NEWS RELEASE

FOR FURTHER INFORMATION:
WEBSITE: www.bnccorp.com

DANIEL J. COLLINS, CEO
TELEPHONE: (612) 305-2210

JUSTIN C. CURRIE, CFO
TELEPHONE: (701) 250-3042

BNCCORP, INC. REPORTS FOURTH QUARTER NET INCOME OF $1.5 MILLION, OR $0.41 PER DILUTED SHARE

Highlights

- **Net income in the fourth quarter of 2022 was $1.5 million, or $0.41 per diluted share, compared to $3.3 million, or $0.92 per diluted share, during the same period of 2021. For the quarter, the Community Banking segment reported net income of $3.5 million, while the Mortgage Banking Segment reported a net loss of $1.7 million.**
- **Mortgage revenue decreased to $1.1 million in the fourth quarter of 2022 compared to $5.7 million during the same period of 2021.**
- **Net interest margin increased to 3.94% for the fourth quarter of 2022 compared to 2.88% during the fourth quarter of 2021.**
- **Year-to-date new loan origination activity during 2022 resulted in an $86.9 million, or 16.4%, increase in loans held for investment. Excluding Small Business Administration (SBA) Paycheck Protection Program (PPP) loans, loans held for investment amounted to $616.5 million on December 31, 2022, compared to $517.9 million on December 31, 2021, an increase of 19.0%.**
- **Allowance for credit losses as of December 31, 2022 was 1.43% of loans held for investment, excluding $195 thousand of SBA PPP loans, compared to 1.75% as of December 31, 2021.**
- **Non-performing assets decreased to $1.4 million as of December 31, 2022, compared to $1.7 million as of December 31, 2021.**
- **Tangible common equity ratio was 10.63% on December 31, 2022 compared to 10.98% on December 31, 2021.**

BISMARCK, ND, January 31, 2023 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota and Arizona as well as mortgage banking offices in Illinois, Kansas, Arizona, and North Dakota, today reported financial results for the quarter ended December 31, 2022 and for the full 2022 calendar year.

Management Commentary

"We are pleased with the performance of our community banking franchise in 2022," said Daniel J. Collins, BNC's President and Chief Executive Officer. "Market volatility did not distract us from our core strengths: we continue to benefit from our strong community banking relationships, our sensible lending practices and a stable forward-looking position in the marketplace. Our ability to grow loans held for investment by $87 million, or 16%, during 2022 while maintaining credit quality, liquidity levels and controlling costs, reflects these strengths and is indicative of our commitment to continually improving the value of our bank franchise."

Collins continued, "However, our consolidated 2022 financial results were adversely affected by the impact of rising interest rates and market volatility on our mortgage business, which was partially offset by a significant reset of our mortgage business cost structure during the period while we initiated a robust assessment of the economics of this historically profitable business line and its long-term prospects."

"As we look ahead" Mr. Collins stated, "We expect our community banking business relationships to continue to grow as we utilize our proven ability to use liquidity to drive loan growth and to maintain our strong financial position while remaining focused on credit quality as a critical metric and on executing our strategies to manage the impacts of inflation, interest rate increases and other economic risk factors. We have proven our ability to generate loan growth in the businesses sectors and communities we serve. We remain confident that our superior customer service and broad range of financial products will continue to meet the needs of existing and prospective clients. Additionally, as we enter 2023 our Board and senior management team continue their rigorous assessment of the future direction of a volatile mortgage industry and the risk and opportunities available to our mortgage business to make informed decisions thereby creating future value for our stakeholders."

2022 Versus 2021 Fourth Quarter Comparison

Net income in the fourth quarter of 2022 was $1.5 million compared to $3.3 million in the same period of 2021. Fourth quarter 2022 earnings per diluted share was $0.41 versus $0.92 in the fourth 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, increased bank fees and service charges, and lower non-interest expense.

Net interest income for the fourth quarter of 2022 was $8.6 million, an increase of $1.2 million, or 16.1%, from $7.4 million in the fourth quarter of 2021. The increase was primarily the result of growth in loans held for investment and higher yields and was partially offset by reductions in PPP loans and the associated fees and increased cost of deposits and subordinated debentures. PPP fees included in interest income were $471 thousand higher in the fourth quarter of 2021 compared to the same period of 2022. Net interest margin substantially increased to 3.94% in the 2022 fourth quarter from 2.88% in the year-earlier period.

Fourth quarter interest income increased by $1.9 million, or 24.2%, to $9.7 million in 2022, compared to $7.8 million in the fourth quarter of 2021. The increase is the result of higher yields on interest-bearing cash, higher yields on loans and a $26.0 million quarter-over-quarter increase in average loan balances. As a result of these improvements, the yield on average interest-earning assets substantially improved to 4.45% in the fourth quarter of 2022, compared to 3.04% in the 2021 fourth quarter. It is noteworthy that the Company’s variable rate assets have started to re-price in step with recent interest rate movements by the Federal Reserve as well as in response to higher yields on new loan originations.

The average balance of interest-earning assets in the 2022 fourth quarter decreased by $154.7 million versus the same period of 2021, primarily due to a $147.8 million decrease in interest-bearing cash, $46.2 million decrease in average loans held for sale, offset by a $72.2 million increase in average loans held for investment, including the forgiveness of $22.6 million of PPP loans. Interest income from loans held for investment increased $1.2 million on a quarter-over-quarter basis. The quarterly average balance of mortgage loans held for sale was $34.3 million, $46.2 million lower than the same period of 2021. Interest income from loans held for sale decreased $52 thousand primarily due to lower average balances, partially offset by a 2.87% increase in yield. The average balance of debt securities in the fourth quarter of 2022 was $177.3 million, $34.4 million lower than in the fourth quarter of 2021. Despite that decrease, interest income from debt securities was $209 thousand higher compared to the same period of 2021.

Interest expense in the fourth quarter of 2022 was $1.1 million, an increase of $692 thousand, or 168.8%, from the 2021 period. The 2022 fourth quarter average balance of deposits decreased by $118.6 million when compared to fourth quarter 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 0.72% during the fourth quarter of 2022, compared to 0.22% in the same period of 2021. The cost of core deposits in the fourth quarters of 2022 and 2021 was 0.45% and 0.15%, respectively, as the Company continues to manage its overall cost of deposits while indexed rates continue to substantially increase.

As of December 31, 2022, credit metrics remained stable with $1.4 million of nonperforming assets, representing a 0.15% nonperforming assets-to-total-asset ratio. These results compare favorably to $1.7 million in nonperforming assets, a 0.16% ratio of nonperforming assets-to-total-asset on December 31, 2021. The Company recorded a $250 thousand provision for credit losses in the fourth quarter of 2022 compared to $350 thousand in released provisions in the fourth quarter of 2021. The allowance for credit losses decreased to 1.43% of loans held for investment (excluding $195 thousand of PPP loans) on December 31, 2022, compared to 1.75% on December 31, 2021 (excluding $11.9 million of PPP loans).

Non-interest income for the fourth quarter of 2022 was $3.4 million, compared to $7.7 million in the 2021 fourth quarter. The decrease was driven by a reduction in mortgage banking revenues to $1.1 million in the fourth quarter of 2022, versus $5.7 million in the same prior-year period. Consistent with the overall performance of the industry, the Company's mortgage business was negatively impacted by higher interest rates and higher home values which impacted both purchase and refinance originations. BNC funded 352 mortgage loans in the fourth quarter of 2022 with combined balances of $144.1 million. That compares to 1,147 mortgage loans with combined balances of $420.5 million in the fourth quarter of 2021. Bank charges and service fees were $520 thousand higher quarter-over-quarter due to higher letter of credit fees, deposit account charges, and from the movement of deposits to one-way sell positions. Through the use of an associated banking network, the Company is able to generate fee income on deposits that are not otherwise deployed. The deposits are placed with another financial institution by the associated banking network to meet their liquidity needs, but can be recaptured for future liquidity use by the Company at any time. Wealth management revenues decreased $85 thousand, or 15.5%, as strong growth in new assets under administration has been more than offset by elevated distributions and overall market declines relative to the 2021 period. Gains on sales of loans were $20 thousand in the fourth quarter of 2022, compared to $389 thousand in the prior year's quarter, reflecting a normal level of volatility in the sale of SBA loans.

Non-interest expense for the fourth quarter of 2022 decreased $1.4 million, or 12.0%, to $9.9 million from $11.3 million in the fourth quarter of 2021. Non-interest expenses related to mortgage operations decreased by $1.7 million, or 32.3%, as management continues to scale its operations to match marketplace opportunity. There were 66 full-time equivalent employees engaged in mortgage operations as of December 31, 2022 compared to 139 on December 31, 2021. Combined expenses for community banking and the holding company increased by $367 thousand, or 6.2%, compared to the 2021 period primarily due to higher salary, occupancy, and other expenses.

In the fourth quarter of 2022, income tax expense was $284 thousand compared to $864 thousand in the fourth quarter of 2021. The effective tax rate was 16.2% in the fourth quarter of 2022, compared to 20.8% in the same period of 2021.

Tangible book value per common share on December 31, 2022, was $28.19, 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 by 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 10.63% on December 31, 2022, compared to 10.98% on December 31, 2021.

Total assets were $943.3 million as of December 31, 2022, compared to $1.0 billion on December 31, 2021. Total deposits were $819.6 million at December 31, 2022, compared to $906.7 million on December 31, 2021.

2022 Versus 2021 Year-End Comparison

Net interest income in 2022 was $31.0 million, a decrease of $362 thousand, or 1.2%, from $31.3 million in 2021. The decrease primarily reflects lower balances of loans held for sale and lower yield on loans held for investment partially offset by lower deposit balances and higher yield on interest-bearing cash. Net interest margin increased to 3.41% in 2022 compared to 3.02% in 2021.

Interest income increased $156 thousand, or 0.5%, to $33.6 million in 2022, compared to $33.5 million in 2021. The increase is the result of higher yields on interest-bearing cash partially offset by lower loans held for sale balances and PPP loans. PPP fees included in interest income were $294 thousand in 2022 compared to $3.5 million in 2021. The yield on average interest-earning assets was 3.70% in 2022, compared to 3.22% in 2021.

The average balance of interest-earning assets in 2022 decreased by $129.6 million versus the same period of 2021, driven by decreases in interest-bearing cash of $67.4 million, a decrease in loans held for sale of $75.0 million, and partially offset by an increase in loans held for investment of $7.8 million (including PPP loans) and a $3.4 million increase in debt securities year-over-year. Interest income for loans held for investment decreased $322 thousand year-over-year. The $7.8 million increase in average balance of loans held for investment was comprised of an increase of $53.6 million increase in average loans held for investment, partially offset by a $45.8 million decrease in average PPP loans. Interest income from loans held for sale decreased by $1.1 million due to lower average balances partially offset by higher yields. Interest income from debt securities was $597 thousand higher in 2022 compared to 2021 as a result of higher yields.

Interest expense in 2022 was $2.7 million, an increase of $518 thousand, or 24.2%, from the 2021 period. The cost of interest-bearing liabilities was 0.41% in 2022, compared to 0.28% in the same period of 2021. The cost of core deposits in 2022 and 2021 were 0.26% and 0.20%, respectively.

During 2022, the Company credited provision expense to release $150 thousand of its allowance for credit losses, which was comprised of a $550 thousand credit to provision expense in the first quarter of 2022, a provision of $150 thousand in the third quarter of 2022, and a provision of $250 thousand in the fourth quarter of 2022. By comparison, the Company released $350 thousand of its allowance for credit losses in 2021. Early in 2022, the Company reduced its allowance for credit losses due to pandemic risks subsiding. During the third and fourth quarters of 2022, the Company increased its allowance for credit losses due to significant loan growth accompanied by increased economic uncertainty.

Non-interest income in 2022 was $19.1 million compared to $44.7 million in 2021, driven by a reduction in mortgage banking revenues to $11.5 million in 2022 versus $37.8 million in the prior year. In 2022, the Company's mortgage business was negatively impacted by higher interest rates and higher home values affecting both purchase and refinance activity. In line with the overall industry, BNC funded 2,522 mortgage loans in 2022 with combined balances of $1.0 billion compared to 6,448 mortgage loans with combined balances of $2.4 billion in 2021. Bank charges and service fees were $3.7 million, or 59.8%, higher when comparing 2022 to 2021 due to higher fees for letters of credit, deposit account charges, and from the movement of deposits to one-way sell positions. Wealth management revenues decreased $224 thousand, or 10.2%, as strong growth in new assets under administration was more than offset by elevated distributions and overall market declines relative to 2021. Other income includes $532 thousand from the sale of the Company's Golden Valley, MN property in 2022 compared to $589 thousand from the sale of the loans and deposits from the same location in 2021.

Non-interest expense in 2022 decreased $5.7 million, or 12.0%, to $41.9 million, from $47.6 million in 2021. Non-interest expenses related to mortgage activity decreased by $6.1 million, or 24.7%, as management continues to scale its operations to match market opportunities. Combined expenses for community banking and the holding company increased $365 thousand when compared to the 2021 due to a combination of lower salary, data processing, and depreciation expense largely offset by higher marketing, occupancy, and other expenses.

In 2022, income tax expense was $1.8 million, compared to $6.8 million in 2021. The Company's effective tax rate was 22.0% in 2022, compared to 23.5% in 2021.

Net income was $6.5 million, or $1.82 per diluted share, in 2022, versus $22.0 million, or $6.15 per diluted share, in 2021.

Assets and Liabilities

Total assets were $943.3 million at December 31, 2022 versus $1.0 billion at December 31, 2021.

Total loans held for investment were $616.6 million on December 31, 2022 compared to $529.8 million on December 31, 2021. PPP loan balances, included in loans held for investment, were $195 thousand on December 31, 2022 compared to $11.9 million at December 31, 2021. Loans held for sale as of December 31, 2022, were $37.8 million, a decrease of $43.2 million compared to December 31, 2021. Debt securities decreased $34.1 million from year-end 2021 while cash and cash equivalent balances totaled $74.0 million on December 31, 2022 compared to $188.1 million on December 31, 2021.

Total deposits decreased $87.1 million to $819.6 million on December 31, 2022, from $906.7 million on December 31, 2021. The Company was able to decrease deposit balances beginning late in 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 13.9%, or $56.8 million, to $352.7 million at December 31, 2022, from $409.5 million at December 31, 2021 as the Company's strong growth in new assets was more than offset by elevated distributions and overall market declines during 2022.

Asset Quality

The allowance for credit losses was $8.8 million as of December 31, 2022, versus $9.1 million on December 31, 2021. The allowance as a percentage of loans held for investment on December 31, 2022 decreased to 1.43% 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 December 31, 2022, decreased to 1.43% compared to 1.75% on December 31, 2021.

Nonperforming assets, consisting of loans, decreased to $1.4 million on December 31, 2022 compared to $1.7 million on December 31, 2021. The ratio of nonperforming assets-to-total-assets was 0.15% at December 31, 2022 and 0.16% at December 31, 2021. As of December 31, 2022, the Company did not hold any other real estate and held $64 thousand in repossessed assets. By comparison as of December 31, 2021, the Company did not hold any other real estate and held $17 thousand in repossessed assets.

As of December 31, 2022, classified loans decreased to $3.6 million with $1.4 million of loans on non-accrual. These results compare favorably to year-end 2021 where the Company reported $8.5 million of classified loans and $1.7 million of loans on non-accrual. Similarly, as of year-end 2022 the Company had $2.5 million of potentially problematic loans, which are risk rated as "watch list", compared with $6.5 million of such loans as of December 31, 2021.

The Company continues to monitor the lingering but 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 24% of the Company's total loans held for investment portfolio, respectively.

The North Dakota economy is influenced by the energy and agriculture industries. Changes in energy supply and demand have recently caused an increase in oil prices to the benefit of the oil industry and ancillary services. Potential risks to North Dakota's energy industry include the possibility of adverse legislation and changes in economic conditions that reduce energy demand. Depending on the severity of their impact, these factors 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. While the Company's portfolio includes various sized loans spread over a large number of industry sectors, it has meaningful concentrations of loans in hospitality and commercial real estate.

The following table approximately describes the Company's concentrations by industry. The amounts exclude PPP loans of $195 thousand and $11.9 million as of December 31, 2022 and December 31, 2021, respectively:

Loans Held for Investment by Industry Sector (in thousands)	**December 31, 2022**		**December 31, 2021**	
Non-owner occupied commercial real estate – not otherwise categorized	$ 177,674	29 %	$ 157,608	30 %
Hotels	91,388	15	78,473	15
Consumer, not otherwise categorized	85,648	14	75,519	14
Retail trade	36,607	6	35,173	7
Healthcare and social assistance	33,327	5	36,531	7
Agriculture, forestry, fishing and hunting	30,641	5	26,922	5
Transportation and warehousing	23,951	4	21,499	4
Mining, oil and gas extraction	22,480	4	10,327	2
Non-hotel accommodation and food service	21,538	4	18,838	4
Arts, entertainment and recreation	19,024	3	5,936	1
Other service	11,810	2	12,543	2
Construction contractors	11,124	2	11,458	2
Real estate and rental and leasing support services	9,233	1	3,750	1
Public administration	8,316	1	3,108	1
Professional, scientific, and technical services	8,209	1	3,738	1
Manufacturing	7,572	1	4,697	1
Finance and insurance	5,022	1	2,692	-
Educational services	4,435	1	1,724	-
All other	7,455	1	6,969	3
Gross loans held for investment	$ 615,454	100 %	$ 517,505	100 %

The Company's loans to the hospitality industry have shown signs of recovery that are reflected by improved 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, however, labor shortages limit the ability of the industry to fully capitalize on these trends and the potential for 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 December 31, 2022, the Company's capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

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

	December 31, 2022	December 31, 2021
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	13.99%	11.74%
Common equity tier 1 risk based capital	14.48%	16.54%
Tier 1 risk based capital	16.43%	18.77%
Total risk based capital	17.57%	20.02%
Tangible common equity	10.63%	10.98%
BNC National Bank		
Tier 1 leverage	11.97%	10.65%
Common equity tier 1 risk based capital	14.04%	17.02%
Tier 1 risk based capital	14.04%	17.02%
Total risk based capital	15.19%	18.27%
Tangible common equity	10.28%	11.30%

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. During the fourth quarter of 2022, BNC National Bank paid a dividend of $13.5 million to the Holding Company to be utilized for general corporate 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 7 locations in Illinois, Kansas, 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)

# # #

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended December 31, 2022	For the Quarter Ended December 31, 2021	For the Twelve Months Ended December 31, 2022	For the Twelve Months Ended December 31, 2021
INCOME STATEMENT				
Interest income	$ 9,666	$ 7,785	$ 33,613	$ 33,457
Interest expense	1,102	410	2,655	2,137
Net interest income	8,564	7,375	30,958	31,320
Provision (credit) for credit losses	250	(350)	(150)	(350)
Net interest income after provision (credit) for credit losses	8,314	7,725	31,108	31,670
Non-interest income				
Bank charges and service fees	1,151	631	3,719	2,328
Wealth management revenues	464	549	1,981	2,205
Mortgage banking revenues	1,067	5,671	11,459	37,767
Gains on sales of loans, net	20	389	262	660
Other	671	485	1,707	1,723
Total non-interest income	3,373	7,725	19,128	44,683
Non-interest expense				
Salaries and employee benefits	4,864	5,991	21,194	25,161
Professional services	714	1,171	3,584	5,736
Data processing fees	988	1,187	3,952	4,561
Marketing and promotion	1,272	931	5,660	4,158
Occupancy	583	543	2,192	2,164
Regulatory costs	108	123	468	475
Depreciation and amortization	304	313	1,231	1,269
Office supplies and postage	109	106	425	461
Other	991	926	3,201	3,662
Total non-interest expense	9,933	11,291	41,907	47,647
Income before taxes	1,754	4,159	8,329	28,706
Income tax expense	284	864	1,829	6,751
Net income	$ 1,470	$ 3,295	$ 6,500	$ 21,955
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,573,848	3,570,875	3,573,934	3,568,579
Dilutive effect of share-based compensation	1,087	613	930	555
Adjusted weighted average shares (b)	3,574,935	3,571,488	3,574,864	3,569,134
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.41	$ 0.92	$ 1.82	$ 6.15
Diluted earnings per common share	$ 0.41	$ 0.92	$ 1.82	$ 6.15

(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 December 31, 2022	As of September 30, 2022	As of December 31, 2021
BALANCE SHEET DATA			
Cash and cash equivalents	$ 73,968	$ 75,495	$ 188,060
Debt securities available for sale	174,876	180,760	208,978
FRB and FHLB stock	3,063	3,063	3,096
Loans held for sale-mortgage banking	37,764	54,996	80,923
Loans held for investment	616,645	592,026	529,793
Allowance for credit losses	(8,831)	(8,617)	(9,080)
Net loans held for investment	607,814	583,409	520,713
Premises and equipment, net	11,764	12,038	12,502
Operating lease right of use asset	1,521	1,727	2,142
Accrued interest receivable	3,312	3,096	2,586
Other	29,239	31,590	28,372
Total assets	$ 943,321	$ 946,174	$ 1,047,372
Deposits:			
Non-interest-bearing	$ 207,232	$ 198,698	$ 186,598
Interest-bearing –			
Savings, interest checking and money market	554,577	563,717	644,641
Time deposits	57,775	61,277	75,429
Total deposits	819,584	823,692	906,668
Guaranteed preferred beneficial interest in Company's subordinated debentures	15,000	15,000	15,001
Accrued interest payable	312	234	226
Accrued expenses	5,482	4,948	7,302
Operating lease liabilities	1,660	1,872	2,302
Other	937	2,355	887
Total liabilities	842,975	848,101	932,386
Common stock	36	36	36
Capital surplus – common stock	26,399	26,356	26,068
Retained earnings	87,575	86,105	87,378
Treasury stock	(1,622)	(1,625)	(1,650)
Accumulated other comprehensive income, net	(12,042)	(12,799)	3,154
Total stockholders' equity	100,346	98,073	114,986
Total liabilities and stockholders' equity	$ 943,321	$ 946,174	$ 1,047,372
OTHER SELECTED DATA			
Trust assets under administration	$ 352,677	$ 321,076	$ 409,471
Core deposits (1)	$ 819,584	$ 823,692	$ 906,668
Tangible book value per common share (2)	$ 28.19	$ 27.55	$ 32.35
Tangible book value per common share excluding accumulated other comprehensive income, net	$ 31.58	$ 31.15	$ 31.46
Full time equivalent employees	206	255	281
Common shares outstanding	3,559,334	3,559,266	3,554,983

(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)

SEGMENT DATA
(in thousands)

For the Quarter Ended December 31, 2022	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 8,523	$ 234	$ (193)	$ -	$ 8,564
Provision (credit) for credit losses	250	-	-	-	250
Non-interest income	2,714	1,057	521	(919)	3,373
Non-interest expense	6,512	3,612	728	(919)	9,933
Income (loss) before taxes	4,475	(2,321)	(400)	-	1,754
Income tax expense (benefit)	959	(575)	(100)	-	284
Net income (loss)	$ 3,516	$ (1,746)	$ (300)	$ -	$ 1,470

For the Quarter Ended December 31, 2021	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 6,855	$ 568	$ (48)	$ -	$ 7,375
Provision (credit) for credit losses	(350)	-	-	-	(350)
Non-interest income	2,547	5,669	487	(978)	7,725
Non-interest expense	6,276	5,337	656	(978)	11,291
Income (loss) before taxes	3,476	900	(217)	-	4,159
Income tax expense (benefit)	717	220	(73)	-	864
Net income (loss)	$ 2,759	$ 680	$ (144)	$ -	$ 3,295

For the Twelve Months Ended December 31, 2022	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 29,919	$ 1,514	$ (475)	$ -	$ 30,958
Provision (credit) for credit losses	(150)	-	-	-	(150)
Non-interest income	9,696	11,446	2,210	(4,224)	19,128
Non-interest expense	24,598	18,615	2,918	(4,224)	41,907
Income (loss) before taxes	15,167	(5,655)	(1,183)	-	8,329
Income tax expense (benefit)	3,515	(1,402)	(284)	-	1,829
Net income (loss)	$ 11,652	$ (4,253)	$ (899)	$ -	$ 6,500

For the Twelve Months Ended December 31, 2021	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 28,256	$ 3,265	$ (201)	$ -	$ 31,320
Provision (credit) for credit losses	(350)	-	-	-	(350)
Non-interest income	9,126	37,742	1,775	(3,960)	44,683
Non-interest expense	24,472	24,720	2,415	(3,960)	47,647
Income (loss) before taxes	13,260	16,287	(841)	-	28,706
Income tax expense (benefit)	2,934	4,039	(222)	-	6,751
Net income (loss)	$ 10,326	$ 12,248	$ (619)	$ -	$ 21,955

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

NET INTEREST INCOME (dollars in thousands)	For the Quarter Ended December 31, 2022			For the Quarter Ended December 31, 2021			Quarter-Over-Quarter Comparison		
							Change Due to		
	Average Balance	Interest Earned or Paid	Average Yield or Cost	Average Balance	Interest Earned or Paid	Average Yield or Cost	Rate	Volume	Total
Assets									
Interest-bearing due from banks	$ 57,036	$ 566	3.94%	$ 204,884	$ 83	0.16%	$ 583	$ (100)	$ 483
Debt securities available for sale	177,278	1,264	2.83%	211,644	1,055	1.98%	391	(182)	209
FRB and FHLB stock	3,063	36	4.71%	3,102	37	4.70%	-	(1)	(1)
Loans held for sale-mortgage banking	34,346	472	5.45%	80,590	524	2.58%	362	(414)	(52)
Loans held for investment	598,557	7,328	4.86%	526,359	6,086	4.59%	432	810	1,242
Allowance for credit losses	(8,609)	-	0.00%	(10,232)	-	0.00%	-	-	-
Total	$ 861,671	$ 9,666	4.45%	$ 1,016,347	$ 7,785	3.04%	$ 1,768	$ 113	$ 1,881
Liabilities									
Interest checking and money market	482,459	831	0.68%	593,581	235	0.16%	713	(117)	596
Savings	52,510	5	0.04%	49,659	3	0.02%	2	-	2
Time deposits	59,019	69	0.46%	81,148	112	0.55%	(16)	(27)	(43)
Short-term borrowings	246	-	0.31%	246	-	0.30%	-	-	-
Subordinated debentures	15,000	197	5.21%	15,002	60	1.57%	137	-	137
Total	$ 609,234	$ 1,102	0.72%	$ 739,636	$ 410	0.22%	$ 836	$ (144)	$ 692
Net Interest Income		$ 8,564			$ 7,375				
Net Interest Spread			3.73%			2.82%			
Net Interest Margin			3.94%			2.88%			

NET INTEREST INCOME (dollars in thousands)	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021			Year-Over-Year Comparison		
							Change Due to		
	Average Balance	Interest Earned or Paid	Average Yield or Cost	Average Balance	Interest Earned or Paid	Average Yield or Cost	Rate	Volume	Total
Assets									
Interest-bearing due from banks	$ 109,950	$ 1,262	1.15%	$ 177,338	$ 232	0.13%	$ 1,150	$ (120)	$ 1,030
Debt securities available for sale	192,317	4,455	2.32%	188,873	3,858	2.04%	537	60	597
FRB and FHLB stock	3,075	147	4.78%	3,099	148	4.78%	-	(1)	(1)
Loans held for sale-mortgage banking	49,862	2,025	4.06%	124,897	3,173	2.54%	1,330	(2,478)	(1,148)
Loans held for investment	561,318	25,724	4.58%	553,493	26,046	4.71%	(120)	(202)	(322)
Allowance for credit losses	(8,651)	-	0.00%	(10,275)	-	0.00%	-	-	-
Total	$ 907,871	$ 33,613	3.70%	$ 1,037,425	$ 33,457	3.22%	$ 2,897	$ (2,741)	$ 156
Liabilities									
Interest checking and money market	522,240	1,838	0.35%	600,307	1,167	0.19%	1,015	(344)	671
Savings	51,510	20	0.04%	47,404	15	0.03%	4	1	5
Time deposits	65,238	304	0.47%	94,264	713	0.76%	(232)	(177)	(409)
Short-term borrowings	359	4	1.12%	2,432	5	0.21%	7	(8)	(1)
Subordinated debentures	15,000	489	3.26%	15,003	237	1.58%	252	-	252
Total	$ 654,347	$ 2,655	0.41%	$ 759,410	$ 2,137	0.28%	$ 1,046	$ (528)	$ 518
Net Interest Income		$ 30,958			$ 31,320				
Net Interest Spread			3.30%			2.94%			
Net Interest Margin			3.41%			3.02%			

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2022	For the Quarter Ended December 31, 2021	For the Twelve Months Ended December 31, 2022	For the Twelve Months Ended December 31, 2021
OTHER AVERAGE BALANCES				
Total assets	$ 919,886	$ 1,073,835	$ 964,474	$ 1,098,422
Core deposits	796,667	915,303	834,247	936,368
Total equity	99,333	121,670	105,531	128,557
KEY RATIOS				
Return on average common stockholders' equity (a)	5.19%	11.12%	5.81%	17.87%
Return on average assets (b)	0.63%	1.22%	0.67%	2.00%
Efficiency ratio (Consolidated)	83.21%	74.77%	83.67%	62.69%
Efficiency ratio (Bank)	80.24%	73.51%	81.59%	61.83%

(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 December 31, 2022	As of September 30, 2022	As of December 31, 2021
ASSET QUALITY			
Loans 90 days or more delinquent and accruing interest	$ 1	$ 6	$ -
Non-accrual loans	1,354	1,313	1,673
Total nonperforming loans	$ 1,355	$ 1,319	$ 1,673
Repossessed assets, net	64	-	17
Total nonperforming assets	$ 1,419	$ 1,319	$ 1,690
Allowance for credit losses	$ 8,831	$ 8,617	$ 9,080
Troubled debt restructured loans	$ 926	$ 952	$ 1,029
Ratio of total nonperforming loans to total loans	0.21%	0.20%	0.27%
Ratio of total nonperforming assets to total assets	0.15%	0.14%	0.16%
Ratio of nonperforming loans to total assets	0.14%	0.14%	0.16%
Ratio of allowance for credit losses to loans held for investment	1.43%	1.46%	1.71%
Ratio of allowance for credit losses to total loans	1.35%	1.33%	1.49%
Ratio of allowance for credit losses to nonperforming loans	652%	653%	543%

(In thousands)	For the Quarter Ended December 31, 2022	For the Quarter Ended December 31, 2021	For the Twelve Months Ended December 31, 2022	For the Twelve Months Ended December 31, 2021
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 1,319	$ 2,522	$ 1,673	$ 2,612
Additions to nonperforming	124	85	226	239
Charge-offs	(24)	(886)	(86)	(1,014)
Reclassified back to performing	-	-	(165)	-
Principal payments received	(53)	(31)	(267)	(147)
Transferred to repossessed assets	(11)	(17)	(26)	(17)
Balance, end of period	$ 1,355	$ 1,673	$ 1,355	$ 1,673

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2022	For the Quarter Ended December 31, 2021	For the Twelve Months Ended December 31, 2022	For the Twelve Months Ended December 31, 2021
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 8,617	$ 10,249	$ 9,080	$ 10,324
Provision (credit)	250	(350)	(150)	(350)
Loans charged off	(60)	(890)	(159)	(1,009)
Loan recoveries	24	71	60	115
Balance, end of period	$ 8,831	$ 9,080	$ 8,831	$ 9,080
Ratio of net charge-offs to average total loans	(0.006)%	(0.135)%	(0.016)%	(0.132)%
Ratio of net charge-offs to average total loans, annualized	(0.023)%	(0.540)%	(0.016)%	(0.132)%

(In thousands)	As of December 31, 2022	As of September 30, 2022	As of December 31, 2021
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 61,784	$ 45,043	$ 44,225
Construction	13,930	10,953	8,815
Agricultural	30,799	33,248	26,279
Land and land development	6,524	7,090	15,475
Owner-occupied commercial real estate	34,683	33,171	35,781
Commercial real estate	114,937	115,485	104,889
Small business administration	18,671	18,161	25,232
Consumer	81,026	81,622	67,370
Subtotal gross loans held for investment	$ 362,354	$ 344,773	$ 328,066
Consolidated			
Commercial and industrial	$ 96,389	$ 81,155	$ 62,501
Construction	24,690	20,319	16,121
Agricultural	30,850	33,307	26,422
Land and land development	10,758	11,341	17,185
Owner-occupied commercial real estate	78,190	73,776	69,072
Commercial real estate	230,243	228,257	201,043
Small business administration	48,638	45,993	58,759
Consumer	95,891	96,793	78,297
Total gross loans held for investment	$ 615,649	$ 590,941	$ 529,400