

BOLTracker™ Peer Group Report

Prepared Exclusively for Dakota Community Bank, N.A.

Peer Group: North & South Dakota Community Banks (DACB)*
 Industry Group: All Community Banks**
 Information as of: December 31, 2009

| | Your Bank | Peer Group Average | Industry Group Average |
|--|-----------|--------------------|------------------------|
| BOLI Cash Value (\$000s) | \$4,549 | \$4,018 | \$6,386 |
| BOLI as % of Capital ⁽¹⁾ | 12.6% | 18.0% | 20.9% |
| Current Net Interest Return ⁽²⁾ | 3.81% | 3.80% | 3.85% |
| Recent Purchases ⁽³⁾ (\$000s) | \$0 | \$1,650 | \$1,932 |
| No.(%) of Purchasers | 0 (0%) | 11 (20%) | 615 (25%) |
| Remaining Capacity (\$000s) | \$4,442 | \$5,509 | \$3,882 |
| Number of Banks ⁽⁴⁾ | 1 | 54 | 2,506 |

*Peer Group DACB is all 54 North & South Dakota banks with less than \$2 billion in assets and more than \$1 million of BOLI;
 **Industry Group is all 2,506 banks in the country with less than \$2 billion in assets and more than \$1 million of BOLI; (1)Tier 1 for OTS and FDIC primary regulators; Tier1+LLR for OCC and FED primary regulators; (2)Net Interest Returns are net of death benefit proceeds and are based on 12-months ending December 31, 2009; Your Current Net Interest Return is an estimate based upon increases in cash value for the 12-months ending December 31, 2009; (3)Recent Purchases show the total for your bank and the average for the Peer Group (among those making purchases) for the 24-month period ending December 31, 2009; Recent Purchases for your bank have been estimated from publicly available information; and (4)Data is aggregated for all multi-bank holding companies which are assumed to have the Federal Reserve as their primary regulator. As of December 31, 2009, there was an aggregate of \$139.6 billion of cash values in force in the U.S. among all size banks and bank holding companies.

Observations

1. Your BOLI cash value as a percentage of capital of 12.6% is **well below** the average for your Industry Group.
2. Your current net interest return of 3.81% is **within** the average for your Peer Group.

Please visit our website at www.coliconsulting.com for more information about BOLTracker™.

BOLTracker™ Peer Group Report

North & South Dakota Community Banks (DACB) as of 12/31/09

BOLTracker™: All the information contained in this Peer Group Report was extracted from a proprietary database called BOLTracker™ containing detailed historical information about banks and bank-owned life insurance for each and every bank in the country. The database has been carefully populated after a thorough analysis of public information found in all of the following sources:

1. SEC filings
2. FDIC Call Reports
3. Thrift Financial Reports
4. Federal Reserve filings
5. Annual Reports
6. websites, and
7. requests for information sent to individual banks.

COLI Consulting Group LLC has devoted considerable time and money to ensure the accuracy of the reported information. However, the accuracy of the BOLTracker™ database depends upon the accuracy of the information reported by the bank. Please report any inaccuracies about reported information for your bank to us so that we may correct the information in our BOLTracker™ database.

Peer Group DACB: includes all banks with headquarters in North & South Dakota with less than \$2 billion in assets and more than \$1 million of BOLI cash values as of December 31, 2009. Multi-bank holding companies are aggregated. The information shown in the attached table includes each bank in the Peer Group.

% of Capital: represents BOLI cash values expressed as a percentage of specified capital. For banks and holding companies with the OCC or FED as the primary regulator, specified capital is considered to be Tier 1 capital plus the Allowance for Loan and Lease Losses. For banks or thrifts with the OTS or FDIC as the primary regulator, specified capital is considered to be Tier 1 capital only.

Interagency Statement 2004-56: requires that the Board of Directors of the bank monitor its BOLI holdings at least annually to ensure they are consistent with safe and sound banking practices. It also requires that an institution compare its BOLI holdings relative to capital relative to the holdings of its peers to assess whether it is an outlier. This report is an objective and unbiased comparison with your peer group. You have our permission to make copies of this report to share with your management team and members of your Board of Directors.

Recent Purchases: The table below shows the aggregate BOLI purchases among all banks in the country with less than \$2 billion in assets. This table shows only new purchases and does not include BOLI purchases resulting from a §1035 exchange of cash values from one insurance company to another.

**BOLTracker™ Aggregate BOLI
Purchases by Quarter (\$000s)*
For All Banks with Less Than \$2 Billion in Assets**

| Quarter | 2007 | 2008 | 2009 |
|------------|--------------------|------------------|------------------|
| 1 | \$227,086 | \$255,126 | \$73,953 |
| 2 | \$314,298 | \$197,669 | \$74,265 |
| 3 | \$282,646 | \$120,073 | \$79,421 |
| 4 | <u>\$361,772</u> | <u>\$241,693</u> | <u>\$164,072</u> |
| All | \$1,185,802 | \$814,551 | \$391,711 |

*includes 6,802 holding companies, banks and thrifts with less than \$2 billion in assets as of 12/31/09

**BOLTracker™ Aggregate BOLI
Purchases by Quarter (\$000s)*
For North & South Dakota Community Banks**

| Quarter | 2007 | 2008 | 2009 |
|------------|----------------|-----------------|----------------|
| 1 | \$0 | \$6,200 | \$750 |
| 2 | \$835 | \$6,950 | \$0 |
| 3 | \$0 | \$650 | \$1,800 |
| 4 | <u>\$2,000</u> | <u>\$600</u> | <u>\$1,200</u> |
| All | \$2,835 | \$14,400 | \$3,750 |

*includes the 54 North & South Dakota Community Banks included in this report.

Net Interest Returns: have been calculated after a thorough and careful analysis of current and historical changes in cash values and reported BOLI noninterest income and are shown in the table for the 12-month period ending 12/31/09. These net interest returns are net of cost of insurance charges and do not include death benefits received by the bank. This methodology is used to facilitate comparison between banks and is not intended to reflect the overall economic return to the bank. It is important to note that about 20% of all community banks report BOLI interest income before cost of insurance charges are deducted. The method used for calculating net interest returns for each bank is shown as a footnote in the attached table.

Net Interest Return Trends: As the following table shows, aggregate net interest returns on BOLI for community banks have been quite stable and very attractive over the past several years, particularly when actual realized returns are grossed-up and considered on a pre-tax equivalent basis. A very high percentage of banks included in your peer group table own general account or hybrid general account BOLI policies. Some banks own stable-value wrapped separate account BOLI policies. Aggregate returns for separate account BOLI policies have underperformed general account returns over the past two years. The dramatic fall-off of realized net interest returns for large banks in 2008 and 2009 is attributable to the fact that a high percentage of this business is stable-value wrapped separate account policies that has experienced deterioration in market values and therefore credited returns.

**Comparison of BOLI Average Net Interest Returns
for All Banks with \$1 Million or More of BOLI**

| Asset Size | 2006 | 2007 | 2008 | 2009 |
|--------------------------------|--------------|--------------|--------------|--------------|
| Less than \$2 billion* | 3.81% | 3.92% | 3.94% | 3.85% |
| More than \$2 billion** | 4.07% | 4.12% | 3.49% | 3.43% |

* average net interest return for 2,106 banks

** average net interest return for 187 banks

North & South Dakota Community Banks (DACB)¹ as of 12/31/09

| <u>Financial Institution</u> | <u>City</u> | <u>St.</u> | <u>BOLI as % of Capital</u> | <u>Assets (\$000s)</u> | <u>BOLI (\$000s)</u> | <u>BOLI Net Interest²</u> | <u>Method³</u> |
|------------------------------------|--------------|------------|-------------------------------------|----------------------------|--------------------------|--|---------------------------|
| Alerus Financial Corporation | Grand Forks | ND | 15.5% | \$1,121,551 | \$12,844 | 4.29% | A |
| American Bancor, Ltd. | Dickinson | ND | 1.8% | \$641,227 | \$1,100 | 4.07% | A |
| American Bank and Trust | Huron | SD | 17.4% | \$267,225 | \$4,427 | 4.20% | D |
| American Federal Bank | Fargo | ND | 5.6% | \$400,815 | \$1,568 | | X |
| American State Bank & Trust Co. | Williston | ND | 22.4% | \$334,330 | \$4,743 | 4.86% | C |
| BankStar Financial | Elkton | SD | 28.8% | \$51,618 | \$1,344 | 2.36% | C |
| BankWest, Inc. | Pierre | SD | 4.7% | \$749,809 | \$2,829 | | X |
| BNCCORP, Inc. | Bismarck | ND | 13.8% | \$866,920 | \$13,100 | 4.09% | A |
| Campbell County Bank, Inc. | Herreid | SD | 24.1% | \$96,736 | \$2,378 | 4.79% | A |
| Capitol Bancorporation, Inc. | Britton | SD | 1.6% | \$623,733 | \$2,403 | | X |
| Citizens State Bank - Midwest | Cavalier | ND | 19.5% | \$162,696 | \$2,650 | 2.99% | D |
| Commercial Bank of Mott | Mott | ND | 23.5% | \$62,990 | \$1,176 | 4.07% | C |
| Commercial State Bank | Wagner | SD | 20.1% | \$119,346 | \$2,408 | | X |
| CorTrust Bank, N.A. | Mitchell | SD | 2.9% | \$595,554 | \$2,038 | 2.27% | D |
| Dacotah Bank | Aberdeen | SD | 4.1% | \$1,653,153 | \$6,281 | | X |
| Dakota Community Bank, N.A. | Mandan | ND | 12.6% | \$387,029 | \$4,549 | 3.81% | C |
| DNB National Bank | Clear Lake | SD | 26.9% | \$64,780 | \$2,000 | 2.62% | A |
| Farmers & Merchants State Bank | Plankinton | SD | 16.7% | \$71,499 | \$1,080 | | X |
| Farmers State Bank | Turton | SD | 54.7% | \$20,542 | \$1,439 | 4.28% | C |
| Farmers State Bank of Canton | Canton | SD | 35.0% | \$41,924 | \$1,508 | 3.90% | D |
| First Dakota Financial Corporation | Yankton | SD | 16.8% | \$754,492 | \$12,424 | 3.71% | A |
| First International Bank & Trust | Watford City | ND | 12.1% | \$990,482 | \$9,414 | 4.85% | A |
| First National Bank | Philip | SD | 23.3% | \$151,661 | \$4,760 | 2.72% | C |
| First PREMIER Bank | Sioux Falls | SD | 0.9% | \$1,030,702 | \$1,595 | | X |
| First Savings Bank | Beresford | SD | 4.2% | \$451,277 | \$2,366 | 4.05% | C |
| First Sleepy Eye Bancorporation | Sioux Falls | SD | 3.6% | \$282,159 | \$1,012 | 4.01% | C |
| First State Bank of Roscoe | Roscoe | SD | 24.1% | \$81,685 | \$1,641 | 3.27% | A |
| First State Bank of Warner | Warner | SD | 37.1% | \$51,034 | \$1,386 | 3.43% | C |
| First Western Bank and Trust | Minot | ND | 12.9% | \$617,834 | \$8,026 | 2.45% | C |
| Fishback Financial Corporation | Brookings | SD | 19.3% | \$1,595,311 | \$28,822 | 4.02% | C |
| Great Plains Bank | Eureka | SD | 17.1% | \$82,169 | \$1,243 | | X |
| Heartland State Bank | Edgeley | ND | 21.7% | \$55,953 | \$1,201 | | X |
| HF Financial Corp. | Sioux Falls | SD | 14.3% | \$1,172,597 | \$14,872 | 3.83% | C |
| Ipswich State Bank | Ipswich | SD | 24.4% | \$42,147 | \$1,854 | 2.71% | A |
| Kirkwood Bancorporation Co. | Bismarck | ND | 7.3% | \$171,552 | \$1,653 | 4.16% | C |
| Lakeside Bank Holding Company | New Town | ND | 14.9% | \$224,535 | \$3,097 | 4.88% | C |
| McIntosh County Bank Holding Co. | Ashley | ND | 39.8% | \$73,985 | \$3,098 | 3.06% | C |
| Merchants State Bank | Freeman | SD | 19.1% | \$122,990 | \$1,969 | 3.69% | C |
| Miner County Bank | Howard | SD | 32.6% | \$37,827 | \$1,349 | 4.65% | C |
| Minnehaha Banshares, Inc. | Sioux Falls | SD | 8.3% | \$1,121,795 | \$10,993 | 3.02% | A |
| Northeast Bancorp, Inc. | Summit | SD | 13.4% | \$86,992 | \$1,130 | 3.01% | C |

| <u>Financial Institution</u> | <u>City</u> | <u>St.</u> | <u>BOLI as % of Capital</u> | <u>Assets (\$000s)</u> | <u>BOLI (\$000s)</u> | <u>BOLI Net Interest²</u> | <u>Method³</u> |
|-----------------------------------|-------------|------------|-----------------------------|------------------------|----------------------|--------------------------------------|---------------------------|
| Peoples State Bank | Westhope | ND | 22.3% | \$59,546 | \$1,184 | 3.41% | A |
| Pioneer Bank & Trust | Spearfish | SD | 15.0% | \$389,875 | \$5,826 | 5.37% | A |
| Quoin Financial Bank | Miller | SD | 22.6% | \$124,011 | \$2,729 | 3.96% | C |
| Security First Bank of ND | Mandan | ND | 22.0% | \$126,762 | \$2,483 | 3.98% | C |
| Security State Bank | Dunseith | ND | 27.0% | \$56,734 | \$1,193 | 3.43% | D |
| State Bank of Bottineau | Bottineau | ND | 40.5% | \$53,070 | \$1,720 | 4.54% | A |
| Stockmen's Financial Corporation | Rapid City | SD | 6.9% | \$700,768 | \$4,114 | 4.44% | C |
| The Bank of Tioga | Tioga | ND | 23.4% | \$80,255 | \$2,362 | 4.33% | C |
| The Citizens State Bank of Finley | Finley | ND | 12.8% | \$111,439 | \$1,183 | 4.51% | C |
| The Dakota Western Bank | Bowman | ND | 10.7% | \$178,737 | \$1,567 | 4.19% | A |
| Union State Bank of Hazen | Hazen | ND | 24.2% | \$87,834 | \$1,894 | 2.70% | A |
| United Community Bank of ND | Minot | ND | 9.7% | \$193,678 | \$1,498 | 4.03% | C |
| Wishek Bancorporation, Inc. | Wishek | ND | 14.6% | \$268,813 | \$3,436 | 3.88% | D |

¹ Peer Group DACB is all 54 North & South Dakota Community Bankswith less than \$2 billion in assets and more than \$1 million of BOLI;

² for the 12-month period ending 12/31/09;

³**Method A:** This method is used where net interest income is available and generally matches increases in cash values and there are no apparent significant BOLI purchases or deaths during the year.

Method B: This method annualizes reported BOLI net interest income for 3 out of 4 quarters. It is used where there are apparent BOLI purchases or obvious death claims in only one quarter and there is sufficient information to exclude net death proceeds from net interest income in 3 out of 4 quarters.

Method C: This method assumes that the percentage growth in cash values during the year is a result of interest earnings credited to the policies. It is used where net interest income information is not available (or is reported on a gross basis), there are no apparent death claims or BOLI purchases during the year and quarterly returns are fairly consistent from one period to the next.

Method D: This method annualizes quarterly changes in reported cash values for 3 out of 4 quarters. It is used where net interest income is not available (or is reported on a gross basis) and there are apparent death claims or BOLI purchases in one quarter.

Method E: This method annualizes reported BOLI net interest income for 2 out of 4 quarters. It is used where net interest income for BOLI is available and there are apparent death claims or significant BOLI purchases in 2 out of 4 quarters.

Method F: This method annualizes quarterly changes in reported cash values for 2 out of 4 quarters. It is used where net interest income is not available (or is reported on a gross basis) and there are apparent death claims or BOLI purchases in 2 out of 4 quarters.

Method X: This method omits information whenever there is insufficient information to estimate net interest returns with a high degree of accuracy. This may result for a variety of reasons, such as BOLI purchases in at least 3 out of 4 quarters, erratic reported net interest returns or unusual patterns of cash value growth. This effectively removes BOLI informally funding multiple investment choice nonqualified deferred compensation plans from our interest rate averages.

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