



News and views from your agribusiness partners at First Dakota

December 2022

What Is Your “Why”?

As we approach the New Year, I’m reminded of “why” I do what I do. I once heard it said, “If you love your job, you never work a day in your life.” I have been very blessed to have this type of career experience. Indeed not every day is a bed of roses. However, I do love my job. Your “why” is often closely connected to your passions. What do you care most deeply about? What do you find significant enjoyment doing? If you can line up the answers to these questions with your career, you will be a long way down the road to never working a day in your life. Here are some of the many reasons I love what I do:

- My farm upbringing helped me develop a deep appreciation for farmers and ranchers and their work to feed the world.
- My family’s experience during the 1980s farm crisis inspired me to help other families in agriculture avoid the challenges and pitfalls we experienced during those very difficult times.
- My athletic experiences helped me develop a strong appreciation for leadership, teamwork, and the extreme satisfaction of being part of something greater than yourself.
- My family and several mentors helped me develop a growing appreciation of the importance of education, wisdom, and lifelong learning.

All of the reasons mentioned above have helped fuel my “why” throughout my career. As time passes, I find it very important to step back and make conscious efforts to remind ourselves of our “why.” Getting stale is normal in any career over time. I have intentionally tried to do

BY NATE FRANZEN,
AGRIBUSINESS DIVISION PRESIDENT



things throughout the year that help remind me of my “why” and fuel my excitement to continually improve.

Interacting with the talented team of banking professionals I work with at First Dakota is one regular activity that motivates me. I have the pleasure of teaching at a National Ag Banking School every summer. Interacting with younger up-and-coming Ag Bankers, trying to help them improve and better prepare for success is another example. The last example I’ll share is leading our Emerging Farmer Program. We just finished the 2022 Emerging Farmer Program. You can see a picture and some highlights later in this newsletter. We offer this program every other year and it truly reminds me “why” I love my career. Mentoring the next generation of farmers and ranchers through our program gives me great pleasure and refuels and re-energizes me to strive for continual improvement. I hope you can take a few minutes this holiday season to step back and remind yourself of your “why.”

On behalf of our entire Ag Banking team, I’d like to wish you all the very best in 2023 and beyond. We stand ready to help you be as successful as possible. Best of luck and Happy New Year!



Emerging Farmer and Rancher Program



Front row left to right: Nate Franzén, Kara Mulheron, Cecil Gylfe, Matt Stern, Emily Stern, Kady Nielsen, Zach Bosworth, Logan Winckler, Christina Winckler, and Courtney Geppert.

Middle row: Andrew Streff, Adam Bormann, Tyler Carda, Blake Foxley, Austin Carlson, Mollie Greenway, Baylee Carlson, Carima Walters, Abby Heine, Kaylee Dolieslager, Colin Geppert, Cody Kerfeld, and Blake Carda.

Back row: Byron Storm, Austin Backman, Robert Hoiten, Joseph Eichacher, Brent Greenway, Cole Sonne, Matthias Kunerth, Deon Walters, Tyler Dolieslager, Andrew Heine, Justin Krell, and Krista Krell. Not pictured: Maddie Rabenhorst and Leo Kerfeld.

We are excited to share with you our sixth class of the AgriVisions Emerging Farmer and Rancher program. This year our class started on March 22, 2022, and graduated on December 1, 2022. Our participants got the chance to learn more about recordkeeping, financial reporting, enterprise analysis, financial based management decision making, marketing tools, marketing plans, family business management, business transitioning, premier ag related field tours, economic outlook, leadership, and strategic planning. Our goal is to provide training and a skill set to increase the odds for long-term success. If you see any of the participants, please take a moment to congratulate them. Watch for the application and details of the 2024 program in the second half of 2023.

Here are a few perspectives from this year's participants.

Brent Greenway: The speakers that they had come in were just phenomenal. They are industry leaders that you've seen before on huge panels. First Dakota is a great ally to have as a partner in your business. This program shows that they are willing to put time and energy into you and want you to succeed.

Mollie Greenway: I would highly recommend doing the program because of all of the opportunities it provides for young farmers. I really enjoyed the networking. It's unusual to have an expert you can reach out to beyond your family or farm organization. Having those resources is very valuable to have in your back pocket.

Andrew Streff: I appreciated their emphasis on running the farm from a business perspective, not as just a way of life. We looked at strategic planning and how your business will look in ten or fifteen years. I learned I'm not the only one who has these struggles. First Dakota reassured me that they would help me if I struggled. On those long days when I'm sitting in the tractor at 2 AM, I know I have a whole team of people behind me.

Courtney Geppert: We had a positive experience with the Emerging Farmers program. The industry tours were very good. To see the large-scale effect of Ag in our state was really cool.



We dedicate this newsletter to Matt Tereshinski – Vice President Ag Banking in Yankton. Matt passed away on October 22, 2022, and we will forever miss him.

"We eventually begin to remember not just that you died, but that you lived. And that your life gave us so many memories too beautiful to forget." - *Cassandra Clare*

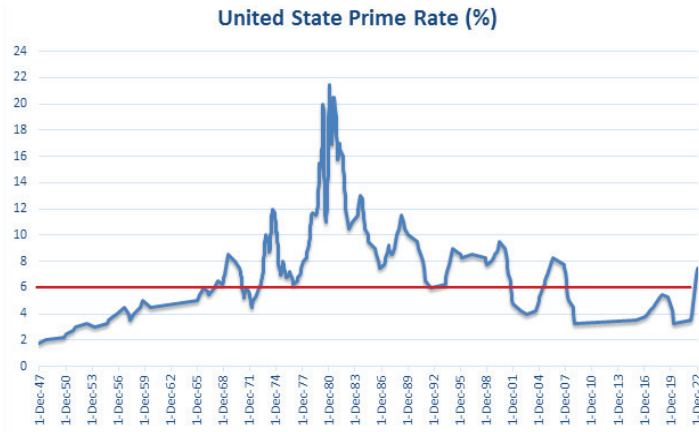
Rapid Rise in Rates



BY MARK GRUSSING
VP - KIMBALL BRANCH MANAGER

The past six months the prime interest rate has gone from 3.25% to 7.5%. How high is it going? Will it come down? No one knows, not even Powell or Yellen.

A look back at history will show prime was at 3.25% in 2020 and 2008, but before that, we have to go back to 1955 to find a rate that low. This chart of the United State Prime Rate shows 75 years of this rate history. A line drawn at 6% shows more years above the line than below.



How do you adapt your operation to handle the higher rate? It is getting late to look for low long-term rates, but here are some other considerations:

- Take a hard look at tax rates. It may be time to look to pay some tax liability to reduce debt. How much income can you afford to lower operating loan interest costs?
- Prepaid expenses now come with an additional cost of interest charged on operating lines. I have seen financing offers that used to be zero percent after harvest now carrying a prime minus one cost.
- Consider your marketing plan. The past cost of holding grain is now increased due to rate changes. Consider selling grain and buying back on paper to due interest cost.
- If you have share crop leases where the landlord pays part of the bills, send them an invoice when you incur the cost rather than waiting until after harvest.
- Do some “what if” scenarios in your cash flow projections. What would another 1% change do?

None of us have a crystal ball, so stay nimble and be ready to adapt to the interest rate that happens.

Reflecting on 2022



BY BEN JOHNSON
VICE PRESIDENT - SIOUX FALLS

It is hard to believe that another year is close to winding down. Reflecting on the 2022 operating cycle, the year has brought about many challenges for producers to overcome. Here are some of the

highlights, or should we say lowlights:

- Producers had to navigate through inflationary issues that drove several crop inputs to levels many have never seen.
- Interest rates continue pressing higher.
- Challenges from Mother Nature brought about drought conditions and multiple major wind storm events that caused damage to both crops and farm infrastructure.
- Constant supply chain disruptions affected access to many goods or services and various geopolitical issues (i.e., the War in Ukraine & potential China/Taiwan conflict).
- The continuation of the rapid increases in Ag Real Estate values has pushed cash rent values higher.

These points combined make for a highly challenging environment for producers to design and execute a successful marketing plan. Knowing and truly understanding your break-even has never been more crucial. The above factors are the perfect ingredients to create continued volatility in the grain, livestock, and dairy markets.

Taking the emotion out of marketing decisions is critical, though easier said than done. We have all heard stories of producers holding out for that extra nickel or dime but ultimately costing them a dollar when market fluctuations work against them. That is why producers need a trusted advisor to help them take the emotion out of marketing decisions and wade through all of the layers of fundamental and outside forces that continue to swing these markets. Having a designed plan based on your break-even can help avoid missed opportunities. Hope is not an action plan. Capturing profits help to grow an operation's balance sheet through increases in liquidity, being able to reduce debt, or helping to fund any potential expansion plans.

We at First Dakota look forward to being a part of these conversations and providing help to navigate through these challenging times. Best of luck for a profitable year in 2023!!!

May 2023 be filled with prosperity, health, and success. Happy New Year!



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Sioux Falls (Downtown)	605-333-8200
Sioux Falls (East)	605-333-8282
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Sioux Falls (South)	605-333-8210
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Watertown, SD	605-753-5880

A Year of Celebration. Thank you, Larry Ness!

WOW! 2022 was a fantastic year full of 150th anniversary celebrations honoring our customers and communities in which we serve. First Dakota National Bank became the first fully chartered bank in the Dakota Territory on December 7, 1872. For 150 years, we've sought to support local dreams and communities with dependable banking. If you like beer, we hope you had the opportunity to try Dakota Thirst and Cash Flow. One dollar of every can purchased goes to the South Dakota Community Foundation's Stronger Communities Fund. We hope those who we gave a South Dakota State park pass had the opportunity to visit one or more of the 63 beautiful South Dakota state parks. We also gave eight Ford F-150s to very deserving, hard-working, and dedicated people. One included Tracy Chase. She is a school teacher and FFA Advisor at McCook Central High School. Her and her husband farm near Salem. Thank you for helping us celebrate and cheers to 150 years.



Our CEO, Larry Ness, will retire on December 30, 2022. First, we want to thank Larry for his dedication, service, and visionary leadership to First Dakota. Larry joined the First Dakota team in August of 1983. First Dakota was a struggling bank and expected to fail. Larry did everything possible to make it succeed. One of the first things he did was hire Denny Everson to oversee the Ag Department. Denny hired great people and grew our Ag Department. He and First Dakota even weathered the farm crisis and the high interest rate environment of the 80s. In 1983, First Dakota had one location and \$42 million in assets. Today, First Dakota has 17 locations in 12 South Dakota cities with \$2.7 billion in assets. We also have one Loan Production Office in Watertown and three Loan Production Offices in Nebraska.



Larry was born and raised in South Dakota. He served in the South Dakota National Guard and retired as a Major in the United States Army Reserves, completing 24 years of service. He worked a successful and fulfilling banking career of more than 50 years. Along the way, he abundantly shared his time, talent, and resources in Yankton, the surrounding communities, and the State of South Dakota. **Thank you, Larry!**