,362,691
Total deposits	**3,719,410**	3,726,365	3,212,061
Federal funds purchased	**142,100**	-	88,100
Borrowings	**-**	-	4,000
Interest payable	**17,490**	11,428	9,852
Accrued expenses and other liabilities	**38,128**	38,816	36,331
Total liabilities	**3,917,128**	3,776,609	3,350,344
Stockholders' equity:			
Common stock, $4 par value; 30,000,000 shares authorized, 14,285,980 shares issued and outstanding	**57,144**	57,144	57,144
Capital surplus	**26,560**	26,099	25,658
Retained earnings	**379,461**	371,436	361,497
Unrealized gain on securities available for sale, net	**(43,325)**	(40,795)	(51,474)
Treasury stock, 3,113,933 shares at June 30, 2024, 3,101,832 shares at December 31, 2023, and 3,067,741 shares at June 30, 2023, at cost	**(27,134)**	(26,368)	(24,830)
Total stockholders' equity	**392,706**	387,516	367,995
Total liabilities and stockholders' equity	**$ 4,309,834**	4,164,125	3,718,339

Dacotah Banks, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Six months ended June 30	
	2024	2023
Operating Activities:		
Net income	**$ 11,380**	12,305
Adjustments to reconcile net income to net cash flows from operating activities:		
Allowance for credit losses	**900**	-
Depreciation and amortization	**2,759**	3,381
(Benefit) expense from deferred income taxes	**(725)**	92
Increase in investment in life insurance contracts	**(4,707)**	(5,163)
Increase in loans held for sale	**(1,635)**	(1,107)
Decrease in interest receivable	**2,918**	2,336
Decrease (increase) other assets, net	**103**	(5,838)
Increase in interest payable	**6,062**	7,451
(Decrease) increase in other accrued expenses and liabilities, net	**(688)**	1,681
Net cash from operating activities	**16,367**	15,138
Investing Activities:		
Proceeds from maturities and calls of securities available for sale, interest-bearing deposits with banks and federal funds sold	**58,011**	32,095
Purchases of securities available for sale and interest-bearing deposits with banks	**(64,442)**	(7,073)
Net increase in loans	**(299,494)**	(152,228)
Purchases of premises and equipment	**(1,518)**	(3,262)
Purchase of foreclosed assets, net	**(66)**	(146)
Net cash used by investing activities	**(307,509)**	(130,614)
Financing Activities:		
Decrease in noninterest-bearing deposits, net	**(82,473)**	(161,579)
Decrease in interest-bearing deposits, net	**(6,471)**	(13,142)
Increase in certificates of deposit, net	**81,989**	266,647
Net change in federal funds purchased	**142,100**	2,800
Purchase of treasury stock, net	**(305)**	(449)
Dividends paid to stockholders	**(3,355)**	(3,932)
Net cash from financing activities	**131,485**	90,345
Net change in cash and cash equivalents	**(159,657)**	(25,131)
Cash and cash equivalents, beginning of year	**239,141**	80,854
Cash and cash equivalents, end of year	**$ 79,484**	55,723

CONSOLIDATED STATEMENTS OF CHANGES IN THE ALLOWANCE FOR CREDIT LOSSES

Balance, January 1	**$ 38,296**	37,397
Provision for credit losses	**900**	-
Recoveries	**278**	179
Loans charged off	**(330)**	(135)
Balance, June 30	**$ 39,144**	37,441
As a % of loans	**1.14%**	1.30%

DACOTAH BANK
STEERING COMMITTEE

DAVID W. BANGASSER
Senior Vice President and Chief Banking Officer
CHAD D. BERGAN
Executive Vice President and Chief Financial Officer
PAIGE E. BJORNSON
Northern Region President
KIMBERLY R. BOWMAN
Senior Vice President and Chief Talent Officer
KEVIN J. BURCKHARD
Senior Vice President and Chief Retail Officer
DARYL A. EBACH
Presidet and Chief Revenue Officer
KRISTEN N. FAUTH
Executive Vice President and Chief Operating Officer
ROBERT J. FOUBERG
Chairman and Chief Executive Officer
TRAVIS L. GEPPERT
Senior Vice President Insurance Services
KIP J. HANSEN
Mid-Dakota Region President
CHAD B. JAGER
Western Region President
ROBERT D. KEIL
Senior Vice President and Chief Credit Officer
ALEX C. KING
Senior Vice President Trust and Wealth Management
MeCHELLE L. LANG
Senior Vice President Mortgage Banking
DAVE W. MILLER
Senior Vice President Technology Services
DIANA L. PFISTER
Senior Vice President and General Counsel
DAVID J. SANDVIG
Senior Vice President and Chief Strategy Officer
TODD J. SENGER
Senior Vice President Corporate Banking
JERRY L. TVEIDT
Southern Region President

DACOTAH BANK
LOCATIONS AND MANAGEMENT

MID-DAKOTA REGION
KIP J. HANSEN, Regional President
KELLY L. HANSON, Market President, Sisseton
KELLY L. HANSON, Market President, Webster, Groton, Langford and Rosyln
MICHAEL J. MAHONEY, Market Presdent, Morris
KRISTIE M. MARTIN, Market President, Aberdeen
BRANDON R. SPANIER, Market President, Faulkton

NORTHERN REGION
PAIGE E. BJORNSON, Regional President
DAWN L. FITZGERALD, Market President, Rolla and Belcourt
JUDD F. GRAHAM, Market President, Fargo
CASEY L. HENDERSON, Market President, Jamestown
TYLER S. MARTHALER, Market President, Valley City
JACOB K. NESVIG, Market President, Bismarck

SOUTHERN REGION
JERRY L. TVEIDT, Regional President
STEVEN J. CARNES, Market President, Brookings
TOM D. WEAVER, Market President, Rapid City and Custer
BRANDON S. HERR, Market President, Clark, Henry and Willow Lake
MATTHEW J. SMITH, Market President, Sioux Falls
TROY J. ZEBROSKI, Market President, Watertown

WESTERN REGION
CHAD B. JAGER, Regional President
RYAN J. HERTZ, Market President, Minot and Bowbells
GARRETT M. SCHWEITZER, Market President, Lemmon, Bison and Dickinson
SETH J. SKOGEN, Market President, Hettinger
KEVIN T. WIENTJES, Market President, Mobridge

CORPORATE BANKING DIVISION
TODD J. SENGER, Senior Vice President

Dacotah Territory

DACOTAH BANK®

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