



BNCCORP

NEWS RELEASE

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BNCCORP, INC. REPORTS THIRD QUARTER NET INCOME OF \$2.1 MILLION, OR \$0.59 PER DILUTED SHARE

Highlights

- Net income during the third quarter of 2024 increased \$564 thousand or 37.4%, to \$2.1 million, or \$0.59 per diluted share, from \$1.5 million, or \$0.42 per diluted share, in the 2023 period.
- Third quarter 2024 return on average assets of 0.89% compared to 0.65% in the 2023 period.
- The efficiency ratio improved to 69.02% in the third quarter of 2024 versus 75.50% in the third quarter of 2023.
- For the quarter, the Community Banking segment reported net income of \$2.4 million, or \$0.67 per diluted share, compared to net income of \$2.2 million, or \$0.61 per diluted share, in the same period of 2023.
- Yield on loans held for investment was 5.58% for the third quarter of 2024 compared to 5.36% in the third quarter of 2023.
- Loans held for investment have increased \$14.4 million, or 2.2%, to \$683.2 million at September 30, 2024 from \$668.8 million at December 31, 2023.
- The ratio of loans held for investment-to-deposits increased to 85.8% at September 30, 2024 from 79.9% at December 31, 2023.
- Allowance for credit losses as of September 30, 2024, increased to 1.40% of loans held for investment compared to 1.39% as of December 31, 2023.

BISMARCK, ND, November 1, 2024 – 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, 2024.

Management Commentary

“The Company delivered solid third-quarter results with net income rising by \$564 thousand compared to the same period last year, reflecting our ongoing focus on consistent execution and prudent expense management,” said Daniel J. Collins, BNC’s President and Chief Executive Officer. “While loan growth was tempered by pay-offs during the quarter, we continue to see strong lending pipelines and registered improved yields on loans held for investment, demonstrating resilience in a challenging environment. While the cost of funds has been slowly rising in 2024 the upward pricing pressure has abated somewhat after the Fed’s recent actions. We’ve maintained a strong margin of 3.50% for the quarter and 3.53% for the first nine months of 2024 without compromising growth, liquidity requirements, or the strength of our customer relationships. Importantly, we remain well capitalized with a consolidated tangible common equity capital ratio of 11.65, while maintaining robust liquidity, ensuring we can navigate uncertainties and supporting our clients’ needs. Our continued focus on fundamental community banking objectives has contributed to our consistent earnings of \$1.7 million, \$1.9 million, and \$2.1 million sequentially in each of the first three quarters of 2024 despite continued economic uncertainty.”

Mr. Collins added, “As we move into the final quarter of 2024, our focus remains on steady growth, disciplined lending, prudent expense control, and strong risk management. Our efficiency ratio also continues to improve, demonstrating our ability to manage costs effectively, which will remain a key focus moving forward. In short, we believe our strategic posture remains sound and our ability to execute on that strategy remains one of our strengths.”

2024 Versus 2023 Third Quarter Comparison

SEGMENT DATA

(in thousands)

	For the Quarter Ended September 30, 2024				
	Community Banking	Mortgage Banking (a)	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	\$ 7,928	\$ -	\$ (249)	\$ -	\$ 7,679
Provision for credit losses	110	-	-	-	110
Non-interest income	1,492	-	594	(672)	1,414
Non-interest expense	6,222	-	726	(672)	6,276
Income (loss) before taxes	3,088	-	(381)	-	2,707
Income tax expense (benefit)	725	-	(89)	-	636
Net income (loss)	<u>\$ 2,363</u>	<u>\$ -</u>	<u>\$ (292)</u>	<u>\$ -</u>	<u>\$ 2,071</u>

	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)	<u>\$ 2,194</u>	<u>\$ (400)</u>	<u>\$ (287)</u>	<u>\$ -</u>	<u>\$ 1,507</u>

(a) The Company divested the mortgage banking segment in 2023.

The Community Banking Segment reported net income of \$2.4 million, or \$0.67 per diluted share, for the quarter compared to \$2.2 million, or \$0.61 per diluted share, in the third quarter of 2023. Interest expense increased by \$708 thousand when compared to the 2023 period due to Federal Reserve rate increases and a \$5.7 million increase in average interest bearing deposits compared to the prior year period. The increase in interest expense was also offset by \$728 thousand higher interest income from loan growth and increased yields on earning assets. The Community Banking Segment reported \$86 thousand in lower non-interest income primarily due to a \$47 thousand decrease in off balance sheet deposit income and \$24 thousand less in interchange income along with lower overdraft fees on deposit accounts. Non-interest expense decreased by \$157 thousand in the 2024 period primarily due to a reversal of \$150 thousand from the mortgage obligation reserve, at September 30, 2024 there remains \$368 thousand of reserves. The Company reduced expenses in a number of categories, but these reductions were substantially offset by higher data processing fees and increased depreciation expense during the current period. The Company has lowered the number of its full-time equivalent employees by 4.9% since December 31, 2023.

Consolidated net interest income for the third quarter of 2024 was \$7.7 million, a decrease of \$181 thousand, or 2.3%, from \$7.9 million in the third quarter of 2023. Net interest margin was 3.50% in the third quarter of 2024 compared to 3.57% reported in the prior year period. The increase in interest-bearing cash and loans held for investment was more than offset by a lower volume of debt securities, loans held for sale, and a meaningful increase in the cost of deposits.

On a consolidated basis, third-quarter interest income increased \$558 thousand, or 5.0%, from \$11.1 million in the 2023 period to \$11.6 million in 2024. The 5.31% average yield on interest-earning assets in the quarter improved from the 5.04% in the third quarter of 2023 because of a \$17.9 million increase in cash and cash equivalents and a \$35.9 million year-over-year increase in the average balance of loans held for investment. Those increases were offset by lower debt securities and loans held for sale. The weighted average interest rate on loans held for investment originated in the third quarter of 2024 was 7.63%, compared to 7.46% during the third quarter 2023.

Consolidated interest expense in the third quarter of 2024 was \$4.0 million, an increase of \$739 thousand from the 2023 period. As a result, the cost of core deposits in the third quarter of 2024 rose modestly to 1.84% versus 1.47% in the third quarter of 2023.

The consolidated average balance of deposits decreased by \$1.7 million compared to the third quarter of 2023. The cost of interest-bearing liabilities was 2.45% during the third quarter of 2024, compared to 2.01% in the same period of 2023. 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, 2024, nonperforming assets were \$5.9 million, representing a ratio of nonperforming assets to total assets of 0.64%, an increase from the \$3.4 million in nonperforming assets, a 0.35% ratio of nonperforming assets to total assets, held on December 31, 2023. At September 30, 2024, \$4.8 million of the \$5.9 million in nonperforming loans were SBA loans supported by material government guarantees. When excluding the loan balances covered by government guarantees, the Company's non-forming assets to total assets ratio was 0.23% on September 30, 2024. The Company recorded a \$110 thousand provision for credit losses in the third quarter of 2024 compared to a \$230 thousand provision in the third quarter of 2023. The allowance for credit losses increased very slightly to 1.40% of loans held for investment as of September 30, 2024 compared to 1.39% on December 31, 2023.

Non-interest income for the Community Banking Segment during the third quarter of 2024 was \$1.5 million, compared to \$1.6 million in the 2023 third quarter. Bank charges and service fees were \$87 thousand lower quarter-over-quarter primarily due to lower deposits held in one-way sell positions. Using an associated banking network, the Company generates fee income on deposits not otherwise deployed

by placing those deposits with other financial institutions to meet their liquidity needs. The deposits can be reclaimed for future liquidity use by the Company at any time. 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, 2024, off-balance sheet deposits were \$20.1 million compared to \$34.8 million as of December 31, 2023. Consolidated other income in the third quarter of 2024 decreased by \$6 thousand compared to previous year period.

Non-interest expense for the Community Banking Segment during the third quarter of 2024 decreased \$157 thousand, or 2.5%, year-over-year, primarily due to a reversal of \$150 thousand from the mortgage obligation reserve. The Company reported increased data processing and depreciation expense, but these increases were more than offset by lower expenses in other categories when compared to the same period of 2023.

In the third quarter of 2024, consolidated income tax expense was \$636 thousand, compared to \$463 thousand in the third quarter of 2023. Despite this increase, the Company's effective tax rate remained unchanged at 23.5%.

Tangible book value per common share on September 30, 2024, was \$30.60, compared to \$30.38 at December 31, 2023. The increase in tangible book value per common share was driven by earnings and a decrease in accumulated other comprehensive loss during the period, offset by the \$2.25 dividend declared on February 2, 2024 and the repurchase of 50,000 shares of the Company's common stock at a total cost of \$1,162,500, or \$23.25 per share, excluding the cost of commissions, transaction charges, and taxes. The Company's tangible common equity capital ratio improved to 11.65% as of September 30, 2024, compared to 11.19% on December 31, 2023.

2024 Versus 2023 Nine-Month Comparison

SEGMENT DATA

(in thousands)

	For the Nine Months Ended September 30, 2024				
	Community Banking	Mortgage Banking (a)	Holding Company	Intercompany Eliminations	BNCCORP Consolidated
Net interest income (expense)	\$ 23,851	\$ -	\$ (716)	\$ -	\$ 23,135
Provision for credit losses	355	-	-	-	355
Non-interest income	4,659	-	1,731	(1,970)	4,420
Non-interest expense	19,464	-	2,293	(1,970)	19,787
Income (loss) before taxes	8,691	-	(1,278)	-	7,413
Income tax expense (benefit)	2,042	-	(300)	-	1,742
Net income (loss)	\$ 6,649	\$ -	\$ (978)	\$ -	\$ 5,671

	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

(a) The Company divested the mortgage banking segment in 2023.

The Community Banking Segment reported net income of \$6.6 million, or \$1.68 per diluted share, in the first nine months of 2024 compared to \$8.0 million, or \$2.24 per diluted share, in the same period of 2023. Interest expense increased by \$3.9 million when compared to the 2023 period because of rate changes made by the Federal Reserve in addition to the \$15.6 million increase in average interest bearing deposits when compared to the prior year period. The increase in interest expense during the current period was partially offset by \$3.3 million higher interest income from loan growth and increased yields on earning assets. For the first nine months of 2024, the Community Banking Segment reported \$1.1 million lower non-interest income compared to the same period of 2023 primarily due to a \$421 thousand decrease in off-balance sheet deposit income and \$662 thousand less in management fee income from the Mortgage Segment that was partially offset by higher SBIC and BOLI revenues when compared to 2023 period. Non-interest expense was higher in the 2024 period due to the effect of significant inflationary pressures on salaries and benefits, increased data processing fees, regulatory and other expense that were partially offset by lower professional services and marketing expense compared to the same period in 2023. As noted above, the Company has lowered the number of its full-time equivalent employees by 4.9% since December, 31, 2023.

Consolidated net interest income in the first nine months of 2024 was \$23.1 million, a decrease of \$1.2 million, or 5.0%, from \$24.3 million in the first nine months of 2023. Net interest margin was 3.53% in the 2024 nine-month period compared to 3.74% reported in the prior year period. The increase in interest

bearing cash and loans held for investment at higher yields was more than offset by a lower volume of debt securities and loans held for sale and a significant increase in the cost of deposits.

On a consolidated basis, the 2024 nine-month period interest income increased \$2.8 million, or 8.8%, from \$31.8 million to \$34.6 million. The 5.28% average yield on interest-earning assets in the first nine months of 2024 was higher than the 4.89% average yield in the first nine months of 2023 because of a \$44.1 million year-over-year increase in the average balance of loans held for investment at higher yields and higher yields and balances of cash and cash equivalents. Those increases were partially offset by lower average balances of debt securities and loans held for sale.

Consolidated interest expense in the first nine months of 2024 was \$11.4 million, an increase of \$4.0 million from the 2023 period. As a result, the cost of core deposits in the first nine months of 2024 rose to 1.77% versus 1.12% in the first nine months of 2023.

The average balance of deposits increased by \$2.8 million compared to the first nine months of 2023. The cost of interest-bearing liabilities was 2.38% during the first nine months of 2024, compared to 1.59% in the same period of 2023. 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.

Non-interest income for the Community Banking Segment in the first nine months of 2024 was \$4.7 million, compared to \$5.8 million in the first nine months of 2023. Bank charges and service fees were \$497 thousand lower period-over-period primarily 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, 2024, off-balance sheet deposits amounted to \$20.1 million compared to \$34.8 million as of December 31, 2023. Consolidated other income in the first nine months of 2024 increased by \$204 thousand compared to the first nine months of 2023 because of a reduction of \$142 thousand on losses on sale of fixed assets when compared to the 2023 period along with higher SBIC and BOLI revenue recorded in 2024.

Non-interest expense for the Community Banking Segment in the first nine months of 2024 increased \$396 thousand, or 2.1%, year-over-year. The modest increase is a result of expense management efforts that have been largely offset by inflationary pressures on salaries and benefits and data processing

expenses.

During the nine-month period ended September 30, 2024, consolidated income tax expense was \$1.7 million, compared to \$1.1 million in the first nine months of 2023. Even so, the Company's effective tax rate was 23.5% in the first nine months of 2024, unchanged from the same period of 2023.

Assets and Liabilities

At the consolidated level, total assets were \$924.4 million at September 30, 2024 versus \$968.2 million at December 31, 2023. Total loans held for investment were \$683.2 million on September 30, 2024 compared to \$668.8 million on December 31, 2023. Debt securities decreased \$24.2 million from year-end 2023, primarily due to normal amortization, while cash and cash equivalent balances totaled \$69.2 million on September 30, 2024 compared to \$102.5 million on December 31, 2023.

Total deposits decreased \$41.4 million to \$795.8 million as of September 30, 2024, from an elevated balance of \$837.2 million on December 31, 2023, a move in line with deposit balances reported during the second and third quarters of 2023. During 2023, the Company experienced higher 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. As the Company experienced during 2023, off-balance sheet deposits can fluctuate significantly as a substantial portion of these deposits moved to higher rate opportunities in the short-term markets. The Company remains committed to cultivating new deposit relationships and prioritizing liquidity.

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

	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
(In thousands)			
Deposits:			
Non-interest-bearing	\$ 174,620	\$ 184,442	\$ 180,045
Interest-bearing –			
Savings, interest checking and money market	540,910	582,855	543,909
Time deposits	80,297	69,906	65,572
Total on balance sheet deposits	<u>795,827</u>	<u>837,203</u>	<u>789,526</u>
Off-balance sheet deposits (1)	<u>20,087</u>	<u>34,792</u>	<u>40,232</u>
Total available deposits	<u>\$ 815,914</u>	<u>\$ 871,995</u>	<u>\$ 829,758</u>

(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, 2024, the Company managed off-balance sheet time deposit balances of \$20.1 million, compared to \$18.7 million time deposit balances as of December 31, 2023 and \$20.7 million time deposit balances as of September 30, 2023.

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 more than 70% of its customers' deposit balances. This fact, combined with our strong balance sheet and sustained management focus on the Company's relationship-focused culture, has contributed to the Company's ability 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 desire FDIC insurance coverage. These off-balance sheet deposits were \$34.8 million at year-end 2023 and decreased to \$20.1 million at September 30, 2024. Off-balance sheet deposits can fluctuate greatly as customers' needs and objectives evolve. The Company earns non-interest income through the associated banking network for the utilization of these funds.

Trust assets under administration increased 9.7%, or \$37.8 million, to \$426.6 million at September 30, 2024, from \$388.8 million at December 31, 2023. During the first nine months of 2024, the Company benefited from material market value increases in trust assets as well as the acquisition of new assets under administration.

Asset Quality

The allowance for credit losses was \$9.5 million as of September 30, 2024, versus \$9.3 million on December 31, 2023. The allowance as a percentage of loans held for investment on September 30, 2024 increased slightly from 1.39% as of December 31, 2023 to 1.40% at current quarter end.

Past due loans for a period of 31-89 days decreased to \$2.5 million as of September 30, 2024, compared to \$4.8 million as of December 31, 2023. Nonperforming assets were \$5.9 million on September 30, 2024, compared to \$3.4 million on December 31, 2023. The increase in nonperforming assets is primarily due to the movement of one large SBA loan to non-accrual status. The ratio of nonperforming assets-to-total-assets was 0.64% at September 30, 2024 versus 0.35% at December 31, 2023. At September 30, 2024, \$4.8 million, or 81%, of the \$5.9 million in nonperforming loans were SBA loans that are supported by material government guarantees. When excluding the loan balances covered by government guarantees, the Company's non-forming assets to total assets ratio was 0.23% on September 30, 2024. As of

September 30, 2024, the Company did not hold any other real estate and held \$48 thousand in repossessed assets. As of December 31, 2023, the Company did not hold any other real estate and held \$33 thousand in repossessed assets.

As of September 30, 2024, classified loans were \$5.2 million compared to year-end 2023 where the Company held \$5.3 million of classified loans. As of September 30, 2024 and December 31, 2023, the Company had \$14.0 million and \$2.4 million, respectively, of potentially problematic loans, which are risk-rated as “watch list”.

Significant macroeconomic and geopolitical factors are present and evolving; the Company continues to monitor the possible impact of these factors on the performance of the loan portfolio.

BNC’s loans held for investment are geographically concentrated in North Dakota and Arizona, comprising 57% and 22%, 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 national legislation and changes in economic conditions that reduce energy production. 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:

Loans Held for Investment by Industry Sector

(in thousands)

	<u>September 30, 2024</u>		<u>December 31, 2023</u>	
Non-owner Occupied Commercial Real estate – not otherwise categorized	\$ 194,287	29 %	\$ 198,428	30 %
Consumer, not otherwise categorized	103,861	15	99,702	15
Hotels	82,160	12	83,985	13
Agriculture, forestry, fishing and hunting	39,468	6	33,503	5
Retail trade	32,435	5	35,827	5
Transportation and warehousing	29,602	4	27,905	4
Healthcare and social assistance	29,126	4	32,011	5
Art, entertainment and recreation	27,834	4	27,507	4
Non-hotel accommodation and food service	26,107	4	24,637	4
Mining, oil and gas extraction	20,603	3	22,149	3
Real estate and rental and leasing support services	16,341	2	9,804	2
Other service	13,753	2	11,940	2
Construction contractors	12,823	2	16,082	2
Manufacturing	11,755	2	7,801	1
Professional, scientific, and technical services	9,815	2	9,570	1
Finance and insurance	8,957	1	6,781	1
Public administration	7,384	1	7,837	1
Educational services	6,075	1	4,246	1
All other	9,685	1	8,051	1
Gross loans held for investment	<u>\$ 682,071</u>	<u>100 %</u>	<u>\$ 667,766</u>	<u>100 %</u>

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, 2024, the Company's loans related to office space were 3.41% of loans held for investment, and are primarily concentrated in North Dakota, with only 0.78% within the Arizona market.

Capital

Banks and bank holding companies operate under separate regulatory capital requirements. As of September 30, 2024, the Company's capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

A summary of BNC's capital ratios is presented below:

	September 30, 2024	December 31, 2023
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	14.21%	14.52%
Common equity tier 1 risk based capital	14.15%	14.58%
Tier 1 risk based capital	16.05%	16.49%
Total risk based capital	17.24%	17.64%
Tangible common equity	11.65%	11.19%
BNC National Bank		
Tier 1 leverage	13.33%	12.54%
Common equity tier 1 risk based capital	15.05%	14.25%
Tier 1 risk based capital	15.05%	14.25%
Total risk based capital	16.24%	15.40%
Tangible common equity	12.49%	10.96%

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 decrease in consolidated capital ratios was primarily due to the \$2.25 one-time special dividend declared and paid in the first quarter of 2024. The dividend was paid from cash being held at the holding company.

Share Repurchases

In December 2020, our Board of Directors approved a share repurchase program authorizing the Company to repurchase up to 175,000 shares of BNCCORP, INC. outstanding common stock. During the first quarter of 2024, the Company repurchased 50,000 shares of common stock for a total cost of \$1,162,500, or \$23.25 per share, excluding the cost of commissions, transaction charges and taxes. No other share

repurchase of common stock were made by the Company during 2024. As of September 30, 2024, there was 125,000 shares remaining under the Board of Directors' current authorized share repurchase program.

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 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 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,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
INCOME STATEMENT				
Interest income	\$ 11,644	\$ 11,086	\$ 34,572	\$ 31,789
Interest expense	3,965	3,226	11,437	7,445
Net interest income	7,679	7,860	23,135	24,344
Provision for credit losses	110	230	355	635
Net interest income after provision for credit losses	7,569	7,630	22,780	23,709
Non-interest income				
Bank charges and service fees	728	815	2,295	2,792
Wealth management revenues	510	504	1,510	1,474
Mortgage banking revenues	-	(381)	-	3,767
Gains on sales of loans, net	7	5	10	15
Gains on sales of debt securities, net	-	-	-	12
Other	169	175	605	401
Total non-interest income	1,414	1,118	4,420	8,461
Non-interest expense				
Salaries and employee benefits	3,569	3,673	11,381	13,677
Professional services	264	529	782	3,115
Data processing fees	898	862	2,605	2,915
Marketing and promotion	212	225	594	2,954
Occupancy	387	382	1,155	1,376
Regulatory costs	137	134	409	334
Depreciation and amortization	276	261	815	838
Office supplies and postage	83	94	281	322
Other	450	618	1,765	1,993
Total non-interest expense	6,276	6,778	19,787	27,524
Income before taxes	2,707	1,970	7,413	4,646
Income tax expense	636	463	1,742	1,092
Net income	\$ 2,071	\$ 1,507	\$ 5,671	\$ 3,554
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,533,413	3,578,029	3,547,895	3,577,216
Dilutive effect of share-based compensation	1,193	3,193	4,167	2,585
Adjusted weighted average shares (b)	3,534,606	3,581,222	3,552,062	3,579,801
EARNINGS PER SHARE DATA				
Basic earnings per common share	\$ 0.59	\$ 0.42	\$ 1.60	\$ 0.99
Diluted earnings per common share	\$ 0.59	\$ 0.42	\$ 1.60	\$ 0.99

(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, 2024	December 31, 2023	September 30, 2023
BALANCE SHEET DATA			
Cash and cash equivalents	\$ 69,210	\$ 102,454	\$ 51,366
Debt securities available for sale	135,594	159,772	158,016
FRB and FHLB stock	2,387	2,372	2,938
Loans held for sale-mortgage banking	-	-	120
Loans held for investment	683,201	668,808	665,026
Allowance for credit losses	(9,531)	(9,284)	(9,146)
Net loans held for investment	673,670	659,524	655,880
Premises and equipment, net	10,893	10,955	10,951
Operating lease right of use asset	708	938	1,020
Accrued interest receivable	3,951	4,206	3,851
Other	27,994	27,984	29,215
Total assets	<u>\$ 924,407</u>	<u>\$ 968,205</u>	<u>\$ 913,357</u>
Deposits:			
Non-interest-bearing	\$ 174,620	\$ 184,442	\$ 180,045
Interest-bearing –			
Savings, interest checking and money market	540,910	582,855	543,909
Time deposits	80,297	69,906	65,572
Total deposits	795,827	837,203	789,526
Guaranteed preferred beneficial interest in Company's subordinated debentures	15,464	15,464	15,000
Accrued interest payable	1,236	937	687
Accrued expenses	2,503	4,105	3,630
Operating lease liabilities	799	1,048	1,134
Other	824	1,030	1,133
Total liabilities	816,653	859,787	811,110
Common stock	35	36	36
Capital surplus – common stock	26,882	26,572	26,670
Retained earnings	90,714	93,186	91,035
Treasury stock	(2,687)	(1,528)	(1,665)
Accumulated other comprehensive income, net	(7,190)	(9,848)	(13,829)
Total stockholders' equity	107,754	108,418	102,247
Total liabilities and stockholders' equity	<u>\$ 924,407</u>	<u>\$ 968,205</u>	<u>\$ 913,357</u>
OTHER SELECTED DATA			
Trust assets under administration	\$ 426,639	\$ 388,829	\$ 369,377
Core deposits (1)	\$ 795,827	\$ 837,203	\$ 789,526
Tangible book value per common share (2)	\$ 30.60	\$ 30.38	\$ 28.71
Tangible book value per common share excluding accumulated other comprehensive income, net	\$ 32.64	\$ 33.13	\$ 32.59
Full time equivalent employees	137	144	145
Common shares outstanding	3,521,710	3,569,210	3,561,334

- (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)

AVERAGE BALANCE, YIELD EARNED, AND COST PAID

(dollars in thousands)

	For the Quarter Ended September 30, 2024			For the Quarter Ended September 30, 2023			Quarter-Over-Quarter Comparison		
	Average Balance	Interest Earned or Paid	Average Yield or Cost	Average Balance	Interest Earned or Paid	Average Yield or Cost	Change Due to		
							Rate	Volume	Total
Assets									
Interest-bearing due from banks	\$ 58,888	\$ 800	5.40%	\$ 40,980	\$ 561	5.44%	\$ (2)	\$ 241	\$ 239
FRB and FHLB stock	2,387	38	6.33%	2,938	36	4.85%	9	(7)	2
Debt securities available for sale	134,947	1,157	3.41%	163,192	1,322	3.21%	77	(242)	(165)
Loans held for sale-mortgage banking	-	-	0.00%	24,378	384	6.24%	(192)	(192)	(384)
Loans held for investment	686,015	9,649	5.58%	650,109	8,783	5.36%	371	495	866
Allowance for credit losses	(9,441)	-	0.00%	(8,980)	-	0.00%	-	-	-
Total	<u>\$ 872,796</u>	<u>\$ 11,644</u>	<u>5.31%</u>	<u>\$ 872,617</u>	<u>\$ 11,086</u>	<u>5.04%</u>	<u>\$ 263</u>	<u>\$ 295</u>	<u>\$ 558</u>
Liabilities									
Interest checking and money market	\$ 506,218	\$ 2,979	2.33%	\$ 515,959	\$ 2,655	2.04%	\$ 278	\$ 46	\$ 324
Savings	43,480	12	0.11%	43,957	12	0.11%	-	-	-
Time deposits	77,851	706	3.61%	61,909	296	1.90%	303	107	410
Short-term borrowings	3	-	0.00%	-	-	0.00%	-	-	-
Subordinated debentures	15,464	268	6.90%	15,000	263	6.95%	(2)	7	5
Total	<u>\$ 643,016</u>	<u>\$ 3,965</u>	<u>2.45%</u>	<u>\$ 636,825</u>	<u>\$ 3,226</u>	<u>2.01%</u>	<u>\$ 579</u>	<u>\$ 160</u>	<u>\$ 739</u>
Net Interest Income		<u>\$ 7,679</u>			<u>\$ 7,860</u>				
Net Interest Spread			<u>2.85%</u>			<u>3.03%</u>			
Net Interest Margin			<u>3.50%</u>			<u>3.57%</u>			

AVERAGE BALANCE, YIELD EARNED, AND COST PAID

(dollars in thousands)

	For the Nine Months Ended September 30, 2024			For the Nine Months Ended September 30, 2023			Nine Month Comparison		
	Average Balance	Interest Earned or Paid	Average Yield or Cost	Average Balance	Interest Earned or Paid	Average Yield or Cost	Change Due to		
							Rate	Volume	Total
Assets									
Interest-bearing due from banks	\$ 63,543	\$ 2,596	5.46%	\$ 36,351	\$ 1,353	4.98%	\$ 142	\$ 1,101	\$ 1,243
FRB and FHLB stock	2,383	109	6.11%	2,984	108	4.84%	25	(24)	1
Debt securities available for sale	139,848	3,594	3.43%	169,259	4,060	3.21%	265	(731)	(466)
Loans held for sale-mortgage banking	-	-	0.00%	35,724	1,514	5.67%	(757)	(757)	(1,514)
Loans held for investment	678,529	28,273	5.55%	634,460	24,754	5.22%	1,711	1,808	3,519
Allowance for credit losses	(9,385)	-	0.00%	(8,890)	-	0.00%	-	-	-
Total	<u>\$ 874,918</u>	<u>\$ 34,572</u>	<u>5.28%</u>	<u>\$ 869,888</u>	<u>\$ 31,789</u>	<u>4.89%</u>	<u>\$ 1,380</u>	<u>\$ 1,403</u>	<u>\$ 2,783</u>
Liabilities									
Interest checking and money market	\$ 511,758	\$ 8,817	2.30%	\$ 507,211	\$ 6,135	1.62%	\$ 1,716	\$ 966	\$ 2,682
Savings	43,277	35	0.11%	48,306	35	0.10%	4	(4)	-
Time deposits	72,653	1,791	3.29%	56,620	526	1.24%	1,050	215	1,265
Short-term borrowings	2	-	6.00%	333	6	2.41%	(3)	(3)	(6)
Subordinated debentures	15,464	794	6.86%	15,000	743	6.62%	27	24	51
Total	<u>\$ 643,154</u>	<u>\$ 11,437</u>	<u>2.38%</u>	<u>\$ 627,470</u>	<u>\$ 7,445</u>	<u>1.59%</u>	<u>\$ 2,794</u>	<u>\$ 1,198</u>	<u>\$ 3,992</u>
Net Interest Income		<u>\$ 23,135</u>			<u>\$ 24,344</u>				
Net Interest Spread			<u>2.90%</u>			<u>3.29%</u>			
Net Interest Margin			<u>3.53%</u>			<u>3.74%</u>			

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
OTHER AVERAGE BALANCES				
Total assets	926,066	926,655	928,579	924,690
Core deposits	799,556	801,292	802,058	799,428
Total equity	104,871	103,762	103,243	103,776
KEY RATIOS				
Return on average common stockholders' equity (a)	7.21%	5.17%	6.67%	4.14%
Return on average assets (b)	0.89%	0.65%	0.82%	0.51%
Efficiency ratio (Consolidated)	69.02%	75.50%	71.81%	83.90%
Efficiency ratio (Bank)	66.09%	72.28%	68.31%	80.61%

(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, 2024	December 31, 2023	September 30, 2023
ASSET QUALITY			
Loans 90 days or more delinquent and accruing interest	\$ -	\$ 832	\$ -
Non-accrual loans	5,873	2,519	1,405
Total nonperforming loans	\$ 5,873	\$ 3,351	\$ 1,405
Repossessed assets, net	48	33	11
Total nonperforming assets	\$ 5,921	\$ 3,384	\$ 1,416
Allowance for credit losses	\$ 9,531	\$ 9,284	\$ 9,146
Ratio of total nonperforming loans to total loans	0.86%	0.50%	0.21%
Ratio of total nonperforming assets to total assets	0.64%	0.35%	0.16%
Ratio of nonperforming loans to total assets	0.64%	0.35%	0.15%
Ratio of allowance for credit losses to loans held for investment	1.40%	1.39%	1.38%
Ratio of allowance for credit losses to total loans	1.40%	1.39%	1.38%
Ratio of allowance for credit losses to nonperforming loans	162%	277%	651%

(In thousands)	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Changes in Nonperforming Loans:				
Balance, beginning of period	\$ 3,055	\$ 1,434	\$ 3,351	\$ 1,355
Additions to nonperforming	3,279	25	4,862	357
Charge-offs	(42)	(8)	(44)	(95)
Reclassified back to performing	(1)	-	(1,716)	(1)
Principal payments received	(381)	(46)	(511)	(165)
Transferred to repossessed assets	(37)	-	(69)	(46)
Balance, end of period	\$ 5,873	\$ 1,405	\$ 5,873	\$ 1,405

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Changes in Allowance for Credit Losses:				
Balance, beginning of period	\$ 9,603	\$ 9,212	\$ 9,459	\$ 8,831
Cumulative effect of CECL adoption	-	-	-	125
Provision	110	230	355	635
Loans charged off	(54)	(103)	(183)	(268)
Loan recoveries	7	4	35	20
Balance, end of period	\$ 9,666	\$ 9,343	\$ 9,666	\$ 9,343
Components:				
Allowance for loan losses	\$ 9,531	\$ 9,146	\$ 9,531	\$ 9,146
Allowance for unfunded commitments	\$ 135	\$ 197	\$ 135	\$ 197
Ratio of net charge-offs to average total loans	(0.007)%	(0.015)%	(0.022)%	(0.037)%
Ratio of net charge-offs to average total loans, annualized	(0.027)%	(0.059)%	(0.029)%	(0.049)%

(In thousands)	As of		
	September 30, 2024	December 31, 2023	September 30, 2023
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	\$ 61,823	\$ 62,019	\$ 61,295
Construction	1,074	5,247	18,582
Agricultural	42,067	35,220	33,272
Land and land development	8,033	7,992	6,505
Owner-occupied commercial real estate	37,545	35,260	32,102
Commercial real estate	127,513	135,858	123,673
Small business administration	18,782	18,046	17,660
Consumer	91,320	88,066	88,863
Subtotal gross loans held for investment	\$ 388,157	\$ 387,708	\$ 381,952
Consolidated			
Commercial and industrial	\$ 98,990	\$ 93,949	\$ 93,702
Construction	4,821	21,648	43,612
Agricultural	44,834	37,720	35,795
Land and land development	10,378	8,416	8,129
Owner-occupied commercial real estate	79,991	84,386	80,902
Commercial real estate	248,737	245,939	231,251
Small business administration	76,977	63,836	59,905
Consumer	117,343	111,872	110,572
Total gross loans held for investment	\$ 682,071	\$ 667,766	\$ 663,868