



Dacotah Banks, Inc.
Consolidated Financial Statements
December 31, 2025 and 2024



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Independent Auditor's Report

To the Board of Directors
Dacotah Banks, Inc.
Aberdeen, South Dakota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dacotah Banks, Inc. and subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dacotah Banks, Inc. and subsidiary as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Eide Bailly LLP

Sioux Falls, South Dakota
March 12, 2026

Dacotah Banks, Inc.
Consolidated Balance Sheets
December 31, 2025 and 2024
(Dollar Amounts in Thousands)

	2025	2024
Assets		
Cash and cash equivalents:		
Cash due from banks	\$ 82,213	\$ 67,374
Interest-bearing deposits in banks	22,700	-
Total cash and cash equivalents	104,913	67,374
Time deposits in banks	3,946	6,180
Securities at fair value (amortized cost of \$594,472 and \$601,038), net of allowance for credit losses of \$0 and \$0	568,578	552,251
Other restricted stock	13,079	13,884
Loans held for sale	2,280	802
Loans held for investment:		
Gross loans held for investment	3,965,329	3,618,345
Allowance for credit losses	(43,897)	(39,954)
Loans held for investment, net	3,921,432	3,578,391
Interest receivable	44,401	43,370
Premises and equipment, net	56,509	54,069
Foreclosed assets	131	118
Investment in life insurance contracts	72,959	72,287
Deferred income tax asset	15,534	19,014
Goodwill	10,248	10,248
Intangible assets	350	413
Mortgage servicing rights	4,606	4,668
Other assets	27,048	28,866
	\$ 4,846,014	\$ 4,451,935
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	\$ 4,319,838	\$ 3,935,537
Borrowings	-	48,100
Interest payable	13,785	15,775
Accrued expenses and other liabilities	48,156	41,116
	4,381,779	4,040,528
Stockholders' Equity		
Common stock, \$4 par value; 30,000,000 shares authorized, 14,285,980 shares issued, 11,003,213 and 11,139,808 outstanding	57,144	57,144
Capital surplus	27,749	26,826
Retained earnings	434,309	394,451
Accumulated other comprehensive loss	(20,456)	(38,542)
Treasury stock, 3,282,767 shares in 2025 and 3,146,172 shares in 2024, at cost	(34,511)	(28,472)
	464,235	411,407
	\$ 4,846,014	\$ 4,451,935

Dacotah Banks, Inc.
Consolidated Statements of Income
Years Ended December 31, 2025 and 2024
(Dollar Amounts in Thousands Except Per Share Data)

	2025	2024
Interest Income		
Loans	\$ 234,245	\$ 206,021
Securities		
Taxable	14,791	14,277
Exempt from federal income taxes	893	868
Deposits in banks	167	211
Federal funds sold	3,857	2,705
	<u>253,953</u>	<u>224,082</u>
Interest Expense		
Deposits	92,616	92,419
Borrowings	272	1,876
	<u>92,888</u>	<u>94,295</u>
Net Interest Income	161,065	129,787
Credit Loss Expense		
Credit loss expense - loans	5,800	2,100
Credit loss expense - off-balance sheet credit exposures	200	-
	<u>6,000</u>	<u>2,100</u>
Net Interest Income After Credit Loss Expense	<u>155,065</u>	<u>127,687</u>
Non-Interest Income		
Income from trust activities	3,362	2,826
Service charges on deposit accounts	3,706	3,078
Insurance commissions	7,274	6,419
Fees on sale of residential mortgages	2,579	2,142
Servicing fees on residential mortgages	1,056	592
Other income	16,254	9,828
	<u>34,231</u>	<u>24,885</u>
Non-Interest Expenses		
Salaries and employee benefits	87,477	77,329
Occupancy, net	6,127	6,054
Marketing	3,493	2,993
Furniture and equipment	2,330	2,744
Software	6,268	5,398
FDIC assessment	3,341	2,907
Outside Service Fees	1,785	2,750
Charitable Contributions	1,575	1,777
Other expenses	19,881	17,150
	<u>132,277</u>	<u>119,102</u>

Dacotah Banks, Inc.
Consolidated Statements of Income
Years Ended December 31, 2025 and 2024
(Dollar Amounts in Thousands Except Per Share Data)

	<u>2025</u>	<u>2024</u>
Income Before Income Taxes	\$ 57,019	\$ 33,470
Income Tax Expense	<u>10,265</u>	<u>3,742</u>
Net Income	<u>\$ 46,754</u>	<u>\$ 29,728</u>
Per Share of Common Stock		
Net income - basic	<u>\$ 4.20</u>	<u>\$ 2.66</u>

Dacotah Banks, Inc.
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2025 and 2024
(Dollar Amounts in Thousands)

	2025	2024
Net Income	\$ 46,754	\$ 29,728
Other Comprehensive Income:		
Unrealized gains on securities:		
Unrealized holding gains arising during period	22,893	2,853
Tax expense	(4,807)	(600)
Other comprehensive income	18,086	2,253
Comprehensive income	\$ 64,840	\$ 31,981

Dacotah Banks, Inc.
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024
(Dollar and Share Amounts in Thousands)

	Total	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Shares	
							Common	Treasury
Balance, December 31, 2023	\$ 387,516	\$ 57,144	\$ 26,099	\$ 371,436	\$ (40,795)	\$ (26,368)	14,286	3,102
Net income	29,728	-	-	29,728	-	-	-	-
Other comprehensive income	2,253	-	-	-	2,253	-	-	-
Purchase of treasury stock, net	(1,376)	-	728	-	-	(2,104)	-	44
Cash dividend declared, \$0.60 per share	(6,714)	-	-	(6,714)	-	-	-	-
Balance, December 31, 2024	411,407	57,144	26,827	394,450	(38,542)	(28,472)	14,286	3,146
Net income	46,754	-	-	46,754	-	-	-	-
Other comprehensive income	18,086	-	-	-	18,086	-	-	-
Purchase of treasury stock, net	(5,117)	-	922	-	-	(6,039)	-	137
Cash dividend declared, \$0.62 per share	(6,895)	-	-	(6,895)	-	-	-	-
Balance, December 31, 2025	<u>\$ 464,235</u>	<u>\$ 57,144</u>	<u>\$ 27,749</u>	<u>\$ 434,309</u>	<u>\$ (20,456)</u>	<u>\$ (34,511)</u>	<u>14,286</u>	<u>3,283</u>

See Notes to Consolidated Financial Statements

Dacotah Banks, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024
(Dollar Amounts in Thousands)

	2025	2024
Operating Activities		
Net income	\$ 46,754	\$ 29,728
Adjustments to reconcile net income to net cash from operating activities:		
Credit loss expense for credit losses	6,000	2,100
Depreciation and amortization	5,065	5,483
Net accretion of securities	(531)	(158)
Benefit from deferred income taxes	(1,328)	(1,014)
(Gain) loss on sale of premises and equipment and foreclosed assets	(660)	37
Gain on life insurance death benefit	(432)	-
Increase in investment in life insurance contracts	(2,511)	(2,379)
Increase in loans held for sale	(1,478)	(2)
Increase in interest receivable	(1,031)	(7,114)
Decrease in mortgage servicing rights	62	444
Decrease in other assets, net	1,815	1,179
Decrease (increase) in interest payable	(1,990)	4,347
Increase in accrued expenses and other liabilities	7,040	2,300
	<u>56,775</u>	<u>34,951</u>
Net Cash from Operating Activities		
Investing Activities		
Net change in time deposits in banks	2,234	750
Proceeds from maturities and calls of securities available for sale	96,863	108,701
Purchases of securities available for sale	(89,767)	(76,134)
Proceeds from redemptions of restricted stock	22,010	44,792
Purchases of restricted stock	(21,204)	(41,160)
Net increase in loans	(349,260)	(485,904)
Proceeds from sale of premises and equipment	1,697	-
Purchases of premises and equipment	(8,452)	(3,328)
Proceeds from sale of foreclosed assets	182	84
Purchase of investment in life insurance contracts	-	(3,700)
Proceeds from death benefit of life insurance contracts	2,271	-
	<u>(343,426)</u>	<u>(455,899)</u>
Net Cash used by Investing Activities		
Financing Activities		
Increase (decrease) in non-interest-bearing deposits, net	71,368	(46,334)
Increase in interest-bearing deposits, net	309,333	139,528
Increase in certificates of deposits, net	3,600	115,978
Net change in federal funds purchased	(48,100)	48,100
Purchase of treasury stock, net	(5,116)	(1,377)
Dividends paid to stockholders	(6,895)	(6,714)
	<u>324,190</u>	<u>249,181</u>
Net Cash from Financing Activities		
Net Change in Cash and Cash Equivalents	<u>37,539</u>	<u>(171,767)</u>
Cash and Cash Equivalents, Beginning of Year	<u>67,374</u>	<u>239,141</u>
Cash and Cash Equivalents, End of Year	<u>\$ 104,913</u>	<u>\$ 67,374</u>

Dacotah Banks, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024
(Dollar Amounts in Thousands)

Supplemental disclosures of cash flow information:

	<u>2025</u>	<u>2024</u>
Cash payments for:		
Interest	\$ 94,879	\$ 89,948
Income taxes	11,843	4,892

Supplemental schedule of non-cash investing and financing activities:

	<u>2025</u>	<u>2024</u>
Other real estate acquired in settlement of loans	\$ 219	\$ 98

Note 1 - Principal Activity and Significant Accounting Policies

Principal Business Activity

Dacotah Banks, Inc. (Company) is the parent holding company of Dacotah Bank which provides a full range of banking services to individuals and businesses through its market locations in Aberdeen, Brookings, Clark, Faulkton, Lemmon, Mobridge, Rapid City, Sioux Falls, Sisseton, Watertown and Webster, South Dakota; and Bismarck, Dickinson, Fargo, Hettinger, Jamestown, Minot, Rolla and Valley City, North Dakota; and Morris and Minneapolis, Minnesota. Trust services are provided to individuals and businesses throughout the Bank's footprint and general insurance operations are conducted in sixteen of the thirty-three locations. The Company's primary deposit products are demand deposits and certificates of deposit, and its primary lending products are commercial, commercial real estate, agricultural, residential mortgage, and consumer loans.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary bank. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company and subsidiary bank employ, in all material respects, similar accounting policies.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term is the valuation of the allowance for credit losses.

Significant Group Concentrations of Credit Risk

Most of the Company's loans are with customers primarily located in Minnesota, North Dakota and South Dakota. Concentrations of credit are present in the agricultural and commercial sectors. Due to the significant economic impact of these sectors on the markets served by the Company, all loans, regardless of type, are impacted when significant events occur within these industry sectors. Loans for agricultural production purposes comprised approximately 31% of total loans as of December 31, 2025 and 2024. Loans for commercial purposes, including commercial real estate, comprised approximately 59% of total loans as of December 31, 2025 and 2024.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash and balances due from banks, federal funds sold and interest-bearing deposits in banks, all of which have original maturities of three months or less.

Time Deposits in Banks

Interest-bearing deposits in banks that are not classified as cash and cash equivalents mature within five years and are carried at cost.

Securities

The Company's debt securities are all classified and accounted for as securities available for sale. Securities classified as available for sale are those debt securities that the Company intends to hold for an indefinite period of time but not necessarily to maturity. Securities available for sale are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains or losses on the sale and calls of securities are recorded on the trade date and are determined using the specific identification method.

The Company is required to hold Federal Reserve Bank stock in order to be a member of the Federal Reserve Bank System; and because of its borrowing arrangement with the Federal Home Loan Bank, the Company is required to own Federal Home Loan Bank stock. Since ownership in these institutions is restricted, these securities are carried at cost and evaluated periodically for impairment.

Available For Sale Debt Securities – Allowance for Credit Losses

When the fair value of an available for sale debt security falls below the amortized cost basis, it is evaluated to determine if any of the decline in value is attributable to credit loss. Decreases in fair value attributable to credit loss would be recorded directly to earnings with a corresponding allowance for credit losses, limited by the amount that the fair value is less than the amortized cost basis. If the credit quality subsequently improves the allowance would be reversed up to a maximum of the previously recorded credit losses. If the Company intends to sell an impaired available for sale debt security, or if it is more likely than not that the Company will be required to sell the security prior to recovering the amortized cost basis, the entire fair value adjustment would be immediately recognized in earnings with no corresponding allowance for credit losses. Accrued interest receivable is excluded from the estimate of credit losses.

Fair Value Measurements

The Company determined the fair value of certain assets in accordance with a framework for measuring fair value under generally accepted accounting principles.

Fair value is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans

Loans are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for credit losses, and unearned discount.

Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. Loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful. All current year interest accrued but not collected for loans that are placed on non-accrual or charged-off is reversed against interest income. All prior year interest accrued but not collected is charged-off against the allowance for credit losses. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Company has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on their financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

Management considers the following when assessing the risk of the Company's loan portfolio segments:

Commercial: Commercial loans generally possess a lower inherent risk of loss than real estate portfolio segments because these loans are generally underwritten to existing cash flows of operating businesses. Debt coverage is provided by business cash flows and economic trends influenced by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Commercial Real Estate: Commercial real estate loans generally possess a higher inherent risk of loss than other real estate portfolio segments. Adverse economic developments or an overbuilt market impact commercial real estate projects and may result in troubled loans. Trends in vacancy rates of commercial properties impact the credit quality of these loans. High vacancy rates reduce operating revenues and the ability for the properties to produce sufficient cash flow to service debt obligations.

Agricultural: Agricultural loans generally possess a lower inherent risk of loss than other portfolio segments because these loans are generally underwritten to existing cash flows of farm operations. Major risks to this portfolio segment could include falling commodity prices and a decline in agricultural real estate values. Superior debt coverage ratios mitigate these risks.

Residential Real Estate: The degree of risk in residential real estate loans depends primarily on the loan amount in relation to collateral value, the interest rate, and the borrower's ability to repay in an orderly fashion. These loans generally possess a lower inherent risk of loss than other real estate portfolio segments. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Consumer: The consumer portfolio is usually comprised of a large number of small loans scheduled to be amortized over a specific period. Most loans are made directly for consumer purchases. Economic trends determined by unemployment rates and other key economic indicators are closely correlated to the credit quality of these loans.

Allowance for Credit Losses

The Allowance for Credit Losses, ACL, is a reserve established and maintained by charges against the Company's earnings. It is an estimate of uncollectible amounts used to reduce the carrying value of loans to the amount that is expected to be collected. Accounting Standards Codification 326, adopted in 2023, introduced the Current Expected Credit Losses (CECL) methodology. In accordance with CECL, the Company maintains a prudent, conservative, but not excessive, allowance for credit losses based on expected credit losses over the lifetime of an asset.

The Company uses the Weighted-Average Remaining Maturity Method (WARM) for its CECL calculation. This methodology is used to estimate its loan losses as of quarter and year-end. The determination of the amounts of the ACL and any provision adjustments are based on management's current judgments about the credit quality of the loan portfolio and consider all known relevant internal and external factors that affect loan collectability as of the reporting date. Losses are charged-off in the period in which loans or portions thereof are determined to be uncollectible. Subsequent recoveries, if any, are credited to the ACL.

On a quarterly basis, bank management and the board of directors discuss the ACL calculation, along with forward-looking analysis, and a decision is made and approved by the board in terms of the appropriateness and reasonableness of the current ACL balance and the monthly provision for the following quarter.

ACL estimates are based on a comprehensive, well-documented, and consistently applied analysis of the loan portfolio. An appropriate ACL covers estimated credit losses on individually evaluated loans that are determined to be collateral dependent (non-pooled) as well as estimated credit losses inherent in the remainder of the loan portfolio (pooled).

Accounting Standards Codification 326-20 CECL model requires an estimate of expected credit losses, measured over the contractual life of an instrument, which considers forecasts of future economic conditions in addition to information about past events and current conditions. The standard provides significant flexibility in how to pool financial assets with similar risk characteristics, determine the contractual term and obtain and adjust the relevant historical loss information that serves as the starting point for developing the estimate of expected lifetime credit losses. As a result, significant judgment is required to apply the guidance.

Loans that do not share risk characteristics are evaluated on an individual basis. For collateral dependent (non-pooled) loans where the Company has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and the Company expects repayment of the loan to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date.

The Company's policy is that loans risk rated substandard and doubtful no longer share risk characteristics similar to other loans evaluated collectively and as such, all loans risk rated substandard and doubtful are individually evaluated for credit losses. The Company's policy is that substandard and doubtful loans also represent the subset of loans in which borrowers are experiencing financial difficulty such that an evaluation of the source of repayment is required and are categorized as collateral dependent.

The Company groups loan pools into homogenous groups based on similar risk characteristics using the Federal Financial Institutions Examination Council (FFIEC) loan groups. These pooled loans are determined by taking the total balances in each loan group less the non-pooled loans in each loan group. The pooled loans are then analyzed with the WARM methodology.

Historical loss rates are also an integral part of the WARM calculation. The Bank applies a look back historical loss rate to each of the FFIEC loan groups based on a 20-quarter, equally weighted trailing average of net charge-offs. The most recent quarterly data included in the 20-quarter pool is the prior quarter's call report information.

Qualitative data (Q-Factor) are utilized as part of the forward-looking loss estimate based on management's subjective input. This Q-Factor is used to reflect changes in the collectability of the portfolio based on current conditions not captured by the historical loss data. These factors augment actual loss experience and help to estimate the probability of loss within a loan portfolio based upon emerging or inherent risk trends. Changes, if any, to the Q-Factors are the result of input provided by market staff, credit administration or senior management. Dacotah Bank uses the Interagency Policy Statement on Allowances for Credit Losses (Revised April 2023) as a baseline for its qualitative adjustments.

Another driving input for the Company's WARM methodology is a forward-looking factor called the economic conditions adjustment. This adjustment is determined based off a matrix developed by accounting and credit administration. This matrix includes factors related to non-ag trends, ag trends, unemployment and unemployment trends, prime rate and prime rate trends, inflation rate and inflation rate trends, and manufacturing purchasing managers' Index (PMI) and manufacturing PMI trends. This addresses the requirement of FASB ASC Topic 326 whereby management must consider forward looking information that is both reasonable and supportable and relevant to assessing the collectability of cash flows.

Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit and standby letters of credit. Such financial instruments are recorded when they are funded. The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The Company uses historical utilization rates, historical losses, Q-Factors, and economic conditions adjustments to estimate credit losses on off-balance sheet credit exposures.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Investment in Life Insurance Contracts

Investment in life insurance contracts is stated at cash surrender value of various insurance policies. The income of the investment is included in non-interest income. The life insurance policies are intended to provide funding for salary continuation contracts for executive officers of the Company and its subsidiary.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation for buildings and improvements is provided generally by the straight-line method based on estimated useful lives of 10 to 50 years. Depreciation for furniture, fixtures and equipment is provided generally by the double-declining balance method based on estimated useful lives of five to seven years.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at the lower of the unrecovered loan balance or fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets.

Goodwill and Other Intangible Assets

Intangible assets consist of goodwill, core deposits, and insurance files associated with the acquisition of banks and insurance agencies. Goodwill is not subject to amortization. Core deposits and insurance files are amortized on an accelerated basis over 5 to 15 years. The Company assesses goodwill for impairment annually, and more frequently in certain circumstances. Goodwill is assessed for impairment on a reporting unit level by applying a fair-value-based test using discounted estimated future net cash flows. Impairment exists when the carrying amount of the goodwill exceeds its implied fair value.

Mortgage Servicing Rights

Mortgage servicing rights (MSRs) are capitalized as separate assets when loans are sold and servicing is retained. Under the Transfers and Servicing topic of the Codification, FASB ASC 860-50, servicing rights resulting from the sale of loans originated by the Company are initially measured at fair value at the date of transfer. The Company utilizes a third-party to determine the fair value of MSRs using a valuation model that calculates the present value of estimated future net servicing income. The third-party utilizes assumptions in the valuation model that market participants use in estimating future net servicing income, including estimates of prepayment speeds, discount rate, cost to service, escrow account earnings and contractual servicing fee income. Gain or loss on sale of loans depends on (1) proceeds received and (2) the previous carrying amount of the financial assets transferred and any interests continued to be held based on relative fair value at the date of transfer.

The Company has elected to measure and carry MSRs related to residential mortgage loans using the fair value method. Under the fair value method, these MSRs are carried in the consolidated balance sheets at fair value and the changes in fair value, primarily due to changes in valuation inputs and assumptions and to the collection and realization of expected cash flows, are reported in noninterest income in the period in which the change occurs.

Investment in Low Income Housing Partnerships

Investments in low income housing partnerships as of December 31, 2025 and 2024 include:

- Whiting Court Limited Partnership, a partnership formed for the sole and exclusive purpose of acquiring, rehabilitating, developing, owning, operating, and managing a low-income residential rental project consisting of a multi-family housing complex with ten (10) 1-bedroom apartments and seven (7) 2-bedroom apartment units within one building in Yankton, South Dakota.
- Northern Lights Limited Partnership, a partnership formed for the sole and exclusive purpose of acquiring, constructing, developing, owning, operating, and managing a low-income residential rental project consisting of a multi-family housing complex with six (6) 1-bedroom apartments, sixteen (16) 2-bedroom apartments, and eight (8) 3-bedroom units within one building in Box Elder, South Dakota.
- Roseland Heights Limited Partnership, a partnership formed for the sole and exclusive purpose of acquiring, constructing, developing, owning, operating and managing a low-income residential rental project consisting of a multi-family housing complex consisting of 36 units within six (6) buildings in Sioux Falls, South Dakota.
- Vineyard Heights Limited Partnership, a partnership formed for the sole and exclusive purpose of acquiring, constructing, developing, owning, operating and managing a low-income residential rental project consisting of a multi-family housing complex consisting of 62 units within two (2) buildings in Sioux Falls, South Dakota.
- Auburn Limited Partnership, a partnership formed for the sole and exclusive purpose of acquiring, constructing, developing, owning, operating and managing a low-income residential rental project consisting of a multi-family housing complex with six (6) 1-bedroom apartments, sixteen (16) 2-bedroom apartments, and eight (8) 3-bedroom units within one building in Tea, South Dakota.
- Pennbrook Limited Partnership, a partnership formed for the sole and exclusive purpose of acquiring, constructing, developing, owning, operating and managing a low-income residential rental project consisting of a multi-family housing complex consisting of 62 units within two (2) buildings in Spearfish, South Dakota.

The Company is a 99.99% limited partner in each of the low income housing partnerships. The investments in the partnerships are accounted for under the equity method. The investment in low income housing partnerships is included in other assets in the consolidated balance sheet.

These investments do not have readily determinable fair values and are considered restricted investments. These restricted investments are measured under the practicability exception which allows these investments to be measured at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Any impairment would be recorded through earnings with related disclosures to be made.

Income Taxes

The Company and its subsidiary file a consolidated federal income tax return. The Company files separate state income tax returns. It is the policy of the Company to allocate federal income taxes or credits to its subsidiary on the basis of the subsidiary's taxable income or loss included in the consolidated return.

The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset

or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on technical merits, that the tax position will be realized or sustained upon examination. The term “more likely than not” means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management’s judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were approximately \$972 and \$868 for the years ended December 31, 2025 and 2024.

Comprehensive Income

The Company recognizes and includes revenue, expenses, gains and losses in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Operating Segments

While the chief decision-makers monitor the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis. Discrete operating results are not reviewed by senior management to make resource allocation or performance decisions. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

The Company's reportable segments are determined by the Chief Executive Officer, who is the designated chief operating decision maker (CODM), based upon information provided about the Company's products and services offered, primarily banking operations. The segment is also distinguished by the level of information provided to the CODM, who uses such information to review performance of various components of the business, which are then aggregated if operating performance, products/services, and customers are similar. The CODM will evaluate the financial performance of the Company's business components such as by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results

are used in assessing performance and in establishing compensation. Loans, investments and deposits provide the revenues in the banking operation. Interest expense, provisions for credit losses and payroll provide the significant expenses in the banking operation. All operations are domestic.

Earnings per Common Share

Basic earnings per share represent income available to common stockholders divided by the weighted-average number of common shares outstanding during the period.

Earnings per common share have been computed based on the following:

	2025	2024
Average number of common shares outstanding (in thousands)	11,124	11,173

New Accounting Pronouncements

Effective January 1, 2024, the Company adopted Accounting Standards Update (ASU) 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU requires that public entities (including those with a single reportable segment) make all existing segment disclosures required by Topic 280 Segment Reporting on both an annual and interim basis. Significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss (measure) and other segment items must also be disclosed. The CODM's title and position is also required to be disclosed as well as how the CODM uses each reported measure to assess segment performance and in deciding how to allocate resources. The ASU does not change how a public entity determines its reportable segments.

The amendments related to the ASU were applied retrospectively to the segment information disclosed for all prior periods presented in the accompanying financial statements. Adoption of the amendments of the ASU did not impact any of the amounts presented in the basic financial statements.

Effective January 1, 2025, the Company adopted Accounting Standards Update (ASU) 2023-09, Income taxes (Topic 740): Improvements to Income Tax Disclosures. The implementation of this standard establishes a requirement to disclose differences between the statutory tax rate and the effective tax rate by jurisdiction and disaggregated information about income taxes paid, income from continuing operations before income tax expense and income tax expense from continuing operations. Management has determined that this standard is preferable in that the reporting will provide users with more useful information and greater transparency about how the Company's operations and related tax risks affect its tax rate and cash flows. The amendments related to the ASU were applied retrospectively to the beginning of the earliest year presented.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income or stockholders' equity.

Subsequent Events

The Company has evaluated subsequent events through March 12, 2026, which is the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

In the normal course of business, the Company maintains cash and due from bank balances with correspondent banks. Balances in these accounts may exceed the Federal Deposit Insurance Corporation's insured limit of \$250. Management believes these financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

Note 3 - Securities

Debt securities have been classified in the consolidated balance sheet according to management's intent. The amortized cost and fair value of securities available for sale with gross unrealized gains and losses are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2025				
Securities available for sale:				
U.S. Treasuries	\$ 128,243	\$ 1,237	\$ 1,383	\$ 128,097
U.S. Government and federal agency	136,585	313	7,981	128,917
State and municipal	44,500	136	544	44,092
Mortgage-backed	280,771	1,245	18,917	263,099
Other	4,373	-	-	4,373
	<u>\$ 594,472</u>	<u>\$ 2,931</u>	<u>\$ 28,825</u>	<u>\$ 568,578</u>
December 31, 2024				
Securities available for sale:				
U.S. Treasuries	\$ 171,133	\$ 316	\$ 4,805	\$ 166,644
U.S. Government and federal agency	145,021	99	13,755	131,365
State and municipal	41,714	11	1,318	40,407
Mortgage-backed	239,819	42	29,377	210,484
Other	3,351	-	-	3,351
	<u>\$ 601,038</u>	<u>\$ 468</u>	<u>\$ 49,255</u>	<u>\$ 552,251</u>

Investment securities with a carrying value of \$284,104 and \$287,376 as of December 31, 2025 and 2024, respectively, were pledged to secure public deposits and for other purposes required by law.

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The amortized cost and fair value of debt securities by contractual maturity at December 31, 2025 follows:

	Amortized Cost	Fair Value
Within one year	\$ 66,624	\$ 65,878
Over one through five years	321,744	312,630
Over five through ten years	197,326	181,437
Over ten years	8,778	8,633
	<u>\$ 594,472</u>	<u>\$ 568,578</u>

Mortgage-backed obligations are included in the preceding table based on management's estimates of remaining life, after considering prepayments.

There were no sales of securities during 2025 and 2024.

Information pertaining to securities with gross unrealized losses, for which an allowance for credit losses has not been recorded, at December 31, 2025 and 2024 aggregated by investment category and length of time that individual securities have been in a continuing loss position follows:

	Less Than Twelve Months		Twelve Months And Over	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
December 31, 2025				
Securities available for sale:				
U.S. Treasuries	\$ -	\$ -	\$ 1,383	\$ 59,234
U.S. Government and federal agency	-	-	7,981	113,845
State and municipal	8	1,700	536	17,111
Mortgage backed	260	41,803	18,657	152,847
	<u>\$ 268</u>	<u>\$ 43,503</u>	<u>\$ 28,557</u>	<u>\$ 343,037</u>
	Less Than Twelve Months		Twelve Months And Over	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
December 31, 2024				
Securities available for sale:				
U.S. Treasuries	\$ 495	\$ 37,946	\$ 4,310	\$ 104,857
U.S. Government and federal agency	85	4,719	13,670	115,586
State and municipal	39	2,740	1,279	24,109
Mortgage backed	997	39,157	28,380	167,826
	<u>\$ 1,616</u>	<u>\$ 84,562</u>	<u>\$ 47,639</u>	<u>\$ 412,378</u>

As of December 31, 2025, 12 U.S. Treasuries and 21 Government agency debt securities in an unrealized loss position were held by the Company. Management evaluated the explicit and implicit U.S. Government guarantee of these treasuries and agency securities. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of December 31, 2025, 69 obligations of states and political subdivisions debt securities in an unrealized loss position were held by the Company. Management evaluated these securities through a process that included consideration of credit agency ratings and payment history. In addition, management evaluated securities by considering the yield spread to treasury securities and the most recent financial information available. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

As of December 31, 2025, 192 mortgage backed securities in an unrealized loss position were held by the Company. Management evaluated the payment history of these securities. In addition, management considered the implied U.S. government guarantee of these securities, the level of credit enhancements, and credit agency ratings for non-agency securities. Based on this evaluation, management concluded that the decline in fair value was not attributable to credit losses.

Accrued interest receivable on debt securities available for sale totaled \$2,409 and \$2,312 at December 31, 2025 and 2024, respectively and is excluded from the estimate of credit losses.

Note 4 - Loans

A summary of the balances of loans follows:

	<u>2025</u>	<u>2024</u>
Commercial	\$ 974,683	\$ 817,584
Commercial real estate	1,381,965	1,325,624
Agricultural	1,237,109	1,124,262
Residential real estate	221,535	211,994
Consumer	<u>150,037</u>	<u>138,881</u>
Total loans	3,965,329	3,618,345
Allowance for credit losses	<u>(43,897)</u>	<u>(39,954)</u>
Total loans, net	<u>\$ 3,921,432</u>	<u>\$ 3,578,391</u>

Commercial and agricultural lending are the primary lending activity of the Company as evidenced by the fact that approximately 91% and 90% of the portfolio is comprised of the same as of December 31, 2025 and 2024, respectively. While the Company's philosophy is to provide this credit on a secured basis, the primary driver of repayment is cash flow.

The Company has maintained a diversified loan portfolio. At December 31, 2025 and 2024, there were no customer loan concentrations that exceeded 1.5% of total loans. However, a substantial portion of the Company's customers' ability to honor their loan agreements is influenced by the agricultural economy in the Company's rural markets and the commercial economy in the more populated markets such as Aberdeen, Brookings, Rapid City, Sioux Falls, and Watertown, South Dakota and Bismarck, Fargo, and Minot, North Dakota and Minneapolis, Minnesota.

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Total loans to directors, executive officers and principal stockholders of the Company's common stock including their affiliates were \$8,257 and \$8,575 at December 31, 2025 and 2024. Management believes that such loans were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral as those prevailing at the same time for comparable transactions with other customers and do not represent more than a normal risk of collection.

Included in loans are overdrafts of \$3,374 and \$1,834 as of December 31, 2025 and 2024.

The changes in the allowance for credit losses by portfolio segment and the composition of allowance for credit losses by portfolio segment based on evaluation method as of December 31, 2025 and 2024 were as follows:

<u>December 31, 2025</u>	<u>Commercial</u>	<u>Commercial Real Estate</u>	<u>Agricultural</u>	<u>Residential Real Estate</u>	<u>Consumer</u>	<u>Total</u>
Allowance for Credit Losses						
Balance, beginning of year	\$ 7,931	\$ 14,429	\$ 11,048	\$ 4,941	\$ 1,605	\$ 39,954
Provision (reversal) for credit losses	2,157	1,171	4,117	(2,450)	805	5,800
Loans charged off	(325)	(198)	(1,658)	(2)	(849)	(3,032)
Recoveries	108	4	556	12	161	841
Adjustment	348	(382)	347	-	21	334
Balance, end of year	<u>\$ 10,219</u>	<u>\$ 15,024</u>	<u>\$ 14,410</u>	<u>\$ 2,501</u>	<u>\$ 1,743</u>	<u>\$ 43,897</u>
Allowance for credit losses						
Individually evaluated for credit loss	\$ 753	\$ 1,340	\$ 2,884	\$ 261	\$ 217	\$ 5,455
Collectively evaluated for credit loss	<u>9,466</u>	<u>13,684</u>	<u>11,526</u>	<u>2,240</u>	<u>1,526</u>	<u>38,442</u>
Balance, end of year	<u>\$ 10,219</u>	<u>\$ 15,024</u>	<u>\$ 14,410</u>	<u>\$ 2,501</u>	<u>\$ 1,743</u>	<u>\$ 43,897</u>
Loans held for investment						
Individually evaluated for credit loss	\$ 46,633	\$ 47,197	\$ 111,726	\$ 4,556	\$ 577	\$ 210,689
Collectively evaluated for credit loss	<u>928,050</u>	<u>1,334,768</u>	<u>1,125,383</u>	<u>216,979</u>	<u>149,460</u>	<u>3,754,640</u>
Balance, end of year	<u>\$ 974,683</u>	<u>\$ 1,381,965</u>	<u>\$ 1,237,109</u>	<u>\$ 221,535</u>	<u>\$ 150,037</u>	<u>\$ 3,965,329</u>

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December 31, 2024	Commercial	Commercial Real Estate	Agricultural	Residential Real Estate	Consumer	Total
Allowance for Credit Losses						
Balance, beginning of year	\$ 5,846	\$ 15,425	\$ 10,693	\$ 4,815	\$ 1,517	\$ 38,296
Provision (reversal) for credit losses	2,389	(972)	221	117	345	2,100
Loans charged off	(343)	(56)	(249)	(18)	(311)	(977)
Recoveries	39	32	383	27	54	535
Balance, end of year	<u>\$ 7,931</u>	<u>\$ 14,429</u>	<u>\$ 11,048</u>	<u>\$ 4,941</u>	<u>\$ 1,605</u>	<u>\$ 39,954</u>
Allowance for credit losses						
Individually evaluated for credit loss	\$ 1,223	\$ 2,124	\$ 1,270	\$ 225	\$ 345	\$ 5,187
Collectively evaluated for credit loss	6,708	12,305	9,778	4,716	1,260	34,767
Balance, end of year	<u>\$ 7,931</u>	<u>\$ 14,429</u>	<u>\$ 11,048</u>	<u>\$ 4,941</u>	<u>\$ 1,605</u>	<u>\$ 39,954</u>
Loans held for investment						
Individually evaluated for credit loss	\$ 5,141	\$ 24,367	\$ 76,718	\$ 5,107	\$ 744	\$ 112,077
Collectively evaluated for credit loss	812,443	1,301,257	1,047,544	206,887	138,137	3,506,268
Balance, end of year	<u>\$ 817,584</u>	<u>\$ 1,325,624</u>	<u>\$ 1,124,262</u>	<u>\$ 211,994</u>	<u>\$ 138,881</u>	<u>\$ 3,618,345</u>

The Company's policy is that loans risk rated substandard and doubtful no longer share risk characteristics similar to other loans evaluated collectively and as such, all loans risk rated substandard, doubtful and loss are individually evaluated for credit losses. The Company's policy is that substandard, doubtful and loss loans also represent the subset of loans in which borrowers are experiencing financial difficulty such that an evaluation of the source of repayment is required and are categorized as collateral dependent.

Credit Quality Indicators

The Company maintains a risk rating system designed and implemented to assist the loan officers, management, and Board of Directors in measuring asset quality. A key element in the analysis of credit risk and associated portfolio management is the assignment of the appropriate risk rating grade. The risk rating as assigned, determines the level of credit approval authority required, the degree of monitoring expected, and important information pursuant to the management of the portfolio. Individual loan grades shall be assigned to commercial,

commercial real estate, agricultural, and other loan types in accordance with the Company's loan rating system. These loans shall be evaluated on a case-by-case basis pursuant to the Company's underwriting principles and the borrower's ongoing performance. Risk rating grades shall thereon be assigned in accordance with the likelihood of default and loss associated with the loan. Consumer (installment and residential real estate) loans shall not be reviewed on a case-by-case basis; rather, assigned a pass grade (4) in the absence of detrimental criteria negatively affecting the credit.

The risk rating system utilizes a "dual" loan grading system that first grades individual credits based on the objective/financial performance compared to RMA industry standard data. Metrics used vary within different sectors (agriculture, commercial & industrial, commercial real estate, etc.) and NAICS classifications. The second set of components of all loan grades are subjective adjustments.

The Company's risk ratings range from Grade 1 (extremely low risk) to Grade 9 (Loss).

1 – 4 Pass Rated: *These grades represent desirable credit quality and include ratings of Superior Quality, Excellent Quality, Good Quality, and Satisfactory Quality.*

5 – Pass/Watch: *Mid-grade loans showing average financial condition but that may be susceptible to changing economic conditions that would raise risk to a minor concern. Normal comfort levels can be achieved through monitoring financial statements and collateral coverage.*

6 – Special Mention: *Loans that have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special Mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.*

7 – Substandard: *Loans inadequately protected by the current sound worth and paying capacity of the obligor or the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the bank will sustain some loss if the deficiencies are not corrected.*

8 – Doubtful: *Loans classified Doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.*

9 – Loss: *Loans classified Loss are considered uncollectible and of such little value that their continuance as bankable assets are not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future.*

The following tables sets forth the amortized cost basis of loans by class of receivable by credit quality indicator and vintage based on the most recent analysis performed, as of December 31, 2025 and 2024.

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December 31, 2025	Term Loans by Origination Year						Revolving Loans	Total
	2025	2024	2023	2022	2021	Prior		
Commercial								
Pass/Pass Watch	\$ 251,475	\$ 123,803	\$ 48,249	\$ 48,649	\$ 12,445	\$ 47,435	\$ 271,277	\$ 803,333
Special Mention	19,446	16,916	472	23,224	673	982	62,033	123,746
Substandard or Worse	1,044	3,533	4,183	2,666	206	426	35,546	47,604
Total	<u>\$ 271,965</u>	<u>\$ 144,252</u>	<u>\$ 52,904</u>	<u>\$ 74,539</u>	<u>\$ 13,324</u>	<u>\$ 48,843</u>	<u>\$ 368,856</u>	<u>\$ 974,683</u>
Current period charge offs	\$ -	\$ 91	\$ 234	\$ -	\$ -	\$ -	\$ -	\$ 325
Commercial real estate								
Pass/Pass Watch	\$ 232,868	\$ 133,766	\$ 155,216	\$ 235,332	\$ 143,344	\$ 307,216	\$ 40,673	\$ 1,248,415
Special Mention	10,138	7,007	5,534	5,413	28,722	7,707	23,292	87,813
Substandard or Worse	602	5,070	12,077	14,593	5,974	6,671	750	45,737
Total	<u>\$ 243,608</u>	<u>\$ 145,843</u>	<u>\$ 172,827</u>	<u>\$ 255,338</u>	<u>\$ 178,040</u>	<u>\$ 321,594</u>	<u>\$ 64,715</u>	<u>\$ 1,381,965</u>
Current period charge offs	\$ -	\$ 20	\$ -	\$ 150	\$ -	\$ 28	\$ -	\$ 198
Agricultural								
Pass/Pass Watch	\$ 178,789	\$ 58,344	\$ 59,510	\$ 99,056	\$ 72,452	\$ 156,007	\$ 383,275	\$ 1,007,433
Special Mention	21,952	8,355	4,944	9,088	12,949	14,345	46,704	118,337
Substandard or Worse	27,438	16,594	11,090	10,647	12,162	16,724	16,684	111,339
Total	<u>\$ 228,179</u>	<u>\$ 83,293</u>	<u>\$ 75,544</u>	<u>\$ 118,791</u>	<u>\$ 97,563</u>	<u>\$ 187,076</u>	<u>\$ 446,663</u>	<u>\$ 1,237,109</u>
Current period charge offs	\$ -	\$ 648	\$ 481	\$ 71	\$ 99	\$ 359	\$ -	\$ 1,658
Residential real estate								
Performing	\$ 40,505	\$ 27,401	\$ 33,461	\$ 32,593	\$ 27,493	\$ 24,642	\$ 34,682	\$ 220,777
Nonperforming	-	65	145	-	291	162	95	758
Total	<u>\$ 40,505</u>	<u>\$ 27,466</u>	<u>\$ 33,606</u>	<u>\$ 32,593</u>	<u>\$ 27,784</u>	<u>\$ 24,804</u>	<u>\$ 34,777</u>	<u>\$ 221,535</u>
Current period charge offs	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 2
Consumer								
Performing	\$ 53,829	\$ 23,900	\$ 16,049	\$ 12,799	\$ 3,048	\$ 1,740	\$ 38,572	\$ 149,937
Nonperforming	55	-	31	4	10	-	-	100
Total	<u>\$ 53,884</u>	<u>\$ 23,900</u>	<u>\$ 16,080</u>	<u>\$ 12,803</u>	<u>\$ 3,058</u>	<u>\$ 1,740</u>	<u>\$ 38,572</u>	<u>\$ 150,037</u>
Current period charge offs	\$ 17	\$ 325	\$ 259	\$ 152	\$ 53	\$ 43	\$ -	\$ 849
Total by Credit Quality Indicator Category								
Pass/Pass Watch	\$ 663,132	\$ 315,913	\$ 262,975	\$ 383,037	\$ 228,241	\$ 510,658	\$ 695,225	\$ 3,059,181
Special Mention	51,536	32,278	10,950	37,725	42,344	23,034	132,029	329,896
Substandard	29,084	25,197	27,350	27,906	18,342	23,821	52,980	204,680
Performing	94,334	51,301	49,510	45,392	30,541	26,382	73,254	370,714
Nonperforming	55	65	176	4	301	162	95	858
Total	<u>\$ 838,141</u>	<u>\$ 424,754</u>	<u>\$ 350,961</u>	<u>\$ 494,064</u>	<u>\$ 319,769</u>	<u>\$ 584,057</u>	<u>\$ 953,583</u>	<u>\$ 3,965,329</u>

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December 31, 2024	Term Loans by Origination Year					Revolving Loans	Total
	2024	2023	2022	2021	Prior		
Commercial							
Pass/Pass Watch	\$ 224,672	\$ 74,783	\$ 95,778	\$ 21,411	\$ 66,706	\$ 253,720	\$ 737,070
Special Mention	2,041	3,354	3,769	1,260	1,260	64,350	76,034
Substandard or Worse	384	407	1,244	464	778	1,203	4,480
Total	\$ 227,097	\$ 78,544	\$ 100,791	\$ 23,135	\$ 68,744	\$ 319,273	\$ 817,584
Current period charge offs	\$ -	\$ 312	\$ -	\$ 28	\$ 3	\$ -	\$ 343
Commercial real estate							
Pass/Pass Watch	\$ 174,437	\$ 195,914	\$ 290,245	\$ 181,572	\$ 343,145	\$ 37,782	\$ 1,223,095
Special Mention	14,067	1,221	10,164	10,570	44,386	40	80,448
Substandard or Worse	3,828	269	11,739	1,276	4,719	250	22,081
Total	\$ 192,332	\$ 197,404	\$ 312,148	\$ 193,418	\$ 392,250	\$ 38,072	\$ 1,325,624
Current period charge offs	\$ -	\$ 6	\$ 50	\$ -	\$ -	\$ -	\$ 56
Agricultural							
Pass/Pass Watch	\$ 117,246	\$ 80,782	\$ 127,107	\$ 90,470	\$ 207,912	\$ 339,998	\$ 963,515
Special Mention	10,660	8,973	8,269	11,699	16,817	28,091	84,509
Substandard or Worse	21,606	8,386	10,983	13,568	10,880	10,815	76,238
Total	\$ 149,512	\$ 98,141	\$ 146,359	\$ 115,737	\$ 235,609	\$ 378,904	\$ 1,124,262
Current period charge offs	\$ -	\$ 203	\$ -	\$ 3	\$ 43	\$ -	\$ 249
Residential real estate							
Performing	\$ 38,074	\$ 38,593	\$ 37,101	\$ 32,493	\$ 30,976	\$ 33,447	\$ 210,684
Nonperforming	80	285	197	55	294	399	1,310
Total	\$ 38,154	\$ 38,878	\$ 37,298	\$ 32,548	\$ 31,270	\$ 33,846	\$ 211,994
Current period charge offs	\$ -	\$ -	\$ -	\$ 2	\$ 16		\$ 18
Consumer							
Performing	\$ 44,379	\$ 28,329	\$ 17,807	\$ 12,269	\$ 2,527	\$ 33,176	\$ 138,487
Nonperforming	-	180	80	87	5	42	394
Total	\$ 44,379	\$ 28,509	\$ 17,887	\$ 12,356	\$ 2,532	\$ 33,218	\$ 138,881
Current period charge offs	\$ 1	\$ 55	\$ 146	\$ 49	\$ 60	\$ -	\$ 311
Total by Credit Quality Indicator Category							
Pass/Pass Watch	\$ 516,355	\$ 351,479	\$ 513,130	\$ 293,453	\$ 617,763	\$ 631,500	\$ 2,923,680
Special Mention	26,768	13,548	22,202	23,529	62,463	92,481	240,991
Substandard	25,818	9,062	23,966	15,308	16,377	12,268	102,799
Performing	82,453	66,922	54,908	44,762	33,503	66,623	349,171
Nonperforming	80	465	277	142	299	441	1,704
Total	\$ 651,474	\$ 441,476	\$ 614,483	\$ 377,194	\$ 730,405	\$ 803,313	\$ 3,618,345

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The following table presents the amortized cost basis of loans based on delinquency status as of December 31, 2025 and 2024.

<u>December 31, 2025</u>	<u>Age Analysis of Past-Due Financial Assets</u>				<u>Total</u>	<u>90 Days or More Past Due and Accruing</u>
	<u>Current</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>90 Days or More Past Due</u>		
Commercial	\$ 973,949	\$ 410	\$ 69	\$ 255	\$ 974,683	\$ 12
Commercial Real Estate	1,365,917	1,818	236	13,994	1,381,965	-
Agricultural	1,216,425	1,655	574	18,455	1,237,109	-
Residential Real Estate	220,236	795	504	-	221,535	-
Consumer	149,626	306	105	-	150,037	50
Total	\$ 3,926,153	\$ 4,984	\$ 1,488	\$ 32,704	\$ 3,965,329	\$ 62

<u>December 31, 2024</u>	<u>Age Analysis of Past-Due Financial Assets</u>				<u>Total</u>	<u>90 Days or More Past Due and Accruing</u>
	<u>Current</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>90 Days or More Past Due</u>		
Commercial	\$ 816,218	\$ 688	\$ 55	\$ 623	\$ 817,584	\$ 290
Commercial Real Estate	1,320,495	-	-	5,129	1,325,624	98
Agricultural	1,116,277	1,498	1,590	4,897	1,124,262	327
Residential Real Estate	210,555	629	227	583	211,994	197
Consumer	138,010	260	347	264	138,881	67
Total	\$ 3,601,555	\$ 3,075	\$ 2,219	\$ 11,496	\$ 3,618,345	\$ 979

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The following table presents the amortized cost basis of loans on non-accrual status, amortized cost basis of loans on non-accrual status with no allowance for credit losses recorded, and loans past due 90 days or more and still accruing as of December 31, 2025 and 2024.

	Nonaccrual		Nonaccrual with no Allowance for Credit Losses		90 Days or More Past Due and Accruing	
	2025	2024	2025	2024	2025	2024
Commercial	\$ 1,017	\$ 862	\$ 666	\$ 355	\$ 12	\$ 290
Commercial Real Estate	14,640	5,138	10,907	4,565	-	98
Agricultural	34,434	9,707	30,298	9,268	-	327
Residential Real Estate	758	1,113	589	606	-	197
Consumer	99	326	-	2	50	67
Total	<u>\$ 50,948</u>	<u>\$ 17,146</u>	<u>\$ 42,460</u>	<u>\$ 14,796</u>	<u>\$ 62</u>	<u>\$ 979</u>

The following table presents the amortized cost basis of collateral dependent loans, by primary collateral type, which are individually evaluated to determine expected credit losses, and the related allowance for credit losses allocated to these loans as of December 31, 2025 and 2024.

December 31, 2025	Primary Type of Collateral			Total	ACL Allocation
	Real Estate	Equipment	Other		
Commercial	\$ -	\$ 23,317	\$ 23,316	\$ 46,633	\$ 753
Commercial Real Estate	47,197	-	-	47,197	1,340
Agricultural	83,624	14,051	14,051	111,726	2,884
Residential Real Estate	4,556	-	-	4,556	261
Consumer	-	-	577	577	217
Totals	<u>\$ 135,377</u>	<u>\$ 37,368</u>	<u>\$ 37,944</u>	<u>\$ 210,689</u>	<u>\$ 5,455</u>

December 31, 2024	Primary Type of Collateral			Total	ACL Allocation
	Real Estate	Equipment	Other		
Commercial	\$ -	\$ 2,571	\$ 2,570	\$ 5,141	\$ 1,223
Commercial Real Estate	24,367	-	-	24,367	2,124
Agricultural	52,202	12,258	12,258	76,718	1,270
Residential Real Estate	5,107	-	-	5,107	225
Consumer	-	-	744	744	345
Totals	<u>\$ 81,676</u>	<u>\$ 14,829</u>	<u>\$ 15,572</u>	<u>\$ 112,077</u>	<u>\$ 5,187</u>

Loan Modifications to Borrowers Experiencing Financial Difficulty

Occasionally, the Company may modify loans to borrowers who are experiencing financial difficulty. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, term extension, an other-than-insignificant payment delay, interest rate reduction, or combination thereof.

The following table presents the amortized cost basis of loans as of December 31, 2025 and 2024 that were both experiencing financial difficulty and modified during the years ended December 31, 2025 and 2024, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing is also presented below.

<u>December 31, 2025</u>	<u>Principal Forgiveness</u>	<u>Payment Delay</u>	<u>Term Extension</u>	<u>Interest Rate Reduction</u>	<u>Combination</u>	<u>Total Class of Financing</u>
Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Commercial Real Estate	-	-	-	-	-	0.00%
Agricultural	-	808	117	-	-	0.07%
Residential Real Estate	-	-	-	-	-	0.00%
Consumer	-	-	-	-	-	0.00%
	<u>\$ -</u>	<u>\$ 808</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.02%</u>
<u>December 31, 2024</u>	<u>Principal Forgiveness</u>	<u>Payment Delay</u>	<u>Term Extension</u>	<u>Interest Rate Reduction</u>	<u>Combination</u>	<u>Total Class of Financing</u>
Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Commercial Real Estate	-	-	-	-	-	0.00%
Agricultural	-	188	-	-	-	0.02%
Residential Real Estate	-	-	-	-	-	0.00%
Consumer	-	-	-	-	-	0.00%
	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.01%</u>

The Company has no additional commitment to lend amounts to the borrowers included in the previous table as of December 31, 2025 and 2024. For the twelve months ended December 31, 2025 and 2024, the Company had no modified loans to borrowers experiencing financial difficulty that redefaulted within 12 months subsequent to the modification.

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The following table presents the performance as of December 31, 2025 and 2024 of loans that were modified while the borrower was experiencing financial difficulty at the time of modification in the last 12 months:

<u>December 31, 2025</u>	<u>Current</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>90 Days or More Past Due</u>	<u>Total</u>
Commercial	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Real Estate	-	-	-	-	-
Agricultural	925	-	-	-	925
Residential Real Estate	-	-	-	-	-
Consumer	-	-	-	-	-
	<u>\$ 925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925</u>

<u>December 31, 2024</u>	<u>Current</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>90 Days or More Past Due</u>	<u>Total</u>
Commercial	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Real Estate	-	-	-	-	-
Agricultural	188	-	-	-	188
Residential Real Estate	-	-	-	-	-
Consumer	-	-	-	-	-
	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188</u>

The financial effect of the loan modification presented above to the borrowers experiencing financial difficulty is insignificant.

Accrued interest receivable on loans totaled \$41,966 and \$41,023 at December 31, 2025 and 2024, respectively and is excluded from the estimate of credit losses.

Note 5 - Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	2025	2024
Land	\$ 9,984	\$ 10,061
Buildings and improvements	100,022	94,267
Furniture, fixtures and equipment	26,739	31,302
	136,745	135,630
Accumulated depreciation and amortization	(80,236)	(81,561)
	\$ 56,509	\$ 54,069

Depreciation and amortization charged to occupancy and furniture and equipment expense in the consolidated statements of income amounted to \$4,999 in 2025 and \$5,394 in 2024.

The Company has entered two contracts for remodeling projects in Aberdeen. The total commitment on these projects is approximately \$28,293. As of December 31, 2025, approximately \$7,239 has been paid leaving remaining commitments of \$21,054. Construction in progress is reported within buildings and improvements above.

Note 6 - Leases

The Company leases office space for the Fargo and Bismarck, North Dakota and Minneapolis, Minnesota locations for terms under long-term, non-cancelable operating lease agreements. Fargo entered into a 60-month lease that expires in 2027 and Bismarck entered into a 120-month lease expiring in 2032 and Minneapolis entered into a 130-month lease expiring in 2034. The Company included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Also, the agreements require the Company to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Company's applicable borrowing rates and the contractual lease term.

The Company has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The company elected the practical expedient to not separate lease and non-lease components for these leases.

Total operating lease costs were approximately \$655 and \$585 for the years ended December 31, 2025 and 2024.

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Balance Sheet Classification

<u>Lease Assets</u>	<u>Classification</u>	<u>2025</u>	<u>2024</u>
Operating right-of-use assets	Other assets	\$ 2,225	\$ 2,565

<u>Lease Liabilities</u>	<u>Classification</u>	<u>2025</u>	<u>2024</u>
Operating lease liabilities	Accrued expenses and other liabilities	\$ 2,225	\$ 2,565

Weight-Average Information

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term: Operating leases	6.94	7.50 Years
Weighted-average discount rate: Operating leases	6.09%	6.05%

Future Minimum Lease Payments

	<u>2025</u>
	<u>Operating</u>
2026	\$ 492
2027	381
2028	346
2029	350
2030	353
Thereafter	<u>821</u>
Total lease payments	2,743
Less imputed interest	<u>(518)</u>
Present value of lease liabilities	<u>\$ 2,225</u>

Note 7 - Goodwill and Intangible Assets

The summary of the net carrying amount of the intangible assets as of December 31, 2025 and 2024 follows:

	2025	2024
Core deposit intangible	\$ 4,633	\$ 4,633
Accumulated amortization	4,627	4,604
Core deposit intangible	6	29
Insurance files intangible	2,660	2,660
Accumulated amortization	2,316	2,276
Insurance files intangible	344	384
Intangible assets	\$ 350	\$ 413
Goodwill	\$ 10,577	\$ 10,577
Accumulated amortization	329	329
Goodwill	\$ 10,248	\$ 10,248

There were no impairment losses related to the intangible assets during the years ended December 31, 2025 and 2024. Impairment testing is performed annually on goodwill. If certain factors become present that could lead to impairment of core deposit intangible and insurance files, impairment testing will be performed at that time.

Amortization expense for intangible assets was \$63 and \$85 for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025, the estimated amortization expense for intangible assets for the succeeding five years and thereafter is as follows:

2026	\$	47
2027		36
2028		36
2029		36
2030		36
Thereafter		161

Note 8 – Mortgage Servicing Rights

Loans serviced for others are not included in the consolidated balance sheets. The risks inherent in mortgage servicing rights relate primarily to changes in prepayments that result from shifts in mortgage interest rates. The unpaid principal balances of loans serviced for others were approximately \$422,546 and \$402,569 at December 31, 2025 and 2024, respectively.

The fair value of these rights was \$4,606 and \$4,668 at December 31, 2025 and December 31, 2024. The fair value of servicing rights at December 31, 2025 was determined using discount rates ranging from 9.500 percent to 12.500 percent and average prepayment speeds ranging from PSA 108 to 206, depending on the stratification of the specific right. The fair value of servicing rights at December 31, 2024 was determined using discount rates ranging from 9.125 percent to 12.125 percent and average prepayment speeds ranging from PSA 98 to 192, depending on the stratification of the specific right.

The changes in mortgage servicing rights measured using the fair value method at December 31, 2025 and 2024 were as follows:

	2025	2024
Fair value as of the beginning of the period	\$ 4,668	\$ 5,112
Additions		
Assumptions of servicing obligations	244	178
(Decrease) increase in fair value due to changes in valuation inputs or assumptions used in the valuation model	(306)	(622)
	<u>\$ 4,606</u>	<u>\$ 4,668</u>
Fair value at the end of the period	<u>\$ 4,606</u>	<u>\$ 4,668</u>

Contractually specified servicing fees, loan fees, and late fees are included in servicing fees on residential mortgages:

	2025	2024
Contractually specified servicing fees	\$ 1,035	\$ 982
Loan fees	67	45
Late fees	18	15
	<u>\$ 1,120</u>	<u>\$ 1,042</u>
	<u>\$ 1,120</u>	<u>\$ 1,042</u>

Note 9 – Investment in Low Income Housing Partnerships

Investments in low income housing partnerships consist of the following as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Whiting Court limited partnership	\$ 464	\$ 488
Northern Lights limited partnership	1,541	1,621
Roseland Heights limited partnership	2,681	2,750
Vineyard Heights limited partnership	5,691	5,964
Auburn limited partnership	3,519	3,687
Pennbrook limited partnership	<u>6,555</u>	<u>7,071</u>
Balance, end of year	<u>\$ 20,451</u>	<u>\$ 21,581</u>

Changes to the limited partnerships occurred during the year ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 21,581	\$ 22,315
Contributions to limited partnerships	-	3,534
Decreases in partnership capital account	<u>(1,130)</u>	<u>(4,268)</u>
Balance, end of year	<u>\$ 20,451</u>	<u>\$ 21,581</u>

Tax credits for the limited partnerships are \$972, \$2,916, \$4,497, \$8,531, \$5,338, and \$9,232 respectively for the Whiting Court, Northern Lights, Roseland Heights, Vineyard Heights, Auburn, and Pennbrook limited partnerships. The Company will utilize low income housing tax credits from the partnerships through 2034.

Investment in Low Income Housing Partnerships are included with other assets on the consolidated balance sheet.

Note 10 - Deposits

A summary of the balances of deposits follows:

	2025	2024
Demand	\$ 857,721	\$ 786,353
Interest checking	757,974	616,897
Money market accounts	849,744	653,653
Premium money market accounts	853,678	881,513
Time, \$250,000 and over	325,322	293,408
Other time	675,399	703,713
	\$ 4,319,838	\$ 3,935,537

At December 31, 2025, the scheduled maturities of certificates of deposit were as follows:

2026	\$ 966,798
2027	21,846
2028	6,041
2029	4,843
2030	1,193
	\$ 1,000,721

Deposits from directors, executive officers, principal stockholders, and their affiliates at year-end 2025 and 2024 were \$14,121 and \$10,806.

Note 11 - Borrowings

Borrowings consist of Federal Home Loan advances totaling \$0 as of December 31, 2025 and 2024.

In addition, the Company had \$0 and \$48,100 in federal funds purchased positions at December 31, 2025 and 2024, respectively.

The Company maintains a collateral pledge agreement with the Federal Home Loan Bank of Des Moines covering secured advances whereby the Company has agreed to retain, free of all other pledges, liens, and encumbrances, agricultural, residential, and commercial real estate loans totaling \$738,234 and \$801,668 as of December 31, 2025 and 2024. The pledged loans are discounted at a factor of 26% to 31% when aggregating the amount of loans required by the pledge agreement. In addition, these borrowings are collateralized by Federal Home Loan Bank stock of \$9,748 and \$10,553 as of December 31, 2025 and 2024. The net excess of pledged collateral over the outstanding indebtedness was \$422,111 and \$381,716 as of December 31, 2025 and December 31, 2024, respectively. FHLB served as the agent for the \$48,100 in federal funds purchased borrowings at December 31, 2024.

As of December 31, 2025 and 2024, the Company pledged loans totaling \$145,384 and \$136,800 for an available borrowing line of \$135,240 and \$124,592 under the Federal Reserve Bank's Borrower in Custody (BIC) program.

The Company also had an unsecured federal funds purchased borrowing capacity of \$60,000 at December 31, 2025 and 2024.

Note 12 - Employee Benefit Plans

The Dacotah Banks, Inc. 401(k) savings plan covers substantially all employees of the Company and its subsidiary. Contributions to this defined contribution plan are based on percentages of eligible employee salaries. Amounts contributed under the plan shall not exceed the maximum amounts deductible for federal income tax purposes. Charges to employee benefits expense for the plan in the consolidated statements of income amounted to \$4,128 in 2025 and \$3,819 in 2024.

The Company has salary continuation contracts with executive officers of the Company and its subsidiary. Accrued salary continuation liabilities totaled \$16,206 at December 31, 2025 and \$16,667 at December 31, 2024 and is included in accrued expenses and other liabilities on the balance sheet. The provision for salary continuation expense amounted to \$1,375 and \$1,048 in 2025 and 2024. Retirement payments of \$1,627 and \$1,573 were made in 2025 and 2024. The Company has life insurance policies in place to provide funding for these benefits. Cash surrender value of these policies was \$72,958 and \$72,287 at December 31, 2025 and 2024.

The Dacotah Banks, Inc. 2025 Stock Incentive Plan (the "Stock Plan") authorized the issuance of up to 1,000,000 common shares for the grant of stock options and several other types of stock-based awards. The Company awarded 0 treasury shares in the form of fully vested incentive stock grants to executive officers of the Company in 2025 and 2024. There were 993,644 of unissued common shares remaining under the Stock Plan as of December 31, 2025.

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Note 13 - Income Taxes

Pretax income from continuing operations is as follows:

	<u>2025</u>	<u>2024</u>
Domestic	\$ 57,019	\$ 33,470
Foreign	-	-
Total	<u>\$ 57,019</u>	<u>\$ 33,470</u>

Income tax expense (benefit) for the two years ended December 31, 2025 and 2024 were:

	<u>2025</u>	<u>2024</u>
Current		
Federal	\$ 8,724	\$ 3,350
State	2,869	1,406
Foreign	-	-
	<u>11,593</u>	<u>4,756</u>
Deferred		
Federal	\$ (1,328)	\$ (1,014)
State	-	-
Foreign	-	-
	<u>(1,328)</u>	<u>(1,014)</u>
	<u>\$ 10,265</u>	<u>\$ 3,742</u>

The consolidated effective tax rates are reconciled to the statutory rate as follows:

	<u>2025</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
Federal statutory income tax	\$ 11,974	21.0%	\$ 7,029	21.0%
State income taxes paid, net of federal income tax benefit	2,281	4.00%	1,105	3.30%
Low income housing tax credits	(3,149)	-5.50%	(2,632)	-8.00%
Tax-exempt interest income	(228)	-0.40%	(234)	-0.70%
Other nontaxable or nondeductible items	(513)	-0.90%	(402)	-1.20%
Other book to tax impacts, net	(99)	-0.20%	(1,123)	-3.20%
	<u>\$ 10,265</u>	<u>18.00%</u>	<u>\$ 3,742</u>	<u>11.20%</u>

State taxes in SD made up the majority (greater than 50 percent) of the tax effect in the state income tax category.

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Income taxes paid were as follows:

	2025	2024
Federal	\$ 9,567	\$ 3,692
State		
SD	1,393	968
MN	575	135
ND	308	97
Foreign	-	-
	\$ 11,843	\$ 4,892

Deferred income taxes are provided for the temporary differences between the financial reporting and the tax basis of the Company's assets and liabilities. Temporary differences comprising the net deferred income tax asset on the consolidated balance sheet are as follows:

	2025			2024
	Assets	Liabilities	Total	
Allowance for credit losses	\$ 9,218	\$ -	\$ 9,218	\$ 8,398
Property and equipment	-	2,512	(2,512)	(2,894)
Accrued salary				
continuation provision	3,403	-	3,403	3,503
Unrealized loss on				
securities available for sale	5,483	-	5,483	10,291
Mortgage servicing rights	-	967	(967)	(981)
Other	1,907	998	909	697
	\$ 20,011	\$ 4,477	\$ 15,534	\$ 19,014

The Company has determined that it is not necessary to establish a valuation reserve for the net deferred tax asset since it is more likely than not that the net deferred tax asset of \$15,534 will be principally realized.

Income taxes payable of \$1,863 and \$1,846 is included in accrued expenses and other liabilities at December 31, 2025 and 2024. The Company complies with the accounting standards relating to uncertainty in income taxes. The Company had no unrecognized tax benefits as of December 31, 2025 and 2024. The Company recognized no interest and penalties on the underpayment of income taxes during the years ended December 31, 2025 and 2024 and had no accrued interest and penalties on the balance sheet as of December 31, 2025 and 2024. The Company has no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase with the next twelve months.

Note 14 - Minimum Regulatory Capital Requirements

The Company and the Bank are subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect of the financial statements of the Company and Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of Common Equity Tier 1 Capital (“CET1”), Tier 1 Capital, Total Capital and leverage ratio of Tier 1 Capital. As of January 1, 2015 the requirements are:

- 4.5% based upon CET1
- 6.0% based upon tier 1 capital
- 8.0% based on total regulatory capital
- Leverage ratio of Tier 1 Capital assets equal to 4%

As of December 31, 2025 and 2024, management believes the Company and the Bank met all capital adequacy requirements to which they are subject. As of December 31, 2025, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since the notification that management believes have changed the Bank’s category.

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The actual capital amounts and ratios for the Company and the Bank are presented in the following table:

	Actual		Minimum Capital Requirements		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2025						
Common Equity Tier 1						
Company	\$ 474,090	11.2%	>\$190,560	4.5%	N/A	N/A
Bank	472,801	11.2%	>190,122	4.5%	>\$274,620	6.5%
Total capital (to risk weighted assets)						
Company	518,187	12.2%	>338,774	8.0%	N/A	N/A
Bank	516,898	12.2%	>337,994	8.0%	>422,493	10.0%
Tier I capital (to risk weighted assets)						
Company	474,090	11.2%	>254,080	6.0%	N/A	N/A
Bank	472,801	11.2%	>253,496	6.0%	>337,994	8.0%
Tier I capital (to average assets)						
Company	474,090	9.8%	>193,117	4.0%	N/A	N/A
Bank	472,801	9.8%	>193,867	4.0%	>242,334	5.0%
December 31, 2024						
Common Equity Tier 1						
Company	\$ 439,649	11.2%	>\$176,482	4.5%	N/A	N/A
Bank	434,039	11.1%	>175,998	4.5%	>\$254,219	6.5%
Total capital (to risk weighted assets)						
Company	479,603	12.2%	>313,745	8.0%	N/A	N/A
Bank	473,993	12.1%	>312,885	8.0%	>391,106	10.0%
Tier I capital (to risk weighted assets)						
Company	439,649	11.2%	>235,309	6.0%	N/A	N/A
Bank	434,039	11.1%	>234,664	6.0%	>312,885	8.0%
Tier I capital (to average assets)						
Company	439,649	9.9%	>177,135	4.0%	N/A	N/A
Bank	434,039	9.8%	>178,038	4.0%	>222,547	5.0%

Note 15 – Revenue Recognition

The Company has adopted the provisions of FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (Topic 606), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The majority of the Company's revenues are not subject to ASC 606, including revenue generated from financial instruments, such as interest and dividend income, including loans and securities, as these activities are subject to other U.S. Generally Accepted Accounting Principles ("GAAP"). Revenue generating activities that are within the scope of ASC 606 are presented within non-interest income and are recognized as revenue as the Company satisfies its obligation to the customer. Descriptions of revenue generating activities that are within the scope of ASC 606, which are presented in the Consolidated Statements of Income as components of other income are as follows:

Income from Trust Activities - The Company provides customers with sound financial solutions and comprehensive trust and wealth management products. Income from trust activities is primarily comprised of fees earned from the management and administration of trusts and other customer assets. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized quarterly, based upon the quarter-end market value of the assets under management and the applicable fee rate. Payment is generally received within a few days of quarter-end through a direct charge to the customer's account. The Company does not earn performance-based incentives. Optional services such as farm management services and tax return preparation services are also available to existing trust and wealth management customers. The Company's performance obligation for these transactional-based services is generally satisfied and related revenue recognized, as incurred with payment received shortly after services are rendered.

Service Charges on Deposit Accounts – Service charges on deposit accounts consist of account analysis fees, monthly service fees, check orders, and other deposit account related fees. Revenue is recognized when the performance obligation is satisfied, which is received monthly through a direct charge to customers' accounts or when a transaction has been completed, such as a wire transfer. Payment for such performance obligations are typically received at the time the performance obligations are satisfied.

Insurance Commissions – The Company earns commissions on various insurance products it sells to customers. The Company acts an intermediary between the Company's customer and the insurance carrier. The Company's performance obligation is generally satisfied upon the issuance of the insurance policy. Shortly after the policy is issued, the respective carrier remits the commission payment to the Company, and the Company recognizes the revenue.

Other Income - The Company generates a majority of its other non-interest income from card services, which includes interchange revenue, merchant services revenue, ATM fees, and other service charges. Debit and credit card income is primarily comprised of interchange fees earned whenever the Company's debit and credit cards are processed through card payment networks such as Visa. Merchant services income mainly represents fees charged to merchants to process their debit and credit card transactions, in addition to account management fees. ATM fees are primarily generated when a Company cardholder uses a non-Company ATM or a non-Company cardholder uses a Company ATM. The Company's performance obligation for fees, exchange, and other service charges are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

Note 16 – Contingencies and Commitments

The Company and the Bank are defendants in various matters of litigation incidental to their business. In the opinion of management, based upon the opinion of legal counsel, disposition of these matters will not materially affect the consolidated financial position of the Company as of December 31, 2025 and 2024.

Consistent with the Company’s rich history of community involvement, the Company has committed to various community projects and contributions totaling \$5,875 over the next several years.

Note 17 - Off-Balance-Sheet Activities

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest risk in excess of the amount recognized in the balance sheet. The Company’s exposure to credit loss is represented by the contractual amount of these instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

At December 31, 2025 and 2024, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2025	2024
Commitments to grant loans	\$ 1,274,763	\$ 1,130,175
Standby letters of credit	25,648	28,337
MPF credit enhancements	3,583	2,731

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management’s credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment.

Unfunded commitments under revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines-of-credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral supporting those commitments if deemed necessary.

Mortgage Partnership Finance (MPF) credit enhancements allow the Company to share the credit risk associated with home mortgage finance with Federal Home Loan Bank (FHLB). MPF provides Dacotah Bank the ability to originate, sell, and service fixed-rate, residential mortgage loans, and receive a Credit Enhancement Fee based on the performance of the loans. FHLB manages the liquidity, interest rate, and prepayment risks of the loans while the Company manages the credit risk of the loans. The Company will incur an obligation on a foreclosure loss only after a foreclosure loss exceeds the borrower's equity, any private mortgage insurance, and the funded first loss account. Based on the delinquency results for states where properties are located and the Company's historical loss experience, the estimated foreclosure losses are immaterial.

Note 18 - Fair Value of Financial Instruments

The Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimate of future cash flows. Accordingly the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. Fair value is a reasonable point within a range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Company groups its financial assets generally measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

- Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated to observable market data for substantially the full term of the asset or liability.

- Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities may include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level or input that is significant to the fair value measurement. At December 31, 2025 and 2024, the Company had no liabilities measured at fair value on a recurring basis. The following table sets forth assets measured at fair value on a recurring basis at December 31, 2024 and 2023:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
December 31, 2025				
Securities available for sale:				
U.S. Treasuries	\$ -	\$ 128,097	\$ -	\$ 128,097
U.S. Government and federal agency	-	128,917	-	128,917
State and municipal	-	44,092	-	44,092
Mortgage-backed	-	263,099	-	263,099
Other	-	4,373	-	4,373
Mortgage servicing rights	-	4,606	-	4,606
	<u>\$ -</u>	<u>\$ 573,184</u>	<u>\$ -</u>	<u>\$ 573,184</u>
December 31, 2024				
Securities available for sale:				
U.S. Treasuries	\$ -	\$ 166,644	\$ -	\$ 166,644
U.S. Government and federal agency	-	131,365	-	131,365
State and municipal	-	40,407	-	40,407
Mortgage-backed	-	210,484	-	210,484
Other	-	3,351	-	3,351
Mortgage servicing rights	-	4,668	-	4,668
	<u>\$ -</u>	<u>\$ 556,919</u>	<u>\$ -</u>	<u>\$ 556,919</u>

The fair value of available-for-sale securities is estimated based on third-party pricing services information derived from comparison to similar securities traded in active markets and are classified as Level 2 within the valuation hierarchy.

The Company utilizes a third-party to determine the fair value of mortgage servicing rights using a valuation model that calculates the present value of estimated future net servicing income. The third-party utilizes assumptions in the valuation model that market participants use in estimating future net servicing income, including estimates of prepayment speeds, discount rate, costs to service, escrow account earnings, and contractual servicing income. These assumptions change from quarter to quarter as market conditions and projected interest rates change.

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Under certain circumstances the Company may make adjustments to fair value for assets and liabilities although they are not measured at fair value on an ongoing basis. The Company only had Level 3 financial assets measured at fair value on a nonrecurring basis, which is summarized below:

	2025	2024	Valuation Technique	Unobservable Input	2025 Range (Weighted Average)	2024 Range (Weighted Average)
Collateral dependent Individually evaluated loans	\$ 21,933	\$ 17,954	Collateral Valuation	Discount from Market Value	0-100% 20%	0-100% 22%
Foreclosed assets	131	118	Collateral Valuation	Discount from Market Value	0% 0%	0% 0%
Total assets	<u>\$ 22,064</u>	<u>\$ 18,072</u>				

The specific reserves for collateral-dependent impaired loans are determined based on the fair value of collateral method. Under the fair value of collateral method, the specific reserve is equal to the difference between the carrying value of the loan and the fair value of the collateral less estimated selling costs. When a specific reserve is required for a collateral dependent loan, the collateral dependent loan is essentially measured at fair value. When an estimate of fair value is used for other collateral supporting commercial loans based on an assumption not observable in the marketplace, such valuations have been classified as Level 3.

The fair value of foreclosed assets and collateral was determined based on appraisals with further adjustments made to the appraised values due to various factors, including the age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral. As these significant adjustments are based on unobservable inputs, the resulting fair value measurements have been categorized as Level 3 measurements.

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The estimated fair values, and related carrying amounts, of the Company's financial instruments are as follows:

	Carrying Amount	Fair Value Measurements			Total
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
December 31, 2025					
Financial Assets					
Cash and cash equivalents	\$ 104,913	\$ 104,913	\$ -	\$ -	\$ 104,913
Time deposits in banks	3,946	-	3,946	-	3,946
Securities	568,578	-	568,578	-	568,578
Other restricted stock	13,079	-	13,079	-	13,079
Loans held for sale	2,280	-	2,280	-	2,280
Loans, net	3,921,432	-	-	3,924,952	3,924,952
Interest receivable	44,401	-	44,401	-	44,401
Mortgage servicing rights	4,606	-	4,606	-	4,606
Total financial assets	<u>\$ 4,663,235</u>	<u>\$ 104,913</u>	<u>\$ 636,890</u>	<u>\$ 3,924,952</u>	<u>\$ 4,666,755</u>
Financial Liabilities					
Deposits	\$ 4,319,838	\$ -	\$ 3,703,124	\$ -	\$ 3,703,124
Interest payable	13,785	-	13,785	-	13,785
Total financial liabilities	<u>\$ 4,333,623</u>	<u>\$ -</u>	<u>\$ 3,716,909</u>	<u>\$ -</u>	<u>\$ 3,716,909</u>

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	Carrying Amount	Fair Value Measurements			Total
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
December 31, 2024					
Financial Assets					
Cash and cash equivalents	\$ 67,374	\$ 67,374	\$ -	\$ -	\$ 67,374
Time deposits in banks	6,180	-	6,180	-	6,180
Securities	552,251	-	552,251	-	552,251
Other restricted stock	13,884	-	13,884	-	13,884
Loans held for sale	802	-	802	-	802
Loans, net	3,578,391	-	-	3,535,429	3,535,429
Interest receivable	43,370	-	43,370	-	43,370
Mortgage servicing rights	4,668	-	4,668	-	4,668
Total financial assets	<u>\$ 4,266,920</u>	<u>\$ 67,374</u>	<u>\$ 621,155</u>	<u>\$ 3,535,429</u>	<u>\$ 4,223,958</u>
Financial Liabilities					
Deposits	\$ 3,935,537	\$ -	\$ 3,420,389	\$ -	\$ 3,420,389
Borrowings	48,100	-	48,100	-	48,100
Interest payable	15,775	-	15,775	-	15,775
Total financial liabilities	<u>\$ 3,999,412</u>	<u>\$ -</u>	<u>\$ 3,484,264</u>	<u>\$ -</u>	<u>\$ 3,484,264</u>

Note 19 - Condensed Financial Information of Parent Company

Balance Sheets

	December 31,	
	2025	2024
Assets		
Cash	\$ 1,320	\$ 3,824
Premises and equipment, net	6,006	6,685
Investment in life insurance contracts	3,190	3,515
Investments in subsidiary bank	462,580	405,431
Other assets	1,279	1,187
	\$ 474,375	\$ 420,642
Liabilities and Stockholders' Equity		
Liabilities		
Other Liabilities	\$ 10,140	\$ 9,235
Stockholders' Equity		
Common stock, \$4 par value; 30,000,000 shares authorized, 14,285,980 shares issued, 11,003,213 and 11,139,808 outstanding	57,144	57,144
Capital surplus	27,749	26,826
Retained earnings	434,309	394,451
Accumulated other comprehensive loss	(20,456)	(38,542)
Treasury stock, 3,282,767 shares in 2025 and 3,146,172 shares in 2024, at cost	(34,511)	(28,472)
Total stockholders' equity	464,235	411,407
Total liabilities and stockholders' equity	\$ 474,375	\$ 420,642

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Income Statements

	Years Ended December 31,	
	2025	2024
Dividend income received from subsidiary bank	\$ 8,000	\$ 3,500
Management fees and other income	268	199
Total income	8,268	3,699
Other expenses	1,027	920
Total expenses	1,027	920
Income before income taxes and equity in undistributed earnings of subsidiary	7,241	2,779
Income tax benefit	449	537
Income before equity in undistributed earnings of subsidiary	7,690	3,316
Equity in undistributed earnings of subsidiary	39,064	26,412
Net income	\$ 46,754	\$ 29,728

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Statements of Cash Flows

	Years Ended December 31,	
	2025	2024
Operating Activities		
Net income	\$ 46,754	\$ 29,728
Adjustments to reconcile net income to net cash from operating activities:		
Equity in undistributed earnings of subsidiary, net of cash dividends received	(39,064)	(26,412)
Depreciation and amortization	686	748
Gain on life insurance death benefit	(103)	-
Increase in investment in life insurance contracts	(121)	(113)
Loss on sale of premises and equipment	1	-
(Increase) decrease in other assets, net	(92)	(992)
Increase (decrease) in other liabilities, net	905	1,921
Net Cash from Operating Activities	<u>8,966</u>	<u>4,880</u>
Investing Activities		
Proceeds from sale of premises and equipment	16	-
Purchases of premises and equipment, net	(24)	(241)
Proceeds from death benefit of life insurance contracts	549	-
Net Cash (used by) from Investing Activities	<u>541</u>	<u>(241)</u>
Financing Activities		
Purchase of treasury stock, net	(5,116)	(1,376)
Dividends paid	(6,895)	(6,714)
Net Cash used by Financing Activities	<u>(12,011)</u>	<u>(8,090)</u>
Net Change in Cash	(2,504)	(3,451)
Cash, Beginning of Year	<u>3,824</u>	<u>7,275</u>
Cash, End of Year	<u>\$ 1,320</u>	<u>\$ 3,824</u>