NEWS RELEASE

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BNCCORP, INC. REPORTS THIRD QUARTER NET INCOME OF $1.5 MILLION, OR $0.43 PER DILUTED SHARE

Highlights

- **Net income in the third quarter of 2022 was $1.5 million, or $0.43 per diluted share, compared to $4.7 million, or $1.32 per diluted share, during the same period of 2021. During the current quarter, the Community Banking segment reported net income $3.1 million, while the Mortgage Banking Segment reported a net loss of $1.4 million.**
- **Mortgage revenue decreased to $2.5 million in the third quarter of 2022, compared to $8.2 million during the same period of 2021.**
- **Net interest margin increased to 3.66% for the third quarter of 2022, compared to 2.93% during the third quarter of 2021.**
- **Year-to-date new loan origination activity during 2022 resulted in a $62.2 million, or 11.7%, increase in loans held for investment. Excluding Small Business Administration (SBA) Paycheck Protection Program (PPP) loans, loans held for investment amounted to $591.8 million on September 30, 2022, compared to $517.9 million on December 31, 2021, an increase of 14.3%.**
- **Allowance for credit losses at September 30, 2022, was 1.46% of loans held for investment, excluding $205 thousand of SBA PPP loans, compared to 1.75% at December 31, 2021.**
- **Non-performing assets decreased to $1.3 million at September 30, 2022, compared to $1.7 million at December 31, 2021.**
- **September 30, 2022 tangible common equity ratio was 10.35% compared to 10.98% on December 31, 2021.**

BISMARCK, ND, October 28, 2022 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota and Arizona and mortgage banking offices in Illinois, Kansas, Michigan, Arizona, and North Dakota, today reported financial results for the third quarter ended September 30, 2022.

<u>Overview of Quarter</u>

Net income in the third quarter of 2022 was $1.5 million compared to $4.7 million in the same period of 2021. Third quarter 2022 earnings per diluted share was $0.43 versus $1.32 in the third quarter of 2021. The year-over-year decrease was primarily due to lower mortgage revenues, reduced gains on sale of loans, and provision for credit losses, partially offset by higher net interest income, bank fees and service charges, and lower non-interest expense.

Interest income for the quarter increased by $928 thousand, or 11.7%, from the third quarter of 2021, driven by growth in loans held for investment and higher yields, partially offset by reduced PPP loans and associated fees. PPP fees included in interest income were $12 thousand in the third quarter of 2022 compared to $517 thousand in the third quarter of 2021. Third quarter 2022 interest expense increased by $293 thousand, or 64.7%, versus the third quarter of 2021 as continued interest rate increases by the Federal Reserve have impacted market rates on deposit accounts and variable subordinate debentures. Net of all these factors, third-quarter 2022 net interest income increased by $635 thousand, or 8.5%, from the comparable 2021 quarter.

Non-interest income in the third quarter of 2022 decreased by $5.4 million versus the same period in 2021, largely driven by a year-over-year decrease of $5.8 million in mortgage banking revenues. Much of this decrease is attributable to a market pullback from the historically high refinance originations and margins of 2021. Gains on sales of loans were $3 thousand in the third quarter of 2022, compared to gains of $175 thousand in the prior year period. Bank charges and service fees increased by $643 thousand, or 112.4%, largely due to increases in the issuance of letters of credit, deposit account charges, and from the movement of deposits to one-way sell positions.

Non-interest expense in the 2022 third quarter decreased by $772 thousand, or 6.9%, versus the third quarter of 2021. Non-interest expenses related to mortgage operations decreased by $948 thousand, or 16.7%, as management continues to actively manage its mortgage operating costs to better align with lower quarter-over-quarter loan volume.

Nonperforming assets were $1.3 million on September 30, 2022, down from $1.7 million on December 31, 2021. The ratio of nonperforming assets-to-total-assets was 0.14% on September 30, 2022, down from 0.16% on December 31, 2021. The Company recorded a $150 thousand provision for credit losses in the third quarter of 2022 compared to no provision recorded in the 2021 third quarter. The allowance for credit losses decreased to 1.46% of loans held for investment (excluding $205 thousand of PPP loans) on September 30, 2022, compared to 1.75% on December 31, 2021 (excluding $11.9 million of PPP loans). In the first quarter of 2022, the Company released $550 thousand from the allowance for credit losses as pandemic related risks subsided. The Company continues to monitor key industry and internal data to prudently adjust its allowance for credit losses.

Tangible book value per common share on September 30, 2022, was $27.55, compared to $32.35 at December 31, 2021. The decline in tangible book value per common share was driven by dividends declared in May 2022 as well as the negative impact of higher long-term rates on the tax-effected fair value of the debt securities available for sale portfolio that reduced accumulated other comprehensive income (losses) that were, in turn, partially offset by retained earnings. Net of these factors the Company's tangible common equity capital ratio was 10.35% on September 30, 2022, compared to 10.98% on December 31, 2021.

Total assets were $946.2 million as of September 30, 2022, compared to $1.0 billion on December 31, 2021. Total deposits were $823.7 million at September 30, 2022, compared to $906.7 million at December 31, 2021.

Management Commentary

"The quarter's results indicate our community banking strategy is adding franchise value while we simultaneously navigate the significant economic factors impacting our mortgage division." said Daniel J. Collins, BNC's President and Chief Executive Officer. "We are continuing to drive performance in our community banking segment and to maintain a stable financial position, permitting us to seize opportunities as they emerge. This disciplined, deliberate approach is an asset in any market, but it is particularly well-suited for transition periods like the one we're in now, facing macroeconomic and geopolitical headwinds that are impacting the entire industry and particularly the mortgage sector. We continue to focus on aligning our operational cost structure with current conditions and are actively assessing how to best optimize our business banking and mortgage franchises in the face of rising rates."

Collins continued, "The market volatility has not distracted us from our core strengths: strong community banking relationships, sensible lending practices and a strong, stable, and forward-looking position in the marketplace. To the contrary, it is during periods such as this when those constant disciplines yield the best results. This focus helped drive a $62.2 million, or 11.7%, increase in loans held for investment in the first nine months of 2022 while managing credit quality, liquidity levels and costs."

"As we look ahead, we are keenly focused on credit quality and on strategies to manage the impacts of inflation, interest rate increases and other economic risk factors while capitalizing on market opportunities. We remain encouraged by our team's ability to generate loan growth in the businesses and communities we serve and are confident that our superior customer service and broad range of financial products will continue to help us meet the needs of existing and prospective clients."

2022 Versus 2021 Third Quarter Comparison

Net interest income for the third quarter of 2022 was $8.1 million, an increase of $635 thousand, or 8.5%, from $7.5 million in the third quarter of 2021, primarily the result of growth in loans held for investment and higher yields, partially offset by reductions in PPP loans and associated fees and increased cost of deposits and subordinate debentures. PPP fees, which are included in interest income, were $12 thousand in the third quarter of 2022 compared to $517 thousand in the third quarter of 2021. Net interest margin increased to 3.66% in the 2022 third quarter, compared to 2.93% in the year-earlier period.

Third quarter interest income increased by $928 thousand, or 11.7%, to $8.9 million in 2022, compared to $7.9 million in the third quarter of 2021. The increase is the result of higher yields on loans despite an $18.5 million decrease in average loan balances. The decrease in loans from period-to-period is a result of decreased loans held for sale and the forgiveness of PPP loans. The yield on average interest-earning assets was 3.99% in the third quarter of 2022, compared to 3.10% in the 2021 third quarter as the Company's variable rate assets have started to re-price in step with recent interest rate movements by the Federal Reserve combined with higher yields on new loan originations.

The average balance of interest-earning assets in the 2022 third quarter decreased by $134.1 million versus the same period of 2021, primarily due to a $113.9 million decrease in interest-bearing cash, by a $48.1

million decrease in average loans held for sale, and by a $29.6 million increase in average loans held for investment (including reductions in PPP loans). The forgiveness of PPP loans accounted for $41.1 million, which was offset by new origination activity. Interest income from loans held for investment increased $555 thousand on a quarter-over-quarter basis. The average balance of mortgage loans held for sale was $55.1 million, $48.1 million lower than the same period of 2021. Interest income from loans held for sale decreased $8 thousand primarily due to lower average balances and a 2.14% increase in yield. The average balance of debt securities in the third quarter of 2022 was $191.0 million, $3.4 million lower than in the third quarter of 2021. Interest income from debt securities was $62 thousand higher compared to the same period of 2021.

Interest expense in the third quarter of 2022 was $746 thousand, an increase of $293 thousand, or 64.7%, from the 2021 period. The average balance of deposits decreased by $101.3 million when comparing the third quarter of 2022 to 2021. The primary driver of the decrease was the movement of deposits off the balance sheet at the end of the first quarter of 2022 through the use of an associated banking network coupled with managing the balances of our certificates of deposit. The cost of interest-bearing liabilities was 0.47% during the third quarter of 2022, compared to 0.25% in the same period of 2021. The cost of core deposits in the third quarters of 2022 and 2021 was 0.29% and 0.17%, respectively, as the Company continues to manage its overall cost of deposits while indexed rates continue to substantially increase.

As of September 30, 2022, credit metrics remained stable with $1.3 million of nonperforming assets, representing a 0.14% nonperforming assets-to-total-asset ratio, compared to $1.7 million and 0.16% on December 31, 2021. The Company recorded a $150 thousand provision for credit losses in the third quarter of 2022 compared to no provision recorded in the third quarter of 2021.

Non-interest income for the third quarter of 2022 was $4.5 million, compared to $9.8 million in the 2021 third quarter. The decrease was driven by a reduction in mortgage banking revenues to $2.5 million in the third quarter of 2022, versus $8.2 million in the prior-year period. Consistent with the overall performance of the industry, the Company's mortgage business has been negatively impacted by higher market interest rates and inflated home values in 2022 as these factors impact both origination and refinance activity. Reflective of the industry trends, in the third quarter of 2022, BNC funded 692 mortgage loans with combined balances of $294.4 million, compared to 1,376 mortgage loans with combined balances of $524.1 million in the third quarter of 2021. Bank charges and service fees were $643 thousand higher when comparing the third quarter of 2022 to 2021 due to higher fees from the issuance of letters of credit, deposit account charges, and from the movement of deposits to one-way sell positions. Wealth management revenues decreased $81 thousand, or 14.2%, as strong growth in new assets under administration have been more than offset by elevated distributions and overall market declines relative to the 2021 period. Gains on sales of loans were $3 thousand in the third quarter of 2022, compared to $175 thousand in the prior year period, reflecting a normal level of volatility.

Non-interest expense for the third quarter of 2022 decreased $772 thousand, or 6.9%, to $10.4 million, from $11.2 million in the third quarter of 2021. Non-interest expenses related to mortgage operations decreased by $948 thousand, or 16.7%, as management continues to adjust its operations to match marketplace opportunity. There were 115 full-time equivalent employees engaged in mortgage operations as of September 30, 2022, compared to 141 on September 30, 2021. Combined expenses for community banking and the holding company increased by $175 thousand, or 3.2%, compared to the 2021 period primarily due to higher salary and professional service expense.

In the third quarter of 2022, income tax expense was $475 thousand, compared to $1.4 million in the third quarter of 2021. The effective tax rate was 23.5% in the third quarter of 2022, compared to 23.0% in the same period of 2021.

Net income was $1.5 million, or $0.43 per diluted share, in the third quarter of 2022 versus $4.7 million, or $1.32 per diluted share, in the third quarter of 2021.

2022 Versus 2021 Nine-Month Comparison

Net interest income in the first nine months of 2022 was $22.4 million, a decrease of $1.5 million, or 6.5%, from $23.9 million in 2021. The decrease primarily reflects lower loans held for sale and loans held for investment balances partially offset by lower deposit balances and higher yield on interest bearing cash. Net interest margin increased to 3.24% in the 2022 nine-month period, compared to 3.06% in the year-earlier period.

Interest income decreased $1.8 million, or 6.7%, to $23.9 million for the nine-month period of 2022, compared to $25.7 million in 2021. The decrease is the result of lower loan balances, primarily lower balances of loans held for sale and PPP loans, partially offset by higher yields on interest bearing cash. PPP fees included in interest income were $294 thousand in the first nine months of 2022 compared to

$3.0 million in the first nine months of 2021. The yield on average interest-earning assets was 3.47% in the 2022 nine-month period, compared to 3.29% in 2021.

The average balance of interest-earning assets in the first nine months of 2022 decreased by $121.1 million versus the same period of 2021, driven by decreases in interest-bearing cash of $40.3 million, a decrease in loans held for sale of $84.7 million, and in loans held for investment of $13.9 million (including PPP loans) partially offset by a $16.2 million increase in debt securities year-over-year. Interest income for loans held for investment decreased $1.6 million. The $13.9 million decrease in average balance of loans held for investment was comprised of a $55.7 million decrease in average PPP loans, partially offset by a $41.8 million increase in average loans held for investment. The average balance of mortgage loans held for sale was $55.1 million, $84.7 million lower than the same period of 2021. Interest income from loans held for sale decreased $1.1 million due to lower average balances, partially offset by higher yields. The average balance of debt securities in the first nine months of 2022 was $197.4 million, $16.2 million higher than in the first nine months of 2021. Interest income from debt securities was $388 thousand higher compared to the same period of 2021.

Interest expense in the first nine months of 2022 was $1.6 million, a decrease of $174 thousand, or 10.1%, from the 2021 period. The cost of interest-bearing liabilities was 0.31% in the first nine months, compared to 0.30% in the same period of 2021. The cost of core deposits in the first nine months of 2022 and 2021 were 0.20% and 0.22%, respectively.

As of September 30, 2022, credit metrics remained stable with $1.3 million of nonperforming assets, representing a 0.14% nonperforming assets-to-total-asset ratio, compared to $1.7 million and 0.16% at December 31, 2021. The Company credited provision expense to release $400 thousand of its allowance for credit losses in the first nine months of 2022, which was comprised of a $550 thousand credit to provision expense in the first quarter of 2022 and a provision of $150 thousand in the third quarter of 2022. By comparison, the Company had no provision for credit losses recorded in the first nine months of 2021.

Non-interest income for the first nine months of 2022 was $15.8 million compared to $37.0 million in the 2021 period, driven by a reduction in mortgage banking revenues to $10.4 million in the first nine months of 2022 versus $32.1 million in the prior-year period. The Company’s mortgage business has been negatively impacted by higher market interest rates and inflated home values in 2022 as these factors impact both origination and refinance activity. Reflecting the overall industry, in the first nine months of 2022, BNC funded 2,170 mortgage loans with combined balances of $888.7 million, compared to 5,301 mortgage loans with combined balances of $1.9 billion in the first nine months of 2021. Bank charges and service fees were $2.6 million, or 51.3%, higher when comparing the third quarter of 2022 to 2021 due to higher fees from the issuance of letters of credit, deposit account charges, and from the movement of deposits to one-way sell positions. Wealth management revenues decreased $139 thousand, or 8.4%, as strong growth in new assets under administration have been more than offset by elevated distributions and overall market declines relative to the 2021 period. Other income was impacted by the sale of the Company's Golden Valley, MN property in 2022 compared to the sale of the loans and deposits from the same location in 2021.

Non-interest expense for the first nine months of 2022 decreased $4.4 million, or 12.1%, to $32.0 million, from $36.4 million in the first nine months of 2021. Non-interest expenses related to mortgage operations activity decreased by $4.4 million, or 22.6%, as management continues to adjust its operations to match marketplace opportunity. Overall, combined expenses for community banking and the holding company have remained stable when compared to the 2021, but includes lower salary, data processing, and depreciation expense largely offset by higher marketing, professional services, and other expenses.

During the nine-month period ended September 30, 2022, income tax expense was $1.5 million, compared to $5.9 million in the first nine months of 2021. The Company's effective tax rate was 23.5% in the first nine months of 2022, compared to 24.0% in the same period of 2021.

Net income was $5.0 million, or $1.41 per diluted share, for the nine months ended September 30, 2022, versus $18.7 million, or $5.22 per diluted share, in the first nine months of 2021.

Assets and Liabilities

Total assets were $946.2 million at September 30, 2022 versus $1.0 billion at December 31, 2021.

Total loans held for investment were $592.0 million on September 30, 2022 compared to $529.8 million on December 31, 2021. PPP loan balances, included in loans held for investment, were $205 thousand on September 30, 2022 compared to $11.9 million at December 31, 2021. Loans held for sale at September 30, 2022, were $55.0 million, a decrease of $25.9 million compared to December 31, 2021. Debt securities decreased $28.2 million from year-end 2021 while cash and cash equivalent balances totaled $75.5 million on September 30, 2022, compared to $188.1 million on December 31, 2021.

Total deposits decreased $83.0 million to $823.7 million at September 30, 2022, from $906.7 million at December 31, 2021. The Company was able to decrease deposit balances at the end of the first quarter of 2022 by moving deposits off the balance sheet through the use of an associated banking network.

Trust assets under administration decreased 21.6%, or $88.4 million, to $321.1million at September 30, 2022, from $409.5 million at December 31, 2021. Strong new asset growth was more than offset by elevated distributions and overall market declines during 2022.

Asset Quality

The allowance for credit losses was $8.6 million at September 30, 2022, versus $9.1 million at December 31, 2021. The allowance as a percentage of loans held for investment on September 30, 2022 decreased to 1.46% from 1.71% as of December 31, 2021. Excluding PPP loans, which are 100% guaranteed by the SBA, the allowance for credit losses as a percentage of loans held for investment on September 30, 2022, decreased to 1.46% compared to 1.75% on December 31, 2021.

Nonperforming assets, consisting of loans, decreased to $1.3 million at September 30, 2022 compared to $1.7 million at December 31, 2021. The ratio of nonperforming assets-to-total-assets was 0.14% at September 30, 2022, and 0.16% at December 31, 2021. As of September 30, 2022, the Company did not hold any other real estate or repossessed assets. As of December 31, 2021, the Company did not hold any other real estate and held $17 thousand in repossessed assets.

As of September 30, 2022, classified loans decreased to $3.5 million with $1.3 million of loans on non-accrual. As of December 31, 2021, BNC had $8.5 million of classified loans and $1.7 million of loans on non-accrual. At the end of the third quarter of 2022, BNC had $654 thousand of potentially problematic loans, which are risk rated as “watch list”, compared with $6.5 million as of December 31, 2021.

The Company continues to monitor the diminishing effects of the pandemic and its potential impact on customers. Additional macroeconomic and geopolitical factors have emerged in recent months and are being monitored for their possible impact on the performance of the loan portfolio.

BNC's loans held for investment are geographically concentrated in North Dakota and Arizona, comprising 59% and 25% of the Company's total loan held for investment portfolio, respectively.

The North Dakota economy is influenced by the energy and agriculture industries. Energy supply and demand factors have recently increased oil prices, benefiting the oil industry and ancillary services. Legislation and economic conditions remain potential risks to energy markets and production activity and could present potential challenges to credit quality in North Dakota. The Arizona economy is influenced by the leisure and travel industries. Positive trends in both industries have been noted, but an extended slowdown in these industries may negatively impact credit quality in Arizona. BNC's portfolio is constructed of various sized loans spread over a large number of industry sectors, although the Company manages meaningful concentrations of loans in hospitality and commercial real estate.

The following table approximately describes the Company's concentrations by industry. The amounts presented therein exclude PPP loans of $205 thousand and $11.9 million as of September 30, 2022 and December 31, 2021, respectively (in thousands):

Loans Held for Investment by Industry Sector

	September 30, 2022		December 31, 2021	
Non-owner occupied commercial real estate – not otherwise categorized	$ 177,195	30 %	$ 157,608	30 %
Consumer, not otherwise categorized	88,469	15	75,519	14
Hotels	86,476	14	78,473	15
Healthcare and social assistance	33,901	6	36,531	7
Agriculture, forestry, fishing and hunting	33,586	6	26,922	5
Retail trade	32,907	5	35,173	7
Transportation and warehousing	22,365	4	21,499	4
Non-hotel accommodation and food service	21,270	3	18,838	4
Arts, entertainment and recreation	18,144	3	5,936	1
Other service	11,690	2	12,543	2
Construction contractors	11,399	2	11,458	2
Mining, oil and gas extraction	11,005	2	10,327	2
Professional, scientific, and technical services	7,631	1	3,738	1
Real estate and rental and leasing support services	6,657	1	3,750	1
Manufacturing	6,166	1	4,697	1
Educational services	4,799	1	1,724	-
Public administration	4,220	1	3,108	1
Finance and insurance	4,056	1	2,692	1
Wholesale trade	3,294	1	3,325	1
All other	5,506	1	3,644	1
Gross loans held for investment (excluding PPP loans)	$ 590,736	100 %	$ 517,505	100 %

The Company's loans within the hospitality industry have shown signs of recovery that are reflected by hotel occupancy and restaurant utilization trends. Hotel operators in BNC's loan portfolio are reporting positive trends, and in some cases stronger balance sheets. Despite these positive indications, labor shortages limit capacity, and potential inflationary impacts on travel and leisure activities continue to be closely monitored.

While the Company's loan portfolio and credit risk may still be subject to pandemic related risks, management believes that this potential risk remains qualitatively captured in the Company's allowance for credit losses.

Capital

Banks and bank holding companies operate under separate regulatory capital requirements. As of September 30, 2022, the Company's capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

A summary of BNC's capital ratios at September 30, 2022, and December 31, 2021, is presented below:

	September 30, 2022	December 31, 2021
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	13.52%	11.74%
Common equity tier 1 risk based capital	14.37%	16.54%
Tier 1 risk based capital	16.32%	18.77%
Total risk based capital	17.45%	20.02%
Tangible common equity	10.35%	10.98%
BNC National Bank		
Tier 1 leverage	12.97%	10.65%
Common equity tier 1 risk based capital	15.65%	17.02%
Tier 1 risk based capital	15.65%	17.02%
Total risk based capital	16.77%	18.27%

The Common Equity Tier 1 ratio, which is generally a comparison of a bank's core equity capital to its total risk weighted assets, is a measure of the current risk profile of the Bank's asset base from a regulatory perspective. The Tier 1 leverage ratio, which is based on average assets, does not consider the mix of risk-weighted assets.

The Company regularly evaluates the sufficiency of its capital to ensure compliance with regulatory capital standards and to serve as a source of strength for the Bank. The Company manages capital by assessing the composition of capital and the amounts available for growth, risk, or other purposes. The Company made an election at the adoption of BASEL III to exclude changes in accumulated other comprehensive income from the calculation of regulatory ratios.

About BNCCORP, INC.

BNCCORP, INC., headquartered in Bismarck, N.D., is a registered bank holding company dedicated to providing banking and wealth management services to businesses and consumers in its local markets. The Company operates community banking and wealth management businesses in North Dakota and Arizona from 11 locations. BNC also conducts mortgage banking from 9 locations in Illinois, Kansas, Michigan, Arizona and North Dakota.

This news release may contain "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of BNC. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently available to management are generally identifiable by the use of words such as “expect”, “believe”, “anticipate”, “at the present time”, “plan”, “optimistic”, “intend”, “estimate”, “may”, “will”, “would”, “could”, “should”, “future” and other expressions relating to future periods. Examples of forward-looking statements include, among others, statements we make regarding our expectations regarding future market conditions and our ability to capture opportunities and pursue growth strategies, our expected operating results such as revenue growth and earnings and our expectations of the effects of the regulatory environment or current or future pandemics on our earnings for the foreseeable future. Forward-looking statements are neither historical facts nor assurances of future performance. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, but are not limited to: the impact of pandemics, the impact of current and future regulation; the risks of loans and investments, including dependence on local and regional economic conditions; competition for our customers from other providers of financial services; possible adverse effects of changes in interest rates, including the effects of such changes on mortgage banking revenues and derivative contracts and associated accounting consequences; risks associated with our acquisition and growth strategies; and other risks which are difficult to predict and many of which are beyond our control. In addition, all statements in this news release, including forward-looking statements, speak only of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

This press release contains references to financial measures, which are not defined in GAAP. Such non-GAAP financial measures include tangible common equity to total period end assets ratio. These non-GAAP financial measures have been included as the Company believes they are helpful for investors to analyze and evaluate the Company’s financial condition.

(Financial tables attached)

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BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended September 30, 2022	For the Quarter Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
SELECTED INCOME STATEMENT DATA				
Interest income	$ 8,853	$ 7,925	$ 23,947	$ 25,672
Interest expense	746	453	1,553	1,727
Net interest income	8,107	7,472	22,394	23,945
Provision (credit) for credit losses	150	-	(400)	-
Non-interest income	4,465	9,837	15,755	36,958
Non-interest expense	10,399	11,171	31,974	36,356
Income before income taxes	2,023	6,138	6,575	24,547
Income tax expense	475	1,410	1,545	5,887
Net income	$ 1,548	$ 4,728	$ 5,030	$ 18,660
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.43	$ 1.32	$ 1.41	$ 5.22
Diluted earnings per common share	$ 0.43	$ 1.32	$ 1.41	$ 5.22

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share data)	For the Quarter Ended September 30, 2022	For the Quarter Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 1,215	$ 572	$ 2,568	$ 1,697
Wealth management revenues	489	570	1,517	1,656
Mortgage banking revenues	2,468	8,249	10,392	32,096
Gains on sales of loans, net	3	175	242	271
Other	290	271	1,036	1,238
Total non-interest income	$ 4,465	$ 9,837	$ 15,755	$ 36,958
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 5,170	$ 5,551	$ 16,330	$ 19,170
Professional services	954	1,226	2,870	4,565
Data processing fees	993	1,135	2,964	3,374
Marketing and promotion	1,596	1,251	4,388	3,227
Occupancy	499	547	1,609	1,621
Regulatory costs	120	119	360	352
Depreciation and amortization	310	312	927	956
Office supplies and postage	99	109	316	355
Other	658	921	2,210	2,736
Total non-interest expense	$ 10,399	$ 11,171	$ 31,974	$ 36,356
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,574,677	3,571,192	3,573,963	3,571,615
Dilutive effect of share-based compensation	825	648	877	535
Adjusted weighted average shares (b)	3,575,502	3,571,840	3,574,840	3,572,150

(a) Denominator for basic earnings per common share
(b) Denominator for diluted earnings per common share

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share, per-share and full-time equivalent data)	As of September 30, 2022	As of December 31, 2021	As of September 30, 2021
SELECTED BALANCE SHEET DATA			
Total assets	$ 946,174	$ 1,047,372	$ 1,069,691
Loans held for sale-mortgage banking	54,996	80,923	103,171
Loans held for investment	592,026	529,793	530,702
Total loans	647,022	610,716	633,873
Allowance for credit losses	(8,617)	(9,080)	(10,249)
Cash and cash equivalents	75,495	188,060	187,189
Debt securities available for sale	180,760	208,978	207,044
Earning assets	888,186	991,451	1,013,183
Total deposits	823,692	906,668	908,388
Core deposits (1)	823,692	906,668	908,539
Other borrowings	15,000	15,001	15,153
OTHER SELECTED DATA			
Net unrealized (losses) gains in accumulated other comprehensive income	$ (12,799)	$ 3,154	$ 4,970
Trust assets under administration	321,076	409,471	410,913
Total common stockholders' equity	98,073	114,986	134,937
Tangible book value per common share (2)	27.55	32.35	37.96
Tangible book value per common share excluding accumulated other comprehensive income, net	31.15	31.46	36.56
Full time equivalent employees	255	281	284
Common shares outstanding	3,559,266	3,554,983	3,554,983
CAPITAL RATIOS			
Tier 1 leverage (Consolidated)	13.52%	11.74%	13.43%
Common equity Tier 1 risk-based capital (Consolidated)	14.37%	16.54%	19.56%
Tier 1 risk-based capital (Consolidated)	16.32%	18.77%	21.82%
Total risk-based capital (Consolidated)	17.45%	20.02%	23.07%
Tangible common equity (Consolidated)	10.35%	10.98%	12.61%
Tier 1 leverage (Bank)	12.97%	10.65%	10.33%
Common equity Tier 1 risk-based capital (Bank)	15.65%	17.02%	16.79%
Tier 1 risk-based capital (Bank)	15.65%	17.02%	16.79%
Total risk-based capital (Bank)	16.77%	18.27%	18.04%
Tangible common equity (Bank)	11.41%	11.30%	10.91%

(1) Core deposits consist of all deposits and repurchase agreements with customers.
(2) Tangible book value per common share is equal to book value per common share.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended September 30, 2022	For the Quarter Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
AVERAGE BALANCES				
Total assets	$ 935,843	$ 1,071,024	$ 979,500	$ 1,106,707
Loans held for sale-mortgage banking	55,127	103,197	55,091	139,828
Loans and leases held for investment	570,702	541,113	548,769	562,638
Total loans	625,829	644,310	603,860	702,466
Cash and cash equivalents	78,038	190,228	137,418	177,127
Debt securities available for sale	190,990	194,391	197,384	181,198
Earning assets	879,198	1,013,248	923,441	1,044,527
Total deposits	808,858	910,165	846,674	940,955
Core deposits	809,072	910,524	846,911	943,466
Total equity	102,919	134,484	107,619	130,878
KEY RATIOS				
Return on average common stockholders' equity (a)	5.55%	14.62%	6.03%	20.02%
Return on average assets (b)	0.66%	1.75%	0.69%	2.25%
Net interest margin	3.66%	2.93%	3.24%	3.06%
Efficiency ratio (Consolidated)	82.71%	64.54%	83.81%	59.70%
Efficiency ratio (Bank)	81.22%	63.94%	82.02%	58.93%

(a) Return on average common stockholders' equity is calculated by using net income as the numerator and average common equity (less accumulated other comprehensive income (loss)) as the denominator.
(b) Return on average assets is calculated by using net income as the numerator and average total assets as the denominator.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of September 30, 2022	As of December 31, 2021	As of September 30, 2021
ASSET QUALITY			
Loans 90 days or more delinquent and accruing interest	$ 6	$ -	$ 1
Non-accrual loans	1,313	1,673	2,521
Total nonperforming loans	$ 1,319	$ 1,673	$ 2,522
Repossessed assets, net	-	17	-
Total nonperforming assets	$ 1,319	$ 1,690	$ 2,522
Allowance for credit losses	$ 8,617	$ 9,080	$ 10,249
Troubled debt restructured loans	$ 952	$ 1,029	$ 1,920
Ratio of total nonperforming loans to total loans	0.20%	0.27%	0.40%
Ratio of total nonperforming assets to total assets	0.14%	0.16%	0.24%
Ratio of nonperforming loans to total assets	0.14%	0.16%	0.24%
Ratio of allowance for credit losses to loans held for investment	1.46%	1.71%	1.93%
Ratio of allowance for credit losses to total loans	1.33%	1.49%	1.62%
Ratio of allowance for credit losses to nonperforming loans	653%	543%	406%

(In thousands)	For the Quarter Ended September 30, 2022	For the Quarter Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 1,406	$ 2,601	$ 1,673	$ 2,612
Additions to nonperforming	29	42	102	154
Charge-offs	(15)	(45)	(62)	(128)
Reclassified back to performing	-	-	(165)	-
Principal payments received	(101)	(76)	(214)	(116)
Transferred to repossessed assets	-	-	(15)	-
Balance, end of period	$ 1,319	$ 2,522	$ 1,319	$ 2,522

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended September 30, 2022	For the Quarter Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 8,487	$ 10,293	$ 9,080	$ 10,324
Provision (credit)	150	-	(400)	-
Loans charged off	(25)	(50)	(99)	(119)
Loan recoveries	5	6	36	44
Balance, end of period	$ 8,617	$ 10,249	$ 8,617	$ 10,249
Ratio of net charge-offs to average total loans	(0.003)%	(0.007)%	(0.010)%	(0.011)%
Ratio of net charge-offs to average total loans, annualized	(0.013)%	(0.027)%	(0.014)%	(0.014)%

(In thousands)	As of September 30, 2022	December 31, 2021	September 30, 2021
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 45,043	$ 44,225	$ 40,470
Construction	10,953	8,815	5,736
Agricultural	33,248	26,279	30,663
Land and land development	7,090	15,475	6,581
Owner-occupied commercial real estate	33,171	35,781	36,376
Commercial real estate	115,485	104,889	103,844
Small business administration	18,161	25,232	22,279
Consumer	81,622	67,370	71,608
Subtotal gross loans held for investment	$ 344,773	$ 328,066	$ 317,557
Consolidated			
Commercial and industrial	$ 81,155	$ 62,501	$ 56,454
Construction	20,319	16,121	20,708
Agricultural	33,307	26,422	30,816
Land and land development	11,341	17,185	8,086
Owner-occupied commercial real estate	73,776	69,072	64,962
Commercial real estate	228,257	201,043	196,329
Small business administration	45,993	58,759	71,771
Consumer	96,793	78,297	81,536
Total gross loans held for investment	$ 590,941	$ 529,400	$ 530,662