NEWS RELEASE

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BNCCORP, INC. REPORTS SECOND QUARTER NET INCOME OF $574 THOUSAND, OR $0.16 PER DILUTED SHARE, COMMUNITY BANKING SEGMENT REPORTED NET INCOME OF $2.8 MILLION, OR $0.79 PER DILUTED SHARE

Highlights

- **For the quarter, the Community Banking segment reported net income of $2.8 million, or $0.79 per diluted share, unchanged from the same period of 2022.**
- **The Mortgage Banking segment reported a net loss of $1.9 million for the quarter, including $1.4 million of one-time expenses associated with the sale of assets and assumption of liabilities on June 16, 2023, compared to a net loss of $580 thousand in the 2022 period.**
- **Net interest margin increased to 3.68% for the second quarter of 2023 compared to 3.31% during the second quarter of 2022.**
- **There were no outstanding borrowings as of June 30, 2023, unchanged from December 31, 2022. Estimated liquid assets remain strong at $164.4 million with an additional $165.0 million of borrowing capacity at June 30, 2023.**
- **New loans held for investment origination activity during the second quarter of 2023 resulted in an increase of $10.8 million, or 1.7%, in loans held for investment.**
- **Loans held for investment-to-deposit ratio increased to 79.7% from 75.2% at December 31, 2022 and 70.3% at June 30, 2022.**
- **Allowance for credit losses as of June 30, 2023 was 1.40% of loans held for investment compared to 1.43% as of December 31, 2022.**

- **Non-performing assets slightly increased to $1.5 million as of June 30, 2023, compared to $1.4 million as of December 31, 2022.**

BISMARCK, ND, August 1, 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 second quarter ended June 30, 2023.

Management Commentary

"With the sale of our mortgage division completed, we are laser focused on the performance of our core banking franchise. Our liquidity, credit quality, and capital positions remain strong and our customer relationships have proven to be deep," said Daniel J. Collins, BNC's President and Chief Executive Officer. "We saw those strengths at work in the second quarter where, despite the rapid pace of interest rate increases and the economic uncertainty many feel, our quality net loan growth continued."

Mr. Collins continued, "It is noteworthy that competition for deposits increased significantly in the second quarter as national news prompted greater focus on deposit rates. While customers with deposit balances beyond their near-term needs redeployed portions of their cash to high-yielding instruments, here again we see our strong customer relationship focus mitigating some of that impact."

Collins continued, "Looking ahead to the remainder of 2023, we are focused on growing our community banking business relationships as well as reviewing our post mortgage infrastructure. Our objectives are to continue a measured trend of loan growth and to protect our strong financial position. Credit quality continues to be a critical metric for us as a good indicator of future performance and as a good fulcrum on which to balance opportunity and risk. Our inherently conservative approach has served us well over the years and will continue to be our guiding star in 2023 and beyond. Accordingly, we remain confident that our superior customer service and broad range of financial products will continue to meet the needs of existing and future clients."

2023 Versus 2022 Second Quarter Comparison

SEGMENT DATA	For the Quarter Ended June 30, 2023				
(in thousands)	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 8,114	$ 147	$ (218)	$ -	$ 8,043
Provision for credit losses	165	-	-	-	165
Non-interest income	1,950	2,172	521	(931)	3,712
Non-interest expense	6,178	4,845	748	(931)	10,840
Income (loss) before taxes	3,721	(2,526)	(445)	-	750
Income tax expense (benefit)	907	(626)	(105)	-	176
Net income (loss)	$ 2,814	$ (1,900)	$ (340)	$ -	$ 574

	For the Quarter Ended June 30, 2022				
	Community Banking	Mortgage Banking	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	$ 7,021	$ 442	$ (85)	$ -	$ 7,378
Credit for credit losses	-	-	-	-	-
Non-interest income	2,579	3,781	537	(1,119)	5,778
Non-interest expense	5,905	4,994	750	(1,119)	10,530
Income (loss) before taxes	3,695	(771)	(298)	-	2,626
Income tax expense (benefit)	878	(191)	(70)	-	617
Net income (loss)	$ 2,817	$ (580)	$ (228)	$ -	$ 2,009

The Community Banking Segment reported net income of $2.8 million, or 0.79 per diluted share, unchanged from the second quarter of 2022. The second quarter of 2023 produced higher net interest income and bank charges and service fees that were offset by lower gains on sales of loans, other income and higher provision for credit losses and non-interest expense compared to the same period of 2022.

The Mortgage Banking Segment reported a net loss of $1.9 million in the second quarter of 2023 compared to a net loss of $580 thousand in the 2022 period. The decrease was driven by a reduction in the mortgage segment revenues to $2.3 million in the second quarter of 2023 versus $4.2 million in the same prior-year period. Non-interest expenses related to mortgage operations decreased by $149 thousand year-over-year, as the Company recorded $1.4 million of expenses associated with the sale of certain assets to and assumption of certain operating liabilities by First Federal Bank on June 16, 2023. The $1.4 million charge was comprised of a $570 thousand accrual for costs to originate and sell the remaining commitments to fund loans, $360 thousand for employee severance costs, $238 thousand for write-downs of fixed asset and contract costs, and $270 thousand for other professional services related to the transaction close. As of June 30, 2023, the Company maintained $67.2 million of mortgage loans held for sale and future commitments to fund mortgage loans of $56.6 million along with the corresponding hedge positions. The Company anticipates final settlement of the loans and hedge positions will occur during the third quarter of 2023.

Consolidated net interest income for the second quarter of 2023 was $8.0 million, an increase of $665 thousand, or 9.0%, up from $7.4 million in the second quarter of 2022. Net interest margin increased to 3.68% in the 2023 second quarter from 3.31% in the year-earlier period. The Community Banking Segment reported a year-over-year increase of $1.1 million, or 15.5%, from $7.0 million in 2022 to $8.1 million in 2023. 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, second quarter interest income increased 37.3%, from $7.8 million to $10.7 million. This increase improved the yield on average interest-earning assets substantially in the second quarter of 2023, growing to 4.90% compared to 3.50% in the 2022 second quarter. The Community Banking Segment reported interest income of $10.5 million in the second quarter of 2023 compared to $7.4 million for the 2022 quarter. The increase was the result of higher yields on interest-earning assets and an $83.8 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. Furthermore, the Company is receiving higher yields on new loan originations.

Consolidated interest expense in the second quarter of 2023 was $2.7 million, an increase of $2.2 million from the 2022 period. The cost of core deposits in the second quarters of 2023 and 2022 was 1.20% and 0.16%, respectively. Within the Community Banking Segment, the 2023 second quarter average balance of deposits decreased by $4.7 million when compared to second quarter of 2022. The cost of interest-bearing liabilities was 1.54% during the second quarter of 2023, compared to 0.21% in the same period of 2022. The Company continues to actively manage its overall cost of deposits well below the prevailing brokered deposit rates offered by national brokerage firms while staying focused on maintaining strong liquidity levels.

As of June 30, 2023, credit metrics remained stable with $1.5 million of nonperforming assets, representing a 0.16% nonperforming assets-to-total-assets ratio. 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 $165 thousand provision for credit losses in the second quarter of 2023 compared to no provision in the second quarter of 2022. The allowance for credit losses decreased slightly to 1.40% of loans held for investment on June 30, 2023, from 1.43% on December 31, 2022.

Non-interest income for the Community Banking Segment during the second quarter of 2023 was $2.0 million, compared to $2.6 million in the 2022 second quarter. Bank charges and service fees were $132 thousand higher quarter-over-quarter due to higher letter of credit fees and from the movement of deposits to 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 customer's use of their excess funding. The Company experienced a significant decrease in the level of off-balance sheet deposits during the second quarter of 2023. As of June 30, 2023, off-balance sheet deposits amounted to $4.8 million compared to $187.5 million as of June 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. The deposits are placed with another financial institution by the associated banking network to meet their liquidity needs, but can be reclaimed for future liquidity use by the Company at any time. Gains on sales of loans decreased period-over-period by $217 thousand as the premiums available on sale of the guaranteed portion of SBA loans has become less attractive in recent quarters. Other income decreased by $528 thousand when comparing the second quarter of 2023 to 2022 as the Company recorded gains on the sale of the Golden Valley, MN location in the second quarter of 2022.

Non-interest expense for the Community Banking Segment during the second quarter of 2023 increased $273 thousand, or 4.6%, to $6.2 million from $5.9 million in the second quarter of 2022. The increase is primarily due to higher salary, data processing, and occupancy expenses. 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. Shared service costs will continue to increase in the Community Banking Segment as the Mortgage Banking Segment winds-down.

In the second quarter of 2023, income tax expense on a consolidated basis was $176 thousand, compared to $617 thousand in the second quarter of 2022. The effective tax rate was 23.5% in the second quarter of 2023, unchanged from the same period of 2022.

Tangible book value per common share on June 30, 2023, was $28.87, compared to $28.19 at December 31, 2022. The increase in tangible book value per common share was driven by increased retained earnings and positive adjustments to the tax-effected fair value of debt securities available for sale as evidenced in the reduction of accumulated other comprehensive losses. The Company's tangible common equity capital ratio was 11.05% on June 30, 2023, compared to 10.63% on December 31, 2022.

2023 Versus 2022 Six-Month Comparison

SEGMENT DATA	**For the Six Months Ended June 30, 2023**				
(in thousands)	**Community Banking**	**Mortgage Banking**	**Holding Company**	**Intercompany Eliminations**	**BNCCORP Consolidated**
Net interest income (expense)	$ 16,611	$ 302	$ (429)	$ -	$ 16,484
Provision for credit losses	405	-	-	-	405
Non-interest income	4,177	4,019	1,071	(1,924)	7,343
Non-interest expense	12,689	8,459	1,522	(1,924)	20,746
Income (loss) before taxes	7,694	(4,138)	(880)	-	2,676
Income tax expense (benefit)	1,862	(1,026)	(207)	-	629
Net income (loss)	$ 5,832	$ (3,112)	$ (673)	$ -	$ 2,047

	For the Six Months Ended June 30, 2022				
	Community Banking	**Mortgage Banking**	**Holding Company**	**Intercompany Eliminations**	**BNCCORP Consolidated**
Net interest income (expense)	$ 13,536	$ 891	$ (140)	$ -	$ 14,287
Credit for credit losses	(550)	-	-	-	(550)
Non-interest income	4,493	7,921	1,048	(2,172)	11,290
Non-interest expense	12,022	10,262	1,463	(2,172)	21,575
Income (loss) before taxes	6,557	(1,450)	(555)	-	4,552
Income tax expense (benefit)	1,559	(359)	(130)	-	1,070
Net income (loss)	$ 4,998	$ (1,091)	$ (425)	$ -	$ 3,482

The Community Banking Segment reported net income of $5.8 million in the first six months of 2023, compared to $5.0 million in the same period of 2022. In the first six months, earnings per diluted share was $1.63 versus $1.40 in the first six months of 2022. The first half 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 $3.1 million in the first six months of 2023 compared to a net loss of $1.1 million in the same period of 2022. The decrease was driven by a reduction in mortgage segment revenues to $4.3 million in the first half of 2023 versus $8.8 million in the prior-year period. Non-interest expenses related to mortgage operations decreased by $1.8 million year-over-year, which included $1.4 million of expenses associated with the sale of certain assets to and assumption of certain operating liabilities by First Federal Bank on June 16, 2023.

Consolidated net interest income in the first half of 2023 was $16.5 million, an increase of $2.2 million, or 15.4%, from $14.3 million in the first half of 2022. Net interest margin increased to 3.83% in the 2023 six-month period from 3.05% in the year-earlier period. The Community Banking Segment reported a year-over-year increase of $3.1 million, or 22.7%, from $13.5 million in first half of 2022 to $16.6 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 $5.6 million, or 37.2%, to $20.7 million for the six-month period of 2023, compared to $15.1 million in the six-month period of 2022. For the same periods, the yield on average interest-earning assets improved significantly to 4.81% in the first half of 2023, compared to 3.22% in the 2022 first half. The Community Banking Segment reported interest income of $20.4 million in the 2023 first half compared to $14.2 million in the 2022 first half, an increase of $6.2 million, or 43.6%. The increase is the result of higher yields on interest-earning assets and an $88.9 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 the Company is receiving higher yields on new loan originations.

Consolidated interest expense in the first half of 2023 was $4.2 million, an increase of $3.4 million from the 2022 period. The cost of core deposits in the first six months of 2023 and 2022 was 0.94% and 0.15%, respectively. Within the Community Banking Segment, the average balance of deposits decreased by $60.5 million when compared to the first half of 2022. The primary driver of the decrease in average balances 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. The cost of interest-bearing liabilities was 1.22% during the first six months of 2023, compared to 0.20% in the same period of 2022. The Company continues to actively manage its overall cost of deposits well below the prevailing brokered deposit rates offered by national brokerage firms while staying focused on maintaining liquidity.

The Company recorded a $405 thousand provision for credit losses in the first six months of 2023. By comparison, the Company credited provision expense to release $550 thousand of its allowance for credit losses in the first six months of 2022 as pandemic risks subsided. The allowance for credit losses decreased slightly to 1.40% of loans held for investment on June 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 to 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 resulted in a $94 thousand decrease to retained earnings. The tax effect resulted in an increase to deferred tax assets.

Non-interest income for the Community Banking Segment in first six months of 2023 was $4.2 million, compared to $4.5 million in the first six 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 services fees. Wealth management revenues decreased $81 thousand, or 7.0%, 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 $380.4 million at June 30, 2023 compared to $346.4 million at June 30, 2022. Gains on sales of loans decreased period-over-period by $229 thousand as the premiums earned on sale of the guaranteed portion of SBA loans has become less attractive in recent quarter. Other income decreased by $638 thousand when comparing the second quarter of 2023 to 2022 as the Company recorded gains on the sale of the Golden Valley, MN location in the second quarter of 2022. Bank charges and service fees were $624 thousand higher in the first six months of 2023 due to higher letter of credit fees and from the movement of deposits to one-way sell positions.

Non-interest expense for the Community Banking Segment increased $667 thousand, or 5.5%, to $12.7 million from $12.0 million in the first half of 2022. The increase is primarily due to higher salary, marketing, 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. Shared service costs will continue to increase in the Community Banking Segment as the Mortgage Banking Segment winds-down.

During the six-month period ended June 30, 2023, income tax expense on a consolidated basis was $629 thousand, compared to $1.1 million in the first half of 2022. The effective tax rate was 23.5% in the first half of 2023 unchanged from the same period of 2022.

Assets and Liabilities

At the consolidated level, total assets were $929.8 million at June 30, 2023 versus $943.3 million at December 31, 2022.

Total loans held for investment were $641.0 million on June 30, 2023 compared to $616.6 million on December 31, 2022. Loans held for sale as of June 30, 2023, were $67.2 million, an increase of $29.5 million compared to December 31, 2022. Debt securities decreased $9.1 million from year-end 2022 while cash and cash equivalent balances totaled $16.6 million on June 30, 2023 compared to $74.0 million on December 31, 2022. The reduction in cash and cash equivalents during the quarter is due to increased funding of loans and the reduction in deposit balances.

Total deposits decreased $15.1 million to $804.5 million on June 30, 2023, from $819.6 million on December 31, 2022. While the Company continues to enjoy strong and enduring customer relationships, during the second quarter of 2023, the Company 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. Off-balance sheet deposits can fluctuate significantly as the Company experienced in the second quarter of 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 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)	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
Deposits:			
Non-interest-bearing	$ 181,508	$ 207,232	$ 192,640
Interest-bearing –			
Savings, interest checking and money market	563,878	554,577	538,176
Time deposits	59,111	57,775	63,231
Total on balance sheet deposits	804,497	819,584	794,047
Off-balance sheet deposits (1)	4,808	187,407	187,475
Total available deposits	$ 809,305	$ 1,006,991	$ 981,522

(1) The off-balance sheet deposits above do not include off-balance sheet time deposit that can be brought back on the balance sheet at various future maturity dates. As of June 30, 2023, the Company managed off-balance sheet time deposit balances of $34.7 million, compared to no time deposit balances as of December 31, 2022 and June 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 customer's 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 customer with significant deposits that require daily access to funds and provide for 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 $4.8 million at June 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 7.9%, or $27.7 million, to $380.4 million at June 30, 2023, from $352.7 million at December 31, 2022. During the first half of 2023, the Company benefited from acquiring new assets under administration coupled with market value increases.

Asset Quality

The allowance for credit losses was $9.0 million as of June 30, 2023, versus $8.8 million on December 31, 2022. The allowance as a percentage of loans held for investment on June 30, 2023 decreased slightly from 1.43% as of December 31, 2022 to 1.40% at current quarter's end.

Past due loans for a period of 31-89 days decreased to $156 thousand as of June 30, 2023, compared to $292 thousand as of December 31, 2022. Nonperforming assets, consisting of loans, increased slightly to $1.5 million on June 30, 2023, compared to $1.4 million on December 31, 2022. The ratio of nonperforming assets-to-total-assets was 0.16% at June 30, 2023 versus 0.15% at December 31, 2022. As of June 30, 2023, the Company did not hold any other real estate and held $42 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 June 30, 2023, classified loans were $5.0 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 June 30, 2023, the Company had $2.6 million of potentially problematic loans, which are risk-rated as "watch list", compared with $2.5 million of such loans as of December 31, 2022.

The Company continues to monitor the lingering but 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 59% 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 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 to the hospitality and commercial real estate industries.

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

Loans Held for Investment by Industry Sector (in thousands)	**June 30, 2023**		**December 31, 2022**	
Non-owner occupied commercial real estate – not otherwise categorized	$ 197,700	31 %	$ 177,674	29 %
Hotels	78,509	12	91,388	15
Consumer, not otherwise categorized	91,507	14	85,648	14
Retail trade	35,597	6	36,607	6
Healthcare and social assistance	32,741	5	33,327	5
Agriculture, forestry, fishing and hunting	31,003	5	30,641	5
Transportation and warehousing	25,158	4	23,951	4
Non-hotel accommodation and food service	23,903	4	21,538	4
Mining, oil and gas extraction	23,152	4	22,480	4
Art, entertainment and recreation	19,352	3	19,024	3
Construction contractors	15,301	2	11,124	2
Other service	12,699	2	11,810	2
Professional, scientific, and technical services	9,447	2	8,209	1
Real estate and rental and leasing support services	8,449	1	9,233	1
Public administration	8,137	1	8,316	1
Manufacturing	8,182	1	7,572	1
Finance and insurance	6,611	1	5,022	1
Educational services	4,334	1	4,435	1
All other	8,129	1	7,650	1
Gross loans held for investment	$ 639,911	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 June 30, 2023, the Company's loans related to office space were 3.1% of loans held for investment, concentrated in North Dakota, with only 0.05% within the Arizona market.

Capital

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

	June 30, 2023	**December 31, 2022**
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	14.03%	13.99%
Common equity tier 1 risk based capital	14.01%	14.48%
Tier 1 risk based capital	15.85%	16.43%
Total risk based capital	16.96%	17.57%
Tangible common equity	11.05%	10.63%
BNC National Bank		
Tier 1 leverage	12.08%	11.97%
Common equity tier 1 risk based capital	13.65%	14.04%
Tier 1 risk based capital	13.65%	14.04%
Total risk based capital	14.76%	15.19%
Tangible common equity	10.75%	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 June 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 June 30, 2023	For the Quarter Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
INCOME STATEMENT				
Interest income	$ 10,697	$ 7,793	$ 20,703	$ 15,094
Interest expense	2,654	415	4,219	807
Net interest income	8,043	7,378	16,484	14,287
Provision (credit) for credit losses	165	-	405	(550)
Net interest income after provision (credit) for credit losses	7,878	7,378	16,079	14,837
Non-interest income				
Bank charges and service fees	885	753	1,977	1,353
Wealth management revenues	483	492	970	1,028
Mortgage banking revenues	2,292	3,782	4,148	7,924
Gains on sales of loans, net	2	219	10	239
Gains on sales of debt securities, net	-	-	12	-
Other	50	532	226	746
Total non-interest income	3,712	5,778	7,343	11,290
Non-interest expense				
Salaries and employee benefits	5,061	5,219	10,004	11,160
Professional services	1,689	966	2,586	1,916
Data processing fees	1,064	998	2,053	1,971
Marketing and promotion	1,360	1,437	2,729	2,792
Occupancy	482	527	994	1,110
Regulatory costs	94	121	200	240
Depreciation and amortization	284	306	577	617
Office supplies and postage	132	107	228	217
Other	674	849	1,375	1,552
Total non-interest expense	10,840	10,530	20,746	21,575
Income before taxes	750	2,626	2,676	4,552
Income tax expense	176	617	629	1,070
Net income	$ 574	$ 2,009	$ 2,047	$ 3,482
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,578,029	3,574,783	3,576,803	3,573,600
Dilutive effect of share-based compensation	2,244	846	2,281	903
Adjusted weighted average shares (b)	3,580,273	3,575,629	3,579,084	3,574,503
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.16	$ 0.56	$ 0.57	$ 0.97
Diluted earnings per common share	$ 0.16	$ 0.56	$ 0.57	$ 0.97

(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 June 30, 2023	As of December 31, 2022	As of June 30, 2022
BALANCE SHEET DATA			
Cash and cash equivalents	$ 16,640	$ 73,968	$ 61,072
Debt securities available for sale	165,745	174,876	192,743
FRB and FHLB stock	2,938	3,063	3,063
Loans held for sale-mortgage banking	67,228	37,764	65,616
Loans held for investment	640,989	616,645	558,281
Allowance for credit losses (1)	(9,000)	(8,831)	(8,487)
Net loans held for investment	631,989	607,814	549,794
Premises and equipment, net	11,247	11,764	12,161
Operating lease right of use asset	867	1,521	1,858
Accrued interest receivable	3,458	3,312	2,767
Other	29,661	29,239	29,585
Total assets	$ 929,773	$ 943,321	$ 918,659
Deposits:			
Non-interest-bearing	$ 181,508	$ 207,232	$ 192,640
Interest-bearing –			
Savings, interest checking and money market	563,878	554,577	538,176
Time deposits	59,111	57,775	63,231
Total deposits	804,497	819,584	794,047
Guaranteed preferred beneficial interest in Company's subordinated debentures	15,000	15,000	15,000
Accrued interest payable	451	312	184
Accrued expenses	4,987	5,482	5,225
Operating lease liabilities	986	1,660	2,009
Other	1,026	937	692
Total liabilities	826,947	842,975	817,157
Common stock	36	36	36
Capital surplus – common stock	26,634	26,399	26,352
Retained earnings	89,528	87,575	84,557
Treasury stock	(1,664)	(1,622)	(1,666)
Accumulated other comprehensive income, net	(11,708)	(12,042)	(7,777)
Total stockholders' equity	102,826	100,346	101,502
Total liabilities and stockholders' equity	$ 929,773	$ 943,321	$ 918,659
OTHER SELECTED DATA			
Trust assets under administration	$ 380,422	$ 352,677	$ 346,372
Core deposits (2)	$ 804,497	$ 819,584	$ 794,047
Tangible book value per common share (3)	$ 28.87	$ 28.19	$ 28.53
Tangible book value per common share excluding accumulated other comprehensive income, net	$ 32.16	$ 31.58	$ 30.72
Full time equivalent employees	207	206	262
Common shares outstanding	3,561,334	3,559,334	3,557,383

(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 June 30, 2023**			**For the Quarter Ended June 30, 2022**			**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	$ 27,829	$ 358	5.15%	$ 105,465	$ 215	0.82%	$ 403	$ (260)	$ 143
FRB and FHLB stock	2,938	36	4.91%	3,071	37	4.83%	-	(1)	(1)
Debt securities available for sale	170,176	1,361	3.21%	196,947	1,037	2.11%	469	(145)	324
Loans held for sale-mortgage banking	53,857	732	5.45%	50,196	480	3.84%	215	37	252
Loans held for investment	629,712	8,210	5.23%	545,953	6,024	4.43%	1,176	1,010	2,186
Allowance for credit losses	(8,922)	-	0.00%	(8,484)	-	0.00%	-	-	-
Total	$ 875,590	$ 10,697	4.90%	$ 893,148	$ 7,793	3.50%	$ 2,263	$ 641	$ 2,904
Liabilities									
Interest checking and money market	516,489	$ 2,238	1.74%	$ 506,920	$ 251	0.20%	$ 1,884	$ 103	$ 1,987
Savings	48,099	13	0.11%	51,396	5	0.04%	8	-	8
Time deposits	54,150	154	1.14%	66,549	69	0.42%	100	(15)	85
Short-term borrowings	212	-	0.00%	466	1	0.86%	1	(2)	(1)
Subordinated debentures	15,000	249	6.67%	15,001	89	2.38%	160	-	160
Total	$ 633,950	$ 2,654	1.68%	$ 640,332	$ 415	0.26%	$ 2,153	$ 86	$ 2,239
Net Interest Income		$ 8,043			$ 7,378				
Net Interest Spread			3.22%			3.24%			
Net Interest Margin			3.68%			3.31%			

AVERAGE BALANCE, YIELD EARNED,AND COST PAID (dollars in thousands)	**For the Six Months Ended June 30, 2023**			**For the Six Months Ended June 30, 2022**			**Six Month 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	$ 33,998	$ 793	4.70%	$ 158,281	$ 302	0.38%	$ 902	$ (411)	$ 491
FRB and FHLB stock	3,008	72	4.83%	3,083	73	4.77%	-	(1)	(1)
Debt securities available for sale	172,871	2,737	3.19%	200,634	2,048	2.06%	1,008	(319)	689
Loans held for sale-mortgage banking	41,492	1,130	5.49%	55,072	905	3.31%	488	(263)	225
Loans held for investment	626,507	15,971	5.14%	537,622	11,766	4.41%	2,111	2,094	4,205
Allowance for credit losses	(8,844)	-	0.00%	(8,762)	-	0.00%	-	-	-
Total	$ 869,032	$ 20,703	4.81%	$ 945,930	$ 15,094	3.22%	$ 4,509	$ 1,100	$ 5,609
Liabilities									
Interest checking and money market	502,764	$ 3,478	1.40%	$ 555,069	$ 493	0.18%	$ 3,034	$ (49)	$ 2,985
Savings	50,517	24	0.09%	51,088	10	0.04%	14	-	14
Time deposits	53,933	231	0.86%	69,554	155	0.45%	118	(42)	76
Short-term borrowings	501	6	2.42%	451	1	0.45%	3	2	5
Subordinated debentures	15,000	480	6.45%	15,001	148	1.99%	332	-	332
Total	$ 622,715	$ 4,219	1.37%	$ 691,163	$ 807	0.24%	$ 3,501	$ (88)	$ 3,412
Net Interest Income		$ 16,484			$ 14,287				
Net Interest Spread			3.44%			2.98%			
Net Interest Margin			3.83%			3.05%			

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2023	For the Quarter Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
OTHER AVERAGE BALANCES				
Total assets	930,674	949,422	923,692	1,001,690
Core deposits	804,922	817,160	798,482	866,147
Total equity	104,780	105,520	103,782	110,008
KEY RATIOS				
Return on average common stockholders' equity (a)	2.00%	7.25%	3.61%	6.27%
Return on average assets (b)	0.25%	0.85%	0.45%	0.70%
Efficiency ratio (Consolidated)	92.22%	80.04%	87.07%	84.35%
Efficiency ratio (Bank)	88.71%	78.09%	83.78%	82.41%

(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 June 30, 2023	As of December 31, 2022	As of June 30, 2022
ASSET QUALITY			
Loans 90 days or more delinquent and accruing interest	$ -	$ 1	$ -
Non-accrual loans	1,434	1,354	1,406
Total nonperforming loans	$ 1,434	$ 1,355	$ 1,406
Repossessed assets, net	42	64	15
Total nonperforming assets	$ 1,476	$ 1,419	$ 1,421
Allowance for credit losses	$ 9,000	$ 8,831	$ 8,487
Troubled debt restructured loans (1)		$ 926	$ 985
Ratio of total nonperforming loans to total loans	0.20%	0.21%	0.23%
Ratio of total nonperforming assets to total assets	0.16%	0.15%	0.15%
Ratio of nonperforming loans to total assets	0.15%	0.14%	0.15%
Ratio of allowance for credit losses to loans held for investment	1.40%	1.43%	1.52%
Ratio of allowance for credit losses to total loans	1.27%	1.35%	1.36%
Ratio of allowance for credit losses to nonperforming loans	628%	652%	604%

(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 June 30, 2023	For the Quarter Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 1,469	$ 1,466	$ 1,355	$ 1,673
Additions to nonperforming	121	-	332	73
Charge-offs	(80)	-	(87)	(47)
Reclassified back to performing	-	-	(1)	(165)
Principal payments received	(45)	(45)	(119)	(113)
Transferred to repossessed assets	(31)	(15)	(46)	(15)
Balance, end of period	$ 1,434	$ 1,406	$ 1,434	$ 1,406

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2023	For the Quarter Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Changes in Allowance for Credit Losses: (1)				
Balance, beginning of period	$ 9,145	$ 8,475	$ 8,831	$ 9,080
Cumulative effect of CECL adoption	-	-	125	-
Provision (credit)	165	-	405	(550)
Loans charged off	(108)	(5)	(165)	(74)
Loan recoveries	10	17	16	31
Balance, end of period	$ 9,212	$ 8,487	$ 9,212	$ 8,487
Components:				
Allowance for loan losses	$ 9,000	$ 8,487	$ 9,000	$ 8,487
Allowance for unfunded commitments	$ 212	$ -	$ 212	$ -
Ratio of (charge-offs) net recoveries to average total loans	(0.014)%	0.002%	(0.022)%	(0.007)%
Ratio of net (charge-offs) recoveries to average total loans, annualized	(0.057)%	0.008%	(0.045)%	(0.015)%

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

(In thousands)	As of June 30, 2023	As of December 31, 2022	As of June 30, 2022
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 63,052	$ 61,784	$ 46,485
Construction	16,550	13,930	10,154
Agricultural	31,062	30,799	28,363
Land and land development	6,225	6,524	7,740
Owner-occupied commercial real estate	31,637	34,683	38,535
Commercial real estate	124,619	114,937	111,625
Small business administration	17,782	18,671	19,673
Consumer	84,891	81,026	74,770
Subtotal gross loans held for investment	$ 375,818	$ 362,354	$ 337,345
Consolidated			
Commercial and industrial	$ 97,856	$ 96,389	$ 84,286
Construction	34,821	24,690	16,994
Agricultural	33,587	30,850	28,501
Land and land development	7,862	10,758	12,005
Owner-occupied commercial real estate	75,225	78,190	73,739
Commercial real estate	232,222	230,243	206,688
Small business administration	55,862	48,638	46,589
Consumer	102,476	95,891	88,564
Total gross loans held for investment	$ 639,911	$ 615,649	$ 557,366