DACOTAH BANK®

DACOTAH BANKS, INC.
THIRD QUARTER REPORT

SEPTEMBER 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)

	Nine months ended September 30		
	2024	2023	% change
PERFORMANCE			
Net interest income	**$95,089**	86,903	9.4%
Credit loss expense	**2,100**	450	366.7
Non-interest income	**19,124**	18,191	5.1
Non-interest expenses	**89,755**	82,620	8.6
Net income	**19,031**	18,508	2.8
Per share	**1.70**	1.65	3.0
Cash dividends declared	**6,714**	7,854	(14.5)
Per share	**0.60**	0.70	(14.3)
Net interest margin	**3.18%**	3.33%	(4.5)
Return on average assets	**0.60%**	0.67%	(10.4)
Return on average equity	**6.48%**	6.73%	(3.7)
AT SEPTEMBER 30			
Total assets	**$4,384,911**	3,941,823	11.2%
Investment securities and deposits with banks	**609,740**	581,308	4.9
Loans, net	**3,469,710**	2,993,262	15.9
Deposits	**3,876,833**	3,525,606	10.0
Overnight borrowings	**44,800**	-	-
Stockholders' equity	**411,076**	362,296	13.5
Book value per share	**36.82**	32.38	13.7
Shares of common stock outstanding	**11,163**	11,189	(0.2)
Tier I leverage	**9.96%**	10.74%	(7.3)
Tier I capital	**11.27%**	12.26%	(8.1)
Total capital	**12.34%**	13.39%	(7.8)

DACOTAH BANKS, INC.

CONSOLIDATED STATEMENTS OF INCOME

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
INTEREST INCOME				
Loans	**$54,887**	41,530	**151,677**	112,564
Securities:				
Taxable	**3,537**	2,747	**10,594**	8,358
Exempt from federal income taxes	**227**	228	**652**	710
Deposits in banks	**54**	61	**160**	201
Federal funds sold	**22**	446	**2,082**	1,602
	58,727	45,012	**165,165**	123,435
INTEREST EXPENSE				
Deposits	**23,951**	15,447	**68,394**	35,593
Borrowings	**1,314**	242	**1,682**	939
	25,265	15,689	**70,076**	36,532
NET INTEREST INCOME	**33,462**	29,323	**95,089**	86,903
CREDIT LOSS EXPENSE	**1,200**	450	**2,100**	450
NET INTEREST INCOME AFTER CREDIT LOSS EXPENSE	**32,262**	28,873	**92,989**	86,453
NON-INTEREST INCOME				
Income from fiduciary activities	**635**	523	**2,140**	1,830
Service charges on deposit accounts	**799**	702	**2,276**	1,919
Insurance commissions	**1,660**	1,545	**4,737**	3,889
Fees on sale of residential mortgages	**830**	580	**1,536**	1,144
Servicing fees on residential mortgages	**344**	730	**570**	1,136
Other income	**2,878**	2,894	**7,865**	8,273
	7,146	6,974	**19,124**	18,191
NON-INTEREST EXPENSES				
Salaries and employee benefits	**19,579**	19,087	**59,148**	56,087
Occupancy, net	**1,381**	1,440	**4,462**	4,716
Software	**1,333**	1,016	**4,111**	3,144
Marketing	**785**	947	**2,242**	2,105
Furniture and equipment	**689**	697	**2,043**	2,085
FDIC assessment	**811**	417	**2,093**	1,233
Other expenses	**5,574**	4,833	**15,656**	13,250
	30,152	28,437	**89,755**	82,620
INCOME BEFORE INCOME TAXES	**9,256**	7,410	**22,358**	22,024
Applicable income taxes:				
Current	**1,860**	640	**4,307**	2,858
Deferred (credit)	**(255)**	567	**(980)**	658
	1,605	1,207	**3,327**	3,516
NET INCOME	**$ 7,651**	6,203	**19,031**	18,508
PER SHARE OF COMMON STOCK				
Net income - basic	**$ 0.69**	0.55	**1.70**	1.65
Cash dividends declared	**0.30**	0.35	**0.60**	0.70

Dacotah Banks, Inc.

CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands)

	September 30 2024	December 31 2023	September 30 2023
ASSETS			
Cash and due from banks	**$ 67,595**	87,341	52,245
Interest-bearing deposits in banks	**-**	151,800	84,300
Time deposits in banks	**6,430**	6,930	7,678
Securities:			
Taxable	**569,427**	556,999	536,982
Tax exempt	**40,313**	42,324	44,326
Total securities	**609,740**	599,323	581,308
Loans held for sale	**1,733**	800	1,622
Loans	**3,510,210**	3,132,981	3,031,086
Allowance for credit losses	**(40,500)**	(38,296)	(37,824)
Net loans	**3,469,710**	3,094,685	2,993,262
Interest receivable	**43,273**	36,256	35,375
Premises and equipment, net	**54,339**	56,163	55,535
Foreclosed assets	**126**	113	113
Investment in life insurance contracts	**71,419**	66,208	65,487
Deferred income tax asset	**15,592**	18,599	24,656
Goodwill	**10,248**	10,248	10,248
Intangible assets	**433**	498	531
Mortgage servicing rights	**4,914**	5,112	4,992
Other assets	**29,359**	30,049	24,471
Total assets	**$ 4,384,911**	4,164,125	3,941,823
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	**$ 750,579**	832,697	1,052,377
Interest-bearing	**3,126,254**	2,893,668	2,473,229
Total deposits	**3,876,833**	3,726,365	3,525,606
Federal funds purchased	**44,800**	-	-
Interest payable	**11,036**	11,428	15,636
Accrued expenses and other liabilities	**41,166**	38,816	38,285
Total liabilities	**3,973,835**	3,776,609	3,579,527
Stockholders' equity:			
Common stock, $4 par value; 30,000,000 shares authorized, 14,285,980 shares issued and outstanding	**57,144**	57,144	57,144
Capital surplus	**26,726**	26,099	25,878
Retained earnings	**383,754**	371,436	363,778
Unrealized gain on securities available for sale, net	**(28,981)**	(40,795)	(58,461)
Treasury stock, 3,122,883 shares at September 30, 2024, 3,101,832 shares at December 31, 2023, and 3,097,476 shares at September 30, 2023, at cost	**(27,567)**	(26,368)	(26,043)
Total stockholders' equity	**411,076**	387,516	362,296
Total liabilities and stockholders' equity	**$ 4,384,911**	4,164,125	3,941,823

Dacotah Banks, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Nine months ended September 30	
	2024	2023
Operating Activities:		
Net income	**$ 19,031**	18,508
Adjustments to reconcile net income to net cash flows from operating activities:		
Allowance for credit losses	**2,100**	450
Depreciation and amortization	**3,993**	5,008
(Benefit) expense from deferred income taxes	**(980)**	658
Increase in investment in life insurance contracts	**(5,211)**	(5,595)
Increase in loans held for sale	**(933)**	(1,175)
Increase in interest receivable	**(7,017)**	(8,831)
Decrease (increase) other assets, net	**1,735**	(11,593)
(Decrease) increase in interest payable	**(392)**	13,235
Increase in other accrued expenses and liabilities, net	**2,350**	3,635
Net cash from operating activities	**14,676**	14,300
Investing Activities:		
Proceeds from maturities and calls of securities available for sale, interest-bearing deposits with banks and federal funds sold	**110,121**	56,662
Purchases of securities available for sale and interest-bearing deposits with banks	**(105,010)**	(23,638)
Net increase in loans	**(377,125)**	(294,094)
Purchases of premises and equipment	**(2,177)**	(4,472)
(Purchase) sale of foreclosed assets, net	**(13)**	57
Net cash used by investing activities	**(374,204)**	(265,485)
Financing Activities:		
(Decrease) increase in noninterest-bearing deposits, net	**(82,108)**	41,428
Increase in interest-bearing deposits, net	**90,335**	15,398
Increase in certificates of deposit, net	**142,241**	348,645
Decrease in long term borrowings, net		(4,000)
Net change in federal funds purchased	**44,800**	(85,300)
Purchase of treasury stock, net	**(572)**	(1,441)
Dividends paid to stockholders	**(6,714)**	(7,854)
Net cash from financing activities	**187,982**	306,876
Net change in cash and cash equivalents	**(171,546)**	55,691
Cash and cash equivalents, beginning of year	**239,141**	80,854
Cash and cash equivalents, end of year	**$ 67,595**	136,545

CONSOLIDATED STATEMENTS OF CHANGES IN THE ALLOWANCE FOR CREDIT LOSSES

Balance, January 1	**$ 38,296**	37,398
Provision for credit losses	**2,100**	450
Recoveries	**520**	237
Loans charged off	**(416)**	(261)
Balance, September 30	**$ 40,500**	37,824
As a % of loans	**1.15%**	1.25%

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
President 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®

DACOTAH BANKS, INC.

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