



BUILDING *Better* FUTURES

2024 ANNUAL REPORT

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Our team’s mission is to build a better future for our clients, shareholders, community, and Drake Bank. Every day, we see how our mission positively impacts local businesses and individuals, and we hope this report illustrates how deeply our mission is embedded in everything we do.

Over the past few years, we’ve assembled a remarkable team of experts dedicated to specific areas of focus. This past year, we enhanced our team with incredible talent for our SBA lending program, enabling us to better support local small business owners in securing the funding they need to thrive. We also introduced the First Generation and ITIN Mortgage products, helping individuals build generational wealth through the benefits of home ownership. These initiatives, along with others, underscore our commitment to building a better future for all.

Last year, we embarked on a multi-year plan to offer new and enhanced services to our clients, while preserving our relationship-based business model. Many of these services are based on recommendations from our clients, and we sincerely appreciate the valuable feedback we’ve received to better serve your banking needs.

I am energized by the potential that lies ahead for Drake Bank in the coming year. We have a solid team in place, and we are undertaking focused projects to optimize our service processes to deliver a more consistent client experience, creating efficiencies that will help you achieve your financial goals swiftly and elegantly.

As an independent community bank, we take immense pride in our relationships with clients, partners, shareholders, and supporters. Thank you for your interest in our mission and for your continued partnership with Drake Bank.

GREG LARSON
President & CEO



HISTORY

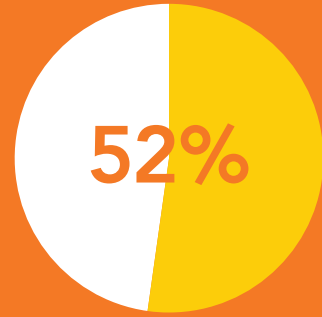
Drake Bank opened for business in May 2002 and was the first new bank chartered in St. Paul in 40 years. Local investors and bankers founded the Bank after recognizing a void of personal service and local support that had developed in the industry; and were driven to help others succeed for the shared prosperity of the community.

MISSION

The essence of our mission at Drake Bank is to build a better future for everyone: it's why we come to work every day; it gives our team purpose. Our formal definition of build a better future means planning and working in a meaningful, effective, and productive manner now, to improve a stakeholder's opportunity for financial success in a period of time to come.

CORE VALUES

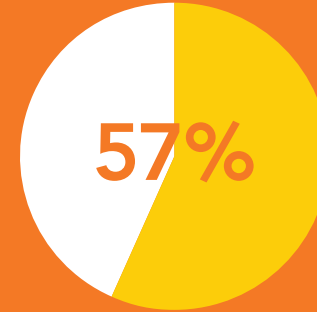
Dedicated **R**eliable **A**uthentic **K**nowledgeable **E**thical



female officers

5

new employees

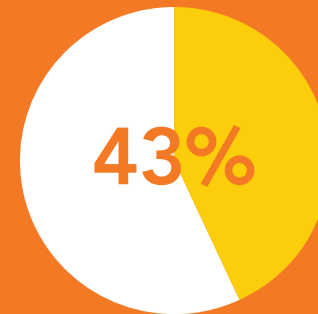


female employees

DRAKE IN NUMBERS

1,186

volunteer hours



volunteer outside
of work

19

boards served on

AWARDS & RECOGNITIONS



**AMERICAN BANKERS ASSOCIATION
GOVERNMENT RELATIONS COUNCIL**

Greg Larson



**2024 NOTABLE WOMAN IN
BANKING AND FINANCE**

Janet Alland



**2024 SBA MINNESOTA LENDER
FOR ASSETS BELOW \$250M**

Drake Bank



**2024 SUPER MORTGAGE PROFESSIONAL &
2024 PLAZA HOME MORTGAGE TOP 100 MORTGAGE LOAN OFFICER**

Stephanie Scarrella



**2024 SUSTAINABILITY
AWARD**

Drake Bank

Meet Our New *Senior Leaders*



Daniel Batten was promoted to senior vice president, chief credit officer in December 2024. Batten joined the Bank in February 2017 and has served as assistant vice president and vice president, commercial banker. Batten has demonstrated exceptional banking and business development skills. Additionally, he has invested in his career by studying bank leadership and management and graduating from the Graduate School of Banking.

DANIEL BATTEN
Chief Credit Officer

In March, Jeff Weldon joined the Bank as senior vice president, chief financial officer. With over 25 years of banking experience, Weldon's innovation and leadership will assist the Bank in achieving the next level of success and growth. Weldon's results-oriented experience includes helping financial institutions improve efficiency, develop strategic financial plans, and manage cash flow.

JEFF WELDON
Chief Financial Officer



BOARD OF DIRECTORS

STEPHEN B. WELLINGTON

Chairman

CEO, Wellington Management, Inc.

ARMAND E. BRACHMAN

Managing Partner, Dominion Development and Acquisitions, LLC

LAURA HAMEED

Executive Director, CureDuchenne

GREG LARSON

President & CEO, Drake Bank

JIM RUTZICK

Former Vice President, ALL, Inc.

HOLLY STOCKER

Shareholder, Winthrop & Weinstine

BO THAO-URABE

Co-Founder, Rooted to Last
Principal, Seed Grow Bloom, LLC

RICHARD WANKE

CEO, Wanke Associates, LLC

MICHAEL WIER

Former SVP, Oak Ridge Financial



Annual Chili Contest



Virtual Bingo



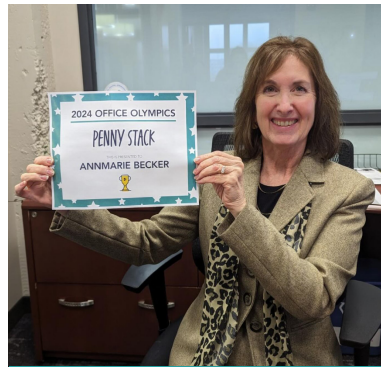
Drake Anniversary
Treat Bags



Monthly Birthday Treats

WORKING AT DRAKE

We strive to build a fun and inviting workplace for all our team members. From team building and volunteering events to potlucks and educational activities, we are always looking for new ways to bring our team together.



Office Olympics



Pancake Breakfast



Cinco de Mayo Parade



Super Bowl Potluck

NEW TEAM MEMBERS

- Jeff W. - Chief Financial Officer
- Frank I. - Commercial Banker
- John S. - Commercial Banker
- Wendy A. - Universal Banker
- Lee J. - Universal Banker

MILESTONES

15 YEARS

Annamarie B.

10 YEARS

Teresa P.
Stephanie S.

5 YEARS

Tegan D.

1 YEAR

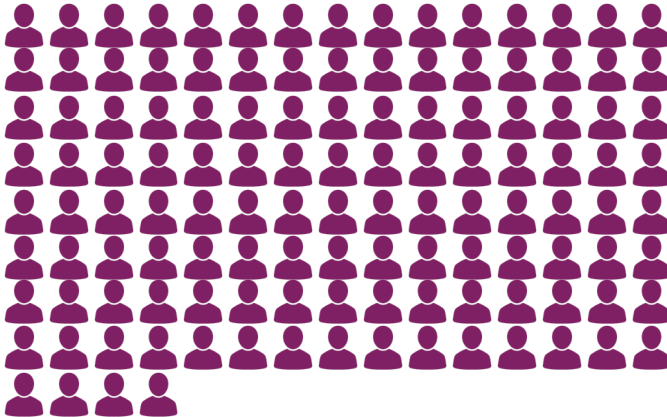
Lisa F.
Jim I.
Casey L.
Kyle R.
Sean R.
Bryan W.

MORTGAGE

Drake Bank offers multiple mortgage options to help make homeownership accessible to all.



51 purchased homes



124 people impacted¹

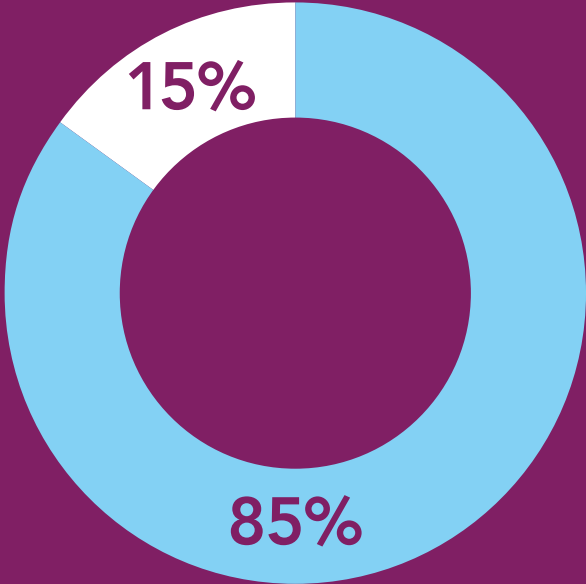
\$302,395

average loan size

Traditional Mortgage

Owning a home is one of the largest financial investments and aspirations for individuals. Additionally, homeownership can provide many benefits to families and their communities, such as long-term housing security, equity, credit building, family stability, and community involvement.

Our Super Mortgage Professional mortgage team offers a variety of traditional mortgage products, allowing us to tailor loan options to meet the needs of each client.



■ Metro
 ■ Greater MN/WI

¹ Based on average persons per household, United States Census Bureau, Minnesota: <https://www.census.gov/quickfacts/fact/table/MN/>

ITIN Mortgage

In March 2024, we launched our ITIN Mortgage program. Individual Taxpayer Identification Number (ITIN) mortgages are designed to offer flexible and accessible financing options to individuals who may not qualify for traditional mortgages due to their immigration status or lack of an SSN. By leveraging alternative forms of identification, the ITIN Mortgage Program seeks to break down barriers and make the dream of owning a home a reality for a broader spectrum of individuals and families.

Our mortgage product offerings help provide homeownership opportunities to more individuals who may not qualify for the traditional mortgage options. While the mortgage process can be long, it provides an opportunity for these individuals to create a relationship with our team members, who are able to offer other resources and banking products to help build their credit or meet other financial goals.

By supporting these individuals and their families, we can assist them in building generational wealth and reaching goals they didn't know were possible for them. These individuals are setting a strong foundation for their families for generations to come.

ITIN PROGRAM BREAKDOWN



First-Generation Mortgage

In June 2024, the First-Generation Homebuyers Community Down Payment Assistance (DPA) Fund was established by the Midwest Minnesota Community Development Corporation. Drake Bank was one of the first lenders to participate in this program, which is designed to help first-generation buyers achieve the dream of homeownership and reduce the racial homeownership gap in Minnesota. The First-Generation DPA Fund is open to all first-generation homebuyer households in Minnesota and provides eligible buyers with up to 10% of a home purchase price as a forgivable loan.

In 2024, the program's funds have made homeownership available for 470 new homeowners, 88% of which are new BIPOC homeowners².

² Visit <https://www.firstgendpa.org/impact/> for details on the impact of the First Generation Homebuyers DPA Fund.

SMALL BUSINESS *Lending*

“Watching clients overcome obstacles and thrive is deeply rewarding. Seeing these businesses succeed reminds me why I do what I do: to build dreams, one business at a time.”

VP, Commercial Banker & SBA Specialist

As a 2024 Top SBA Lender in Minnesota, we understand the importance that small businesses play in our community by creating jobs, driving innovation, stimulating local spending, and fostering community building. According to the U.S. Chamber of Commerce, small businesses employ nearly half of the American workforce and represent 43.5% of America’s GDP¹.

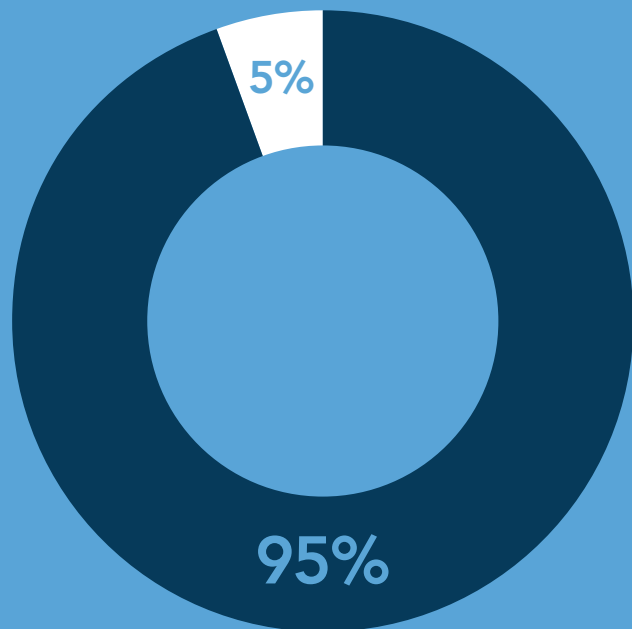
Providing capital to small businesses is critical for these businesses to grow and mature. The SBA loan program is backed by the government, which allows approved lenders to offer loans to eligible small businesses with more attractive terms.

SBA loans can be used for many business needs, such as startup costs, working capital, fixed assets, and commercial real estate.

Our team works to help small business owners realize their dreams and build their businesses for a stronger future, especially when they haven’t qualified for a traditional loan. As an approved SBA lender, we can step in and provide guidance and support for businesses when they don’t have the necessary collateral or cash flow to support the loan they need to keep moving forward.

Supporting small businesses through the SBA loan program has allowed a mental health clinic to open and support individuals struggling in our community, a small business owner to expand their company by bringing new products to market, and a current client to buy out a business partner. Our role is to open doors to help build their businesses and pave the way for a better future.

¹ U.S. Chamber of Commerce, Small Business Data Center: <https://www.uschamber.com/small-business/small-business-data-center>



■ Metro ■ Greater MN/WI



18 businesses helped

\$9,606,500
total loans funded

\$533,694
average loan size

Small Businesses,
BIGGER
(and better) Futures

CONSOLIDATED BALANCE SHEET

<i>in thousands (\$)</i>	2024	2023
ASSETS		
Cash and balances due from banks	4,503	16,957
Federal funds sold	240	-
Securities	34,225	35,382
Net loans and leases	210,863	180,175
Premise and fixed assets	716	865
Other assets	2,487	2,209
TOTAL ASSETS	253,034	235,588
LIABILITIES		
Deposits	210,287	197,026
Federal funds purchased	-	-
Borrowed funds	21,178	18,800
Other liabilities	1,697	1,522
TOTAL LIABILITIES	233,162	217,348
CAPITAL		
Common stock	200	200
Surplus	18,000	18,000
Retained earnings	4,396	3,451
AOCI ¹	(2,724)	(3,411)
TOTAL CAPITAL	19,872	18,240
TOTAL LIABILITIES AND CAPITAL	253,034	235,588
TIER 1 LEVERAGE RATIO	8.947%	9.629%
BOOK VALUE PER SHARE	9.94	9.12

¹ Accumulated Other Comprehensive Income (AOCI) represents designated unrealized profits or losses on items that are placed in the other comprehensive income category

CONSOLIDATED INCOME STATEMENT

<i>in thousands (\$)</i>	2024	2023
INTEREST INCOME		
Loans, including fees	14,297	11,033
Securities only	577	549
Federal funds sold	63	121
Other interest income	1,244	464
TOTAL INTEREST INCOME	16,181	12,167
INTEREST EXPENSE		
Deposits	6,065	4,545
Federal funds purchased	2	1
Other interest expense	633	237
TOTAL INTEREST EXPENSE	6,700	4,783
Net interest income before provision for loan losses	9,481	7,384
Provision for loan losses	440	354
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	9,041	7,030
NON-INTEREST INCOME		
Bank service charges and other fees	133	112
Gain (loss) on sale of loans and leases	244	253
Other non-interest income	170	137
TOTAL NON-INTEREST INCOME	547	502
NON-INTEREST EXPENSE		
Salaries and benefits	5,186	4,685
Premises and fixed assets	470	495
Other non-interest expense	2,080	1,726
TOTAL NON-INTEREST EXPENSE	7,736	6,906
NET INCOME	1,852	626
EARNINGS PER SHARE	0.93	0.31
NET INTEREST MARGIN	3.83%	3.42%

BUILDING BETTER FUTURES, *for all*



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Park Cleanups

We adopted Weschcke Park through the city of West St. Paul. During spring and fall months, team members visit the park every few weeks to pick up trash and fallen branches to help keep the park clean for the community.



150+
Socks

In November, we hosted a sock drive to support Our Hearts to Your Soles. Throughout the month, we collected over 150 pairs of socks that were donated to Our Hearts to Your Soles' event the weekend of Thanksgiving. Over 350 people at the Dorothy Day Campus received new footwear, socks, and a foot exam from doctors and nurse volunteers.



Yard Cleanup

In April, for National Volunteer Week, 6 team members volunteered with DARTS to help an older homeowner with spring yard cleanup. Team members raked leaves, cleaned flower beds, and removed fallen branches around their home. DARTS is a community-based nonprofit that helps support the independence of older adults by coordinating home services, rides, and other resources.

5 Tie Blankets

In September, as part of the Minnesota Bankers Association's Community Impact Month, we organized volunteer activities for our team members to participate in. This year, our team made tie blankets that were donated to the Kids in Need Foundation. Kids in Need Foundation offers a Teacher Resource Center that provides free supplies for teachers in Minnesota, where 50% or more students are eligible for the National School Lunch Program.



COMMUNITY PARTNERS

American Bankers Association
 American Cancer Society
 BankIn Minnesota
 Coco's Heart Dog Rescue
 Dakota County Regional Chamber of Commerce
 DARTS
 Independent Community Bankers of America
 Immigrant Law Center
 Inver Grove Heights Scholarship Program
 Latino Economic Development Center
 Life Etiquette Institute LLC
 Midway Chamber of Commerce
 Minneapolis Rotary Club
 Minnesota Bankers Association
 Minnesota Hmong Chamber of Commerce
 Minnesota Multi-Housing Association
 North Country Cooperative Foundation
 Pool & Yacht Club
 Project Management Institute (PMI)
 Saint Paul Area Chamber of Commerce
 Society of Human Resources Management (SHRM)
 The Open Door
 Tom Reid's Hockey City Pub
 West Side Boosters
 West St. Paul - Mendota Rotary Club



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