NEWS RELEASE

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BNCCORP, INC. REPORTS THIRD QUARTER NET INCOME OF $1.5 MILLION, OR $0.42 PER DILUTED SHARE, COMMUNITY BANKING SEGMENT REPORTED NET INCOME OF $2.2 MILLION, OR $0.61 PER DILUTED SHARE

Highlights

- **For the quarter, the Community Banking segment reported net income of $2.2 million, or $0.61 per diluted share, compared to net income of $3.1 million in the same period of 2022.**
- **The Mortgage Banking segment reported a net loss of $400 thousand for the quarter, compared to a net loss of $1.4 million in the 2022 period.**
- **Net interest margin decreased to 3.57% for the third quarter of 2023 compared to 3.66% during the third quarter of 2022.**
- **The Company increased loans held for investment balances by $24.0 million, or 3.7%, during the third quarter of 2023.**
- **The ratio of loans held for investment-to-deposits increased to 84.2% from 75.2% at December 31, 2022 and 71.9% at September 30, 2022.**
- **Allowance for credit losses as of September 30, 2023, was 1.38% of loans held for investment compared to 1.43% as of December 31, 2022.**
- **Non-performing assets were $1.4 million as of September 30, 2023, unchanged from December 31, 2022.**

BISMARCK, ND, October 31, 2023 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota and Arizona, today reported financial results for the third quarter ended September 30, 2023.

Management Commentary

"Our third-quarter results mark the completion of our full transition out of our mortgage business and a measure of welcome respite from the significant deposit market volatility of the second quarter," said Daniel J. Collins, BNC's President and Chief Executive Officer. "As we successfully transitioned out of mortgage banking, our core banking team remained focused on moving our bank forward as evidenced by increased sequential deposit balances, stable deposit costs and continued loan growth. Our deliberate, careful approach to growth relies on important metrics such as liquidity, net interest margin, efficiency, credit quality, and capital. Our performance reflects the strength of our customer relationships as a financial partner of choice in our service area."

Mr. Collins continued, "Looking ahead to the last quarter of 2023, we continue to believe in our focus and our strategy to steer us over the long term and as the right posture in the face of the short-term uncertainty that persists in the market. As in the third quarter, our objectives remain to continue the measured trend of loan growth and to enhance our strong financial position through a sharp focus on margin protection and by delivering efficiency improvements from technology investments and infrastructure realignment. We remain steadfast in our belief that our disciplined approach to credit underwriting and administration is of primary importance and will continue to be a core element of our culture. This inherently conservative approach has served us well over the years and we believe it will continue to serve us well for the remainder of 2023 and beyond. That mindset, coupled with a commitment to superior customer service and a broad portfolio of financial products, will continue to meet the needs of existing and future clients."

2023 Versus 2022 Third Quarter Comparison

SEGMENT DATA
(in thousands)

	For the Quarter Ended September 30, 2023				
	Community Banking	**Mortgage Banking**	**Holding Company**	**Intercompany Eliminations**	**BNCCORP Consolidated**
Net interest income (expense)	$ 7,908	$ 171	$ (219)	$ -	$ 7,860
Provision for credit losses	230	-	-	-	230
Non-interest income	1,578	(381)	559	(638)	1,118
Non-interest expense	6,379	322	715	(638)	6,778
Income (loss) before taxes	2,877	(532)	(375)	-	1,970
Income tax expense (benefit)	683	(132)	(88)	-	463
Net income (loss)	$ 2,194	$ (400)	$ (287)	$ -	$ 1,507

	For the Quarter Ended September 30, 2022				
	Community Banking	**Mortgage Banking**	**Holding Company**	**Intercompany Eliminations**	**BNCCORP Consolidated**
Net interest income (expense)	$ 7,860	$ 389	$ (142)	$ -	$ 8,107
Provision for credit losses	150	-	-	-	150
Non-interest income	2,489	2,468	641	(1,133)	4,465
Non-interest expense	6,064	4,741	727	(1,133)	10,399
Income (loss) before taxes	4,135	(1,884)	(228)	-	2,023
Income tax expense (benefit)	997	(468)	(54)	-	475
Net income (loss)	$ 3,138	$ (1,416)	$ (174)	$ -	$ 1,548

The Community Banking Segment reported net income of $2.2 million, or $0.61 per diluted share, for the quarter compared to $3.1 million in the third quarter of 2022. Net interest income in the third quarter of 2023 was slightly higher, a gain offset by reduced income from bank charges and service fees and other income and a higher provision for credit losses. Non-interest expense was higher in the 2023 period due to increased salary and employee benefits, data processing and occupancy costs, and other expenses compared to the same period in 2022.

The Mortgage Banking Segment reported a net loss of $400 thousand in the third quarter of 2023 compared to a net loss of $1.4 million in the 2022 period. The losses sustained in the third quarter of 2023 resulted from selling the remaining inventory of loans held for sale and final settlement of outstanding hedge positions. At September 30, 2023, the Company reported one $120 thousand loan as loans held for sale that is anticipated to be sold in the fourth quarter of 2023.

Consolidated net interest income for the third quarter of 2023 was $7.9 million, a decrease of $247 thousand, or 3.0%, from $8.1 million in the third quarter of 2022. Net interest margin decreased to 3.57% in the third quarter of 2023 from the 3.66% reported in the prior year period. Net interest income from the Community Banking Segment was unchanged year-over-year at $7.9 million. The increase in loans held for investment at higher yields were equally offset by lower loans held for sale and the significant increase in cost of deposits.

On a consolidated basis, third-quarter interest income increased $2.2 million, or 25.2%, from $8.9 million to $11.1 million. The average yield on interest-earning assets was substantially higher in the third quarter of 2023, growing to 5.04% compared to 3.99% in the 2022 third quarter. The Community Banking Segment reported interest income of $10.9 million in the third quarter of 2023 compared to $8.5 million for the 2022 quarter. The increase resulted from higher yields on interest-earning assets, a $79.4 million quarter-over-quarter increase in the average balance of loans held for investment and higher yields on cash and debt securities. It is noteworthy that the Company's variable rate assets have continued to re-price in step with interest rate movements by the Federal Reserve. The weighted average interest rate on loans held for investment originated in the third quarter of 2023 was 7.46%, compared to the third quarter 2022 average yield on loans held for investment of 4.61%.

Consolidated interest expense in the third quarter of 2023 was $3.2 million, an increase of $2.5 million from the 2022 period. As a result, the cost of core deposits in the third quarter of 2023 rose to 1.47% versus 0.29% in the third quarter of 2022. Within the Community Banking Segment, the average balance of deposits decreased by $4.8 million in the third quarter of 2023 compared to the third quarter of 2022. The cost of interest-bearing liabilities was 2.01% during the third quarter of 2023, compared to 0.47% in the same period of 2022. The Company has managed its overall cost of deposits at levels well below the prevailing brokered deposit rates offered by national brokerage firms even while staying focused on maintaining strong liquidity levels.

As of September 30, 2023, credit metrics remained stable with $1.4 million of nonperforming assets, representing a ratio of nonperforming assets to total assets of 0.16%. These results are comparable to the $1.4 million in nonperforming assets, a 0.15% ratio of nonperforming assets to total assets held on December 31, 2022. The Company recorded a $230 thousand provision for credit losses in the third quarter of 2023 compared to a $150 thousand provision in the third quarter of 2022. The allowance for credit losses decreased slightly to 1.38% of loans held for investment on September 30, 2023, from 1.43% on December 31, 2022.

Non-interest income for the Community Banking Segment during the third quarter of 2023 was $1.6 million, compared to $2.5 million in the 2022 third quarter. Bank charges and service fees were $400 thousand lower quarter-over-quarter due to lower deposits held in one-way sell positions. Fees derived from the movement of deposits off the balance sheet began late in the first quarter of 2022 and can fluctuate significantly based on our customers' excess funding needs. As of September 30, 2023, off-balance sheet deposits amounted to $40.2 million compared to $218.6 million as of September 30, 2022. Through the use of an associated banking network, the Company is able to generate fee income on deposits that are not otherwise deployed by placing those deposits with another financial institution to meet their liquidity needs. The deposits can be reclaimed for future liquidity use by the Company at any time. Other income in the third quarter of 2023 decreased by $115 thousand compared to the third quarter of 2022 as the Company received lower SBIC revenue in 2023 and recorded life insurance proceeds in the third quarter of 2022.

Non-interest expense for the Community Banking Segment during the third quarter of 2023 increased $315 thousand, or 5.2%, to $6.4 million from $6.1 million in the third quarter of 2022. The increase is primarily due to higher salaries, data processing, occupancy, and other expenses. These higher costs reflect normal inflationary increases as well as the assumption of a greater percentage of shared service costs compared to the prior year period. No shared service costs were charged to the Mortgage Banking Segment during the third quarter of 2023.

In the third quarter of 2023, income tax expense on a consolidated basis was $463 thousand, compared to $475 thousand in the third quarter of 2022. The effective tax rate was 23.5% in the third quarter of 2023, unchanged from the same period of 2022.

Tangible book value per common share on September 30, 2023, was $28.71, compared to $28.19 at December 31, 2022. The increase in tangible book value per common share was driven by increased retained earnings offset by negative adjustments to the tax-effected fair value of debt securities available for sale as evidenced in the increase of accumulated other comprehensive losses. The Company’s tangible common equity capital ratio was 11.18% on September 30, 2023, compared to 10.63% on December 31, 2022.

2023 Versus 2022 Nine-Month Comparison

SEGMENT DATA (in thousands)	For the Nine Months Ended September 30, 2023				
	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 24,519	$ 473	$ (648)	$ -	$ 24,344
Provision for credit losses	635	-	-	-	635
Non-interest income	5,755	3,638	1,630	(2,562)	8,461
Non-interest expense	19,068	8,781	2,237	(2,562)	27,524
Income (loss) before taxes	10,571	(4,670)	(1,255)	-	4,646
Income tax expense (benefit)	2,545	(1,158)	(295)	-	1,092
Net income (loss)	$ 8,026	$ (3,512)	$ (960)	$ -	$ 3,554

	For the Nine Months Ended September 30, 2022				
	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 21,396	$ 1,280	$ (282)	$ -	$ 22,394
Credit for credit losses	(400)	-	-	-	(400)
Non-interest income	6,982	10,389	1,689	(3,305)	15,755
Non-interest expense	18,086	15,003	2,190	(3,305)	31,974
Income (loss) before taxes	10,692	(3,334)	(783)	-	6,575
Income tax expense (benefit)	2,556	(827)	(184)	-	1,545
Net income (loss)	$ 8,136	$ (2,507)	$ (599)	$ -	$ 5,030

The Community Banking Segment reported net income of $8.0 million in the first nine months of 2023, compared to $8.1 million in the same period of 2022. In the first nine months of 2023, earnings per diluted share was $2.24 versus $2.29 in the first nine months of 2022. The first nine months of 2023 produced higher net interest income and higher bank charges and service fees compared to the same period of 2022. These results were offset by lower wealth management revenue, gains on sale of loans, other income and an increased provision for credit losses and higher non-interest expense when compared to the 2022 period.

The Mortgage Banking Segment reported a net loss of $3.5 million in the first nine months of 2023 compared to a net loss of $2.5 million in the same period of 2022. The decrease was driven by a reduction in mortgage segment revenues to $3.8 million in the first nine months of 2023 versus $10.4 million in the prior-year period. Non-interest expenses related to mortgage operations decreased by $6.2 million year-over-year, which included $1.4 million of expenses associated with the sale of certain assets to and the assumption of certain operating liabilities by First Federal Bank on June 16, 2023.

Consolidated net interest income in the first nine months of 2023 was $24.3 million, an increase of $2.0 million, or 8.7%, from $22.4 million in the first nine months of 2022. Net interest margin increased to 3.74% in the 2023 nine-month period from 3.24% in the year-earlier period. The Community Banking

Segment reported a year-over-year increase in net interest income of $3.1 million, or 14.6%, from $21.4 million in the first nine months of 2022 to $24.5 million in the comparable 2023 period. The increase was primarily driven by growth in loans held for investment and overall higher yields that were partially offset by an increase in the cost of deposits.

On a consolidated basis, interest income increased by $7.9 million, or 32.7%, to $31.8 million for the nine months of 2023, compared to $23.9 million in the nine months of 2022. The yield on average interest-earning assets improved significantly to 4.88% in the first nine months of 2023, compared to 3.47% in the 2022 first nine months. The Community Banking Segment reported interest income of $31.3 million in the first nine months of 2023 compared to $22.7 million in the same 2022 period, an increase of $8.6 million, or 38.2%. The increase is the result of higher yields on interest-earning assets and an $85.7 million increase in average balances of loans held for investment. It is noteworthy that the Company's variable rate assets have continued to re-price in step with interest rate movements by the Federal Reserve and that the Company is receiving higher yields on new loan originations.

Consolidated interest expense in the first nine months of 2023 was $7.4 million, an increase of $5.9 million from the 2022 period. The cost of core deposits in the first nine months of 2023 and 2022 was 1.12% and 0.20%, respectively. Within the Community Banking Segment, the average balance of deposits decreased by $38.5 million compared to the first nine months of 2022. The Company has experienced elevated levels of customers deploying excess deposit balances to national brokered deposits to capture short-term rates offered in the market, most often by non-bank brokerage firms. The cost of interest-bearing liabilities was 1.59% during the first nine months of 2023, compared to 0.31% in the same period of 2022. The Company has managed its overall cost of deposits at levels well below the prevailing brokered deposit rates offered by national brokerage firms while staying focused on maintaining liquidity.

The Company recorded a $635 thousand provision for credit losses in the first nine months of 2023. By comparison, the Company credited provision expense to release $400 thousand of its allowance for credit losses in the first nine months of 2022. The allowance for credit losses decreased slightly to 1.38% of loans held for investment on September 30, 2023, compared to 1.43% on December 31, 2022.

The Company adopted ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, on January 1, 2023, and applied the standard as a cumulative effect adjustment to retained earnings. At adoption, the Company recorded a $125 thousand increase in the allowance for credit losses, which was comprised of a $64 thousand decrease in the allowance for loan losses and a $189 thousand increase to the allowance for unfunded commitments. The after-tax impact of these changes was a $94 thousand decrease in retained earnings. The tax effect resulted in an increase in deferred tax assets.

Non-interest income for the Community Banking Segment in the first nine months of 2023 was $5.8 million, compared to $7.0 million in the first nine months of 2022. The decrease was driven by a reduction in wealth management revenues, gains on sale of loans, and other income that were partially offset by increased bank charges and service fees. Wealth management revenues decreased $43 thousand, or 2.8%, largely due to the mix of fees associated with more conservative investment vehicles. During 2023, the Company has seen increases in assets under administration from new investments in U.S. Treasury securities. Assets under administration were $369.4 million at September 30, 2023 compared to $321.1 million at September 30, 2022. Gains on sales of loans decreased period-over-period by $227 thousand as the premiums earned on the sale of the guaranteed portion of SBA loans have become less attractive in recent quarters. Other income for the period decreased by $635 thousand when compared to the first nine months of 2022 as the Company recorded gains on the sale of its Golden Valley, MN location and recorded life insurance proceeds in the 2022 period. Bank charges and service fees were $224 thousand higher in the first nine months of 2023 due to higher letter of credit fees and from fees associated with the movement of deposits to one-way sell positions.

Non-interest expense for the Community Banking Segment increased $982 thousand, or 5.4%, to $19.1 million from $18.1 million in the first nine months of 2022. The increase is primarily due to higher salaries, data processing, occupancy, and other expenses being partially offset by lower regulatory costs and depreciation expense. These higher costs reflect normal inflationary increases as well as assuming a greater percentage of shared service costs because of significantly reduced mortgage banking operations compared to the prior year period.

During the nine-month period ended September 30, 2023, income tax expense on a consolidated basis was $1.1 million, compared to $1.5 million in the first nine months of 2022. The effective tax rate was 23.5% in the first nine months of 2023 unchanged from the same period of 2022.

Assets and Liabilities

At the consolidated level, total assets were $913.4 million at September 30, 2023 versus $943.3 million at December 31, 2022.

Total loans held for investment were $665.0 million on September 30, 2023 compared to $616.6 million on December 31, 2022. Loans held for sale as of September 30, 2023, consisting of one loan for $120 thousand, decreased $37.6 million compared to December 31, 2022. Debt securities decreased $16.9 million from year-end 2022 while cash and cash equivalent balances totaled $51.4 million on September 30, 2023 compared to $74.0 million on December 31, 2022. The reduction in cash and cash equivalents during the quarter was due to increased funding of loans and the reduction in deposit balances.

Total deposits decreased $30.1 million to $789.5 million on September 30, 2023, from $819.6 million on December 31, 2022. While the Company continues to enjoy strong and enduring customer relationships, the Company has experienced elevated levels of customers deploying excess deposit balances to national brokered deposits to capture short-term rates offered in the market, most often by non-bank brokerage firms. The Company's wealth management department has also been a benefactor of increased demand for Treasury securities. Off-balance sheet deposits can fluctuate significantly as the Company experienced during 2023 as a significant portion of these deposits were moved to higher rate opportunities in the short-term markets. The Company continues to focus on developing new deposit relationships and is keenly focused on the importance of liquidity.

The following table provides additional detail to the Company's total deposit relationships:

	As of		
(In thousands)	September 30, 2023	December 31, 2022	September 30, 2022
Deposits:			
Non-interest-bearing	$ 180,045	$ 207,232	$ 198,698
Interest-bearing –			
Savings, interest checking and money market	543,909	554,577	563,717
Time deposits	65,572	57,775	61,277
Total on balance sheet deposits	789,526	819,584	823,692
Off-balance sheet deposits (1)	40,232	187,407	218,602
Total available deposits	$ 829,758	$ 1,006,991	$ 1,042,294

(1) The off-balance sheet deposits above do not include off-balance sheet time deposits that can be brought back on the balance sheet at various future maturity dates. As of September 30, 2023, the Company managed off-balance sheet time deposit balances of $20.7 million, compared to no time deposit balances as of December 31, 2022 and September 30, 2022.

The Company remains highly focused on meeting the needs of its customers and ensuring deposit rates reflect changing market conditions. The Company estimates that deposit insurance and other deposit protection programs secure greater than 70% of its customers' deposit balances. This fact, combined with our strong balance sheet and relationship-focused culture, has allowed the Company to maintain a significant deposit base.

Off-balance sheet accounts are primarily utilized to accommodate larger business customers with significant deposits who require daily access to funds and to provide FDIC insurance coverage. The Company maintained $62.8 million of off-balance sheet deposits late in the first quarter of 2022 and further expanded its use throughout 2022. These off-balance sheet deposits grew to $187.4 million at year-end 2022 and were $40.2 million at September 30, 2023. These off-balance sheet deposits can fluctuate greatly as customers' balance utilization demands evolve. The Company earns non-interest income through the associated banking network for the utilization of these funds.

Trust assets under administration increased 4.7%, or $16.7 million, to $369.4 million at September 30, 2023, from $352.7 million at December 31, 2022. During the first nine months of 2023, the Company benefited from acquiring new assets under administration coupled with market value increases.

Asset Quality

The allowance for credit losses was $9.1 million as of September 30, 2023, versus $8.8 million on December 31, 2022. The allowance as a percentage of loans held for investment on September 30, 2023 decreased slightly from 1.43% as of December 31, 2022 to 1.38% at current quarter's end.

Past due loans for a period of 31-89 days increased to $6.6 million as of September 30, 2023, compared to $292 thousand as of December 31, 2022. The increase relates to one loan where the borrower is in the process of selling the underlying property. Nonperforming assets, consisting of loans, were $1.4 million on September 30, 2023, unchanged from December 31, 2022. The ratio of nonperforming assets-to-total-assets was 0.16% at September 30, 2023 versus 0.15% at December 31, 2022. As of September 30, 2023, the Company did not hold any other real estate and held $11 thousand in repossessed assets. As of December 31, 2022, the Company did not hold any other real estate and held $64 thousand in repossessed assets.

As of September 30, 2023, classified loans were $5.4 million with $1.4 million of loans on non-accrual. These results compare to year-end 2022 where the Company reported $3.6 million of classified loans and $1.4 million of loans on non-accrual. Similarly, as of September 30, 2023 and December 31, 2022, the Company had $2.5 million of potentially problematic loans, which are risk-rated as “watch list”.

The Company continues to monitor the diminishing effects of the pandemic and its impact on customers. Additional macroeconomic and geopolitical factors have emerged in recent quarters 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 57% and 23%, respectively, of the Company’s total loans held for investment portfolio.

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 continues to diversify, but continues to be 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 to the hospitality and commercial real estate industries.

The following table approximately describes the Company's concentrations by industry as of September 30, 2023 and December 31, 2022, respectively:

Loans Held for Investment by Industry Sector (in thousands)	**September 30, 2023**		**December 31, 2022**	
Non-owner occupied commercial real estate – not otherwise categorized	$ 204,427	31 %	$ 177,674	29 %
Consumer, not otherwise categorized	98,896	15	85,648	14
Hotels	82,852	13	91,388	15
Retail trade	35,794	5	36,607	6
Healthcare and social assistance	32,508	5	33,327	5
Agriculture, forestry, fishing and hunting	32,056	5	30,641	5
Transportation and warehousing	26,856	4	23,951	4
Non-hotel accommodation and food service	24,482	4	21,538	4
Art, entertainment and recreation	23,630	4	19,024	3
Mining, oil and gas extraction	22,518	3	22,480	4
Construction contractors	15,874	2	11,124	2
Other service	11,158	2	11,810	2
Professional, scientific, and technical services	9,588	1	8,209	1
Real estate and rental and leasing support services	8,615	1	9,233	1
Public administration	8,038	1	8,316	1
Manufacturing	8,004	1	7,572	1
Finance and insurance	6,810	1	5,022	1
Educational services	4,293	1	4,435	1
All other	7,469	1	7,650	1
Gross loans held for investment	$ 663,868	100 %	$ 615,649	100 %

The Company's loans to the hospitality industry have shown signs of improved credit quality 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, 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. As of September 30, 2023, the Company's loans related to office space were 2.94% of loans held for investment, concentrated in North Dakota, with only 0.09% within the Arizona market.

Capital

Banks and bank holding companies operate under separate regulatory capital requirements. As of September 30, 2023, 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, 2023, and December 31, 2022, is presented below:

	September 30, 2023	**December 31, 2022**
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	14.31%	13.99%
Common equity tier 1 risk based capital	14.38%	14.48%
Tier 1 risk based capital	16.24%	16.43%
Total risk based capital	17.37%	17.57%
Tangible common equity	11.18%	10.63%
BNC National Bank		
Tier 1 leverage	12.35%	11.97%
Common equity tier 1 risk based capital	14.01%	14.04%
Tier 1 risk based capital	14.01%	14.04%
Total risk based capital	15.14%	15.19%
Tangible common equity	10.91%	10.28%

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.

The Company currently has an outstanding 175,000 share repurchase authorization with no expiration date set on the authorization. No share repurchases have been made under the authorization as of September 30, 2023. Share repurchases can be made through open market purchases, unsolicited and solicited privately negotiated transactions, or in accordance with terms of Rule 10b-18 promulgated under the Securities Exchange Act of 1934. The Company will not repurchase shares from directors or officers of the Company under the authorization. The Company will contemplate share repurchases subject to market conditions and other factors, including legal and regulatory restrictions and required approvals.

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.

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, 2023	For the Quarter Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
INCOME STATEMENT				
Interest income	$ 11,086	$ 8,853	$ 31,789	$ 23,947
Interest expense	3,226	746	7,445	1,553
Net interest income	7,860	8,107	24,344	22,394
Provision (credit) for credit losses	230	150	635	(400)
Net interest income after provision (credit) for credit losses	7,630	7,957	23,709	22,794
Non-interest income				
Bank charges and service fees	815	1,215	2,792	2,568
Wealth management revenues	504	489	1,474	1,517
Mortgage banking revenues	(381)	2,468	3,767	10,392
Gains on sales of loans, net	5	3	15	242
Gains on sales of debt securities, net	-	-	12	-
Other	175	290	401	1,036
Total non-interest income	1,118	4,465	8,461	15,755
Non-interest expense				
Salaries and employee benefits	3,673	5,170	13,677	16,330
Professional services	529	954	3,115	2,870
Data processing fees	862	993	2,915	2,964
Marketing and promotion	225	1,596	2,954	4,388
Occupancy	382	499	1,376	1,609
Regulatory costs	134	120	334	360
Depreciation and amortization	261	310	838	927
Office supplies and postage	94	99	322	316
Other	618	658	1,993	2,210
Total non-interest expense	6,778	10,399	27,524	31,974
Income before taxes	1,970	2,023	4,646	6,575
Income tax expense	463	475	1,092	1,545
Net income	$ 1,507	$ 1,548	$ 3,554	$ 5,030
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,578,029	3,574,677	3,577,216	3,573,963
Dilutive effect of share-based compensation	3,193	825	2,585	877
Adjusted weighted average shares (b)	3,581,222	3,575,502	3,579,801	3,574,840
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.42	$ 0.43	$ 0.99	$ 1.41
Diluted earnings per common share	$ 0.42	$ 0.43	$ 0.99	$ 1.41

(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, 2023	As of December 31, 2022	As of September 30, 2022
BALANCE SHEET DATA			
Cash and cash equivalents	$ 51,366	$ 73,968	$ 75,495
Debt securities available for sale	158,016	174,876	180,760
FRB and FHLB stock	2,938	3,063	3,063
Loans held for sale-mortgage banking	120	37,764	54,996
Loans held for investment	665,026	616,645	592,026
Allowance for credit losses (1)	(9,146)	(8,831)	(8,617)
Net loans held for investment	655,880	607,814	583,409
Premises and equipment, net	10,951	11,764	12,038
Operating lease right of use asset	1,020	1,521	1,727
Accrued interest receivable	3,851	3,312	3,096
Other	29,215	29,239	31,590
Total assets	$ 913,357	$ 943,321	$ 946,174
Deposits:			
Non-interest-bearing	$ 180,045	$ 207,232	$ 198,698
Interest-bearing –			
Savings, interest checking and money market	543,909	554,577	563,717
Time deposits	65,572	57,775	61,277
Total deposits	789,526	819,584	823,692
Guaranteed preferred beneficial interest in Company's subordinated debentures	15,000	15,000	15,000
Accrued interest payable	687	312	234
Accrued expenses	3,630	5,482	4,948
Operating lease liabilities	1,134	1,660	1,872
Other	1,133	937	2,355
Total liabilities	811,110	842,975	848,101
Common stock	36	36	36
Capital surplus – common stock	26,670	26,399	26,356
Retained earnings	91,035	87,575	86,105
Treasury stock	(1,665)	(1,622)	(1,625)
Accumulated other comprehensive income, net	(13,829)	(12,042)	(12,799)
Total stockholders' equity	102,247	100,346	98,073
Total liabilities and stockholders' equity	$ 913,357	$ 943,321	$ 946,174
OTHER SELECTED DATA			
Trust assets under administration	$ 369,377	$ 352,677	$ 321,076
Core deposits (2)	$ 789,526	$ 819,584	$ 823,692
Tangible book value per common share (3)	$ 28.71	$ 28.19	$ 27.55
Tangible book value per common share excluding accumulated other comprehensive income, net	$ 32.59	$ 31.58	$ 31.15
Full time equivalent employees	145	206	255
Common shares outstanding	3,561,334	3,559,334	3,559,266

(1) The Company adopted ASU 2016-13 as of January 1, 2023. The prior year amounts presented are calculated under the prior accounting standard.
(2) Core deposits consist of all deposits and repurchase agreements with customers.
(3) Tangible book value per common share is equal to book value per common share.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

AVERAGE BALANCE, YIELD EARNED,AND COST PAID (dollars in thousands)	For the Quarter Ended September 30, 2023 Average Balance	Interest Earned or Paid	Average Yield or Cost	For the Quarter Ended September 30, 2022 Average Balance	Interest Earned or Paid	Average Yield or Cost	Quarter-Over-Quarter Comparison Change Due to Rate	Volume	Total
Assets									
Interest-bearing due from banks	$ 40,980	$ 562	5.44%	$ 67,779	$ 394	2.31%	$ 372	$ (204)	$ 168
FRB and FHLB stock	2,938	36	4.85%	3,074	37	4.78%	-	(1)	(1)
Debt securities available for sale	163,192	1,321	3.21%	190,990	1,143	2.37%	348	(170)	178
Loans held for sale-mortgage banking	24,378	384	6.24%	55,127	649	4.67%	173	(438)	(265)
Loans held for investment	650,109	8,783	5.36%	570,702	6,630	4.61%	1,146	1,007	2,153
Allowance for credit losses	(8,980)	-	0.00%	(8,474)	-	0.00%	-	-	-
Total	$ 872,617	$ 11,086	5.04%	$ 879,198	$ 8,853	3.99%	$ 2,039	$ 194	$ 2,233
Liabilities									
Interest checking and money market	$ 515,957	$ 2,655	2.04%	$ 497,430	$ 515	0.41%	$ 1,850	$ 290	$ 2,140
Savings	43,957	12	0.11%	51,338	5	0.04%	8	(1)	7
Time deposits	61,909	296	1.90%	62,967	80	0.51%	219	(3)	216
Short-term borrowings	-	-	0.00%	1,046	3	1.14%	(4)	1	(3)
Subordinated debentures	15,000	263	6.95%	15,000	143	3.80%	120	-	120
Total	$ 636,825	$ 3,226	2.01%	$ 627,781	$ 746	0.47%	$ 2,193	$ 287	$ 2,480
Net Interest Income		$ 7,860			$ 8,107				
Net Interest Spread			3.03%			3.52%			
Net Interest Margin			3.57%			3.66%			

AVERAGE BALANCE, YIELD EARNED,AND COST PAID (dollars in thousands)	For the Nine Months Ended September 30, 2023 Average Balance	Interest Earned or Paid	Average Yield or Cost	For the Nine Months Ended September 30, 2022 Average Balance	Interest Earned or Paid	Average Yield or Cost	Nine Month Comparison Change Due to Rate	Volume	Total
Assets									
Interest-bearing due from banks	$ 36,351	$ 1,353	4.98%	$ 127,782	$ 696	0.73%	$ 1,472	$ (815)	$ 657
FRB and FHLB stock	2,984	108	4.84%	3,080	110	4.77%	(1)	(1)	(2)
Debt securities available for sale	169,259	4,060	3.21%	197,384	3,191	2.16%	1,349	(480)	869
Loans held for sale-mortgage banking	35,724	1,514	5.67%	55,091	1,554	3.77%	619	(659)	(40)
Loans held for investment	634,460	24,754	5.22%	548,769	18,396	4.48%	3,246	3,112	6,358
Allowance for credit losses	(8,890)	-	0.00%	(8,665)	-	0.00%	-	-	-
Total	$ 869,888	$ 31,789	4.88%	$ 923,441	$ 23,947	3.47%	$ 6,685	$ 1,157	$ 7,842
Liabilities									
Interest checking and money market	$ 507,211	$ 6,135	1.62%	$ 535,645	$ 1,008	0.25%	$ 5,090	$ 37	$ 5,127
Savings	48,306	35	0.10%	51,173	15	0.04%	21	(1)	20
Time deposits	56,620	526	1.24%	67,334	235	0.47%	331	(40)	291
Short-term borrowings	333	6	2.41%	595	4	0.90%	2	-	2
Subordinated debentures	15,000	743	6.62%	15,001	291	2.60%	452	-	452
Total	$ 627,470	$ 7,445	1.59%	$ 669,748	$ 1,553	0.31%	$ 5,896	$ (4)	$ 5,892
Net Interest Income		$ 24,344			$ 22,394				
Net Interest Spread			3.29%			3.16%			
Net Interest Margin			3.74%			3.24%			

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended September 30, 2023	For the Quarter Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
OTHER AVERAGE BALANCES				
Total assets	926,655	935,843	924,690	979,500
Core deposits	801,292	809,072	799,428	846,911
Total equity	103,762	102,919	103,776	107,619
KEY RATIOS				
Return on average common stockholders' equity (a)	5.17%	5.55%	4.14%	6.03%
Return on average assets (b)	0.65%	0.66%	0.51%	0.69%
Efficiency ratio (Consolidated)	75.50%	82.71%	83.90%	83.81%
Efficiency ratio (Bank)	72.28%	81.22%	80.61%	82.02%

(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, 2023	As of December 31, 2022	As of September 30, 2022
ASSET QUALITY			
Loans 90 days or more delinquent and accruing interest	$ -	$ 1	$ 6
Non-accrual loans	1,405	1,354	1,313
Total nonperforming loans	$ 1,405	$ 1,355	$ 1,319
Repossessed assets, net	11	64	-
Total nonperforming assets	$ 1,416	$ 1,419	$ 1,319
Allowance for credit losses	$ 9,146	$ 8,831	$ 8,617
Troubled debt restructured loans (1)		$ 926	$ 952
Ratio of total nonperforming loans to total loans	0.21%	0.21%	0.20%
Ratio of total nonperforming assets to total assets	0.16%	0.15%	0.14%
Ratio of nonperforming loans to total assets	0.15%	0.14%	0.14%
Ratio of allowance for credit losses to loans held for investment	1.38%	1.43%	1.46%
Ratio of allowance for credit losses to total loans	1.38%	1.35%	1.33%
Ratio of allowance for credit losses to nonperforming loans	651%	652%	653%

(1) The Company adopted ASU 2022-02 as of January 1, 2023, thereby removing disclosure requirements for trouble debt restructured loans. Historical comparative period information is being provided for reference.

(In thousands)	For the Quarter Ended September 30, 2023	For the Quarter Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 1,434	$ 1,406	$ 1,355	$ 1,673
Additions to nonperforming	25	29	357	102
Charge-offs	(8)	(15)	(95)	(62)
Reclassified back to performing	-	-	(1)	(165)
Principal payments received	(46)	(101)	(165)	(214)
Transferred to repossessed assets	-	-	(46)	(15)
Balance, end of period	$ 1,405	$ 1,319	$ 1,405	$ 1,319

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended September 30, 2023	For the Quarter Ended September 30, 2022	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Changes in Allowance for Credit Losses: (1)				
Balance, beginning of period	$ 9,212	$ 8,487	$ 8,831	$ 9,080
Cumulative effect of CECL adoption	-	-	125	-
Provision (credit)	230	150	635	(400)
Loans charged off	(103)	(25)	(268)	(99)
Loan recoveries	4	5	20	36
Balance, end of period	$ 9,343	$ 8,617	$ 9,343	$ 8,617
Components:				
Allowance for loan losses	$ 9,146	$ 8,617	$ 9,146	$ 8,617
Allowance for unfunded commitments	$ 197	$ -	$ 197	$ -
Ratio of net charge-offs to average total loans	(0.015)%	(0.003)%	(0.037)%	(0.010)%
Ratio of net charge-offs to average total loans, annualized	(0.059)%	(0.013)%	(0.049)%	(0.014)%

(1) The Company adopted ASU 2016-13 as of January 1, 2023. The prior year amounts presented are calculated under the prior accounting standard.

	As of		
(In thousands)	September 30, 2023	December 31, 2022	September 30, 2022
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 61,295	$ 61,784	$ 45,043
Construction	18,582	13,930	10,953
Agricultural	33,272	30,799	33,248
Land and land development	6,505	6,524	7,090
Owner-occupied commercial real estate	32,102	34,683	33,171
Commercial real estate	123,673	114,937	115,485
Small business administration	17,660	18,671	18,161
Consumer	88,863	81,026	81,622
Subtotal gross loans held for investment	$ 381,952	$ 362,354	$ 344,773
Consolidated			
Commercial and industrial	$ 93,702	$ 96,389	$ 81,155
Construction	43,612	24,690	20,319
Agricultural	35,795	30,850	33,307
Land and land development	8,129	10,758	11,341
Owner-occupied commercial real estate	80,902	78,190	73,776
Commercial real estate	231,251	230,243	228,257
Small business administration	59,905	48,638	45,993
Consumer	110,572	95,891	96,793
Total gross loans held for investment	$ 663,868	$ 615,649	$ 590,941