



PUBLIC DISCLOSURE

October 20, 2025

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

BNC National Bank
Charter Number: 24224

20175 North 67th Avenue
Glendale, AZ 85308

Office of the Comptroller of the Currency
Minneapolis Office
222 South 9th Street, Suite 800
Minneapolis, MN

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The Lending Test and the Community Development (CD) Test rating are based on the combined ratings of the State of North Dakota and the State of Arizona. The State of North Dakota received the most weight as it represents the bank’s largest deposit base, lending activity, and branch presence.
- BNC National Bank (BNC) demonstrated reasonable dispersion of loans throughout geographies of different income levels and distribution of loans to businesses and farms of different sizes.
- BNC’s CD performance showed reasonable responsiveness to assessment area (AA) needs through CD loans, qualified investments and donations, and CD services. The CD Test rating is based on the combined ratings of North Dakota and Arizona, listed in order of weight.
- The bank’s loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank’s loans were originated or purchased inside its AAs.
- BNC did not receive any CRA related complaints during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank’s size, financial condition, and credit needs of the AAs, the bank’s LTD ratio is reasonable. BNC’s average quarterly LTD was 76.9 percent over the 16 quarters since the previous CRA evaluation. The ratio ranged from a high of 84.7 percent on June 30, 2024, to a low of 65.5 percent on December 31, 2021. BNC ranked second of four banks operating within at least one of BNC’s AAs with total assets between \$914 million and \$2 billion.

Loan-to-Deposit Ratio		
Institution (Headquarters)	Total Assets (\$000s)	Average LTD Ratio
Southwest Heritage Bank (Scottsdale, AZ)	\$914,409	92.74%
BNC National Bank (Phoenix, AZ)	\$965,288	76.95%
Starion Bank (Bismarck, ND)	\$2,015,630	70.30%
Dakota Community Bank & Trust (Hebron, ND)	\$1,273,533	55.84%
<i>Assets as of 12/31/2024, Call Report Data</i>		
<i>Average LTD ratio from 1/1/2021-12/31/2024</i>		

Lending in Assessment Area

A majority of the bank’s loans were inside its AAs. The bank originated and purchased 82 percent of its total loans inside the bank’s AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Table 1: Lending Inside and Outside the Assessment Areas										2022-2024
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	49	81.67	11	18.33	60	\$16,722	51.88	\$15,511	48.12	\$32,233
Small Farm	17	85.00	3	15.00	20	\$4,170	94.03	\$265	5.97	\$4,435
Total	66	82.50	14	17.50	80	\$20,892	56.98	\$15,776	43.02	\$36,668

Source: 1/1/2022 - 12/31/2024 Bank Data.
Due to rounding, totals may not equal 100.0%

Description of Institution

BNC is a multistate financial institution chartered in Glendale, Arizona. BNC is wholly owned by BNCCORP, Inc, a publicly traded holding company located in Bismarck, ND. BNC does not operate any subsidiaries, and we did not consider any affiliate activity in this evaluation.

BNC operates 11 branches with one branch in Arizona and the remaining 10 branches in North Dakota. North Dakota markets include the Bismarck Metropolitan Statistical Area (MSA) and branches throughout rural North Dakota. The bank's Arizona branch is located in the Phoenix MSA. BNC operates 10 cash-dispensing ATMs and none have deposit-taking capabilities.

As of December 31, 2024, BNC's assets totaled \$965 million, loans totaled \$699 million, deposits totaled \$859 million, and tier 1 capital totaled \$110 million. The loan portfolio, by outstanding dollar volume, is comprised of 71 percent business loans, 14 percent home mortgage loans, nine percent consumer loans, and six percent agriculture loans. BNC's primary focus is on commercial lending; however, the bank offers a full range of consumer and commercial deposit products and loan types. BNC also offers fiduciary services, including employee benefit plans in Arizona and North Dakota and limited personal trust activity in North Dakota.

For purposes of this examination, BNC operates in three AAs across two rating areas. Rural areas of North Dakota (ND) were combined into one AA (ND Non-MSA). AAs include the Bismarck MSA, ND Non-MSA, and Phoenix MSA. Rating areas include the State of North Dakota and the State of Arizona.

There are no known financial, legal, or other factors that impede BNC's ability to help meet the credit needs of its AAs. BNC received a satisfactory rating at the prior CRA evaluation dated March 7, 2022.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated the bank's performance using the CRA intermediate small bank performance standards, which consisted of a Lending and CD test. The evaluation period is January 1, 2022, to December 31, 2024. We determined BNC's primary loan products for each AA by reviewing the number and dollar volume of loan originations and purchases during the evaluation period. Business loans were BNC's primary loan product in all AAs. In the ND Non-MSA, farm loans were identified as an additional primary product. To evaluate lending performance, we sampled business and farm loans in each AA in which it was a primary product.

To evaluate CD performance, we reviewed CD loans, investments, donations, and services submitted by bank management. Activities meeting the definition of CD are included in this evaluation.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA, if applicable, are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. We completed a full-scope review of each AA. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected.

Ratings

The bank’s overall rating is a blend of the two state ratings.

When determining conclusions, we weighed the bank’s performance in the State of North Dakota most heavily. The State of North Dakota represents 91 percent of branch locations, 92 percent of deposit volume as of June 30, 2024, and 95 percent of loan originations by dollar during the evaluation period. Performance in the State of Arizona carries the least weight.

The state ratings in rating areas with a single AA are based on performance in that AA. The state ratings in rating areas with multiple AAs are based on the combination of conclusions in those AAs. Refer to the “Scope” section under each state for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) (March 29, 2024) in determining a national banks or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of North Dakota

CRA rating for the State of North Dakota: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The bank exhibited a reasonable geographic distribution of loans in its AAs.
- The bank exhibited a reasonable distribution of loans among businesses and farms of different sizes.
- BNC demonstrated adequate responsiveness to the CD needs of its AA through CD loans, qualified investments and donations, and CD services.

Description of Institution's Operations in North Dakota

BNC operates two AAs within the State of North Dakota, the Bismarck MSA and the ND Non-MSA.

Bismarck MSA

The Bismarck MSA includes the following counties in their entirety: Burleigh, Morton, and Oliver. There are 27 census tracts (CTs) in the MSA. Of those 27 CTs, two are upper-, 22 are middle-, and three are moderate-income. There are no low-income CTs in the MSA. BNC operates five branches and four cash-dispensing ATMs in the Bismarck MSA.

Bank competition within the MSA is moderate. The June 30, 2024, FDIC deposit market share data showed 18 institutions operating 55 offices in the AA. Of those institutions, BNC ranked sixth with an 8.3 percent market share. The top three institutions were Starion Bank, Dakota Community Bank & Trust, and Gate City Bank. These institutions operate with the highest market share in the Bismarck MSA, accounting for 39 percent of deposits.

According to Moody's, government represented the largest portion of employment at 21 percent, followed by education and health services at 20 percent, professional and business services at 11 percent, and leisure and hospitality services at 10 percent.

According to the Bureau of Labor Statistics, the non-seasonally adjusted December 2024 unemployment rate was 2.3 percent, 2.6 percent, and 4.6 percent for Burleigh, Morton, and Oliver counties, respectively.

We reviewed a recently completed community contact to obtain an understanding of the credit needs of the Bismarck MSA. This individual is involved in a local Chamber of Commerce. The contact identified a demand for affordable housing as the largest need in the MSA currently. The contact also stated that competition between banks is high, and institutions are good at focusing on community outreach.

Assessment Area - Bismarck MSA						
						2022-2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	0.00	11.11	81.48	7.41	0.00
Population by Geography	133,626	0.00	8.09	81.55	10.36	0.00
Housing Units by Geography	59,232	0.00	10.02	81.36	8.62	0.00
Owner-Occupied Housing by Geography	38,041	0.00	7.48	80.49	12.03	0.00
Occupied Rental Units by Geography	16,009	0.00	14.70	83.11	2.19	0.00
Vacant Units by Geography	5,182	0.00	14.24	82.34	3.42	0.00
Businesses by Geography	7,016	0.00	10.80	79.35	9.85	0.00
Farms by Geography	520	0.00	4.62	84.23	11.15	0.00
Family Distribution by Income Level	34,592	17.99	18.07	25.41	38.53	0.00
Household Distribution by Income Level	54,050	22.98	16.23	19.45	41.34	0.00
Unemployment rate (%)	2.37	0.00	5.58	2.19	0.98	0.00
Households Below Poverty Level (%)	8.98	0.00	9.27	9.82	1.18	0.00
Median Family Income (13900 - Bismarck, ND MSA)		\$93,359		Median Housing Value		\$254,500
Median Family Income (13900 - Bismarck, ND MSA) for 2024		\$108,500		Median Gross Rent		\$871
				Families Below Poverty Level		4.27
FFIEC File - 2024 Census						
2024 Dun & Bradstreet SBSF Demographics						
Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification						

ND Non-MSA

The ND-Non MSA is comprised of six CTs located in North Dakota. The ND Non-MSA includes the entirety of Divide and Emmons Counties, and portions of McKenzie, McLean, and Mountrail Counties. The AA consists of only middle-income CTs. BNC operates five full-service branches and four cash-dispensing ATMs throughout the AA.

Bank competition within the AA is moderate. The June 30, 2024, FDIC deposit market share data showed 11 institutions operating 25 offices in the AA. Of those institutions, BNC ranked fifth with an 8.4 percent market share. The top three institutions were First International Bank & Trust, Cornerstone Bank, and Bravera Bank. These institutions operate with the highest market share in the AA, accounting for 70 percent of deposits.

According to Data USA, the major industries in the AA are oil and gas extraction, retail trade, and agriculture.

According to the Bureau of Labor Statistics, the non-seasonally adjusted December 2024 unemployment rate was 1.9 percent, 4.5 percent, 2.4 percent, 3.2 percent, and 2.6 percent for Divide, Emmons, McKenzie, McLean, and Mountrail Counties, respectively.

Assessment Area - ND Non-MSA						
						2022-2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.00	0.00	100.00	0.00	0.00
Population by Geography	24,891	0.00	0.00	100.00	0.00	0.00
Housing Units by Geography	15,753	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	7,869	0.00	0.00	100.00	0.00	0.00
Occupied Rental Units by Geography	3,255	0.00	0.00	100.00	0.00	0.00
Vacant Units by Geography	4,629	0.00	0.00	100.00	0.00	0.00
Businesses by Geography	1,470	0.00	0.00	100.00	0.00	0.00
Farms by Geography	255	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	6,688	19.47	13.98	22.73	43.82	0.00
Household Distribution by Income Level	11,124	19.60	15.16	19.82	45.42	0.00
Unemployment rate (%)	2.32	0.00	0.00	2.32	0.00	0.00
Households Below Poverty Level (%)	8.71	0.00	0.00	8.71	0.00	0.00
Median Family Income (Non-MSAs - ND)		\$81,182			Median Housing Value	\$177,600
Median Family Income (Non-MSAs - ND) for 2024		\$98,800			Median Gross Rent	\$822
					Families Below Poverty Level	6.28
FFIEC File - 2024 Census						
2024 Dun & Bradstreet SBSF Demographics						
Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification						

Scope of Evaluation in North Dakota

We completed a full-scope review of both the Bismarck MSA and the ND Non-MSA. When determining the rating for the State of North Dakota, performance in the Bismarck MSA carried the most weight followed by the ND Non-MSA. The Bismarck MSA is the bank's largest AA in the State of North Dakota with 66 percent of deposits, 84 percent of loans, and 50 percent of branches. The ND Non-MSA is the smallest AA in the State of North Dakota with 34 percent of deposits, 16 percent of loans, and 50 percent of branches. Refer to Appendix A for additional information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NORTH DAKOTA

LENDING TEST

The bank's performance under the Lending Test in North Dakota is rated Satisfactory.

Conclusions for Areas Receiving a Full-Scope Review

Based on full-scope reviews, the bank's lending performance in the state of North Dakota was reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibited a reasonable geographic distribution of loans in the State of North Dakota. This conclusion was based on the bank's performance in the Bismarck MSA only as there were no low- or moderate-income tracts in the ND Non-MSA.

Small Loans to Businesses

Refer to Table 9 in the State of North Dakota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Bismarck MSA

The geographic distribution of small loans to businesses is reasonable. The proportion of loans in moderate-income geographies was near to the percentage of small businesses and was below aggregate lending performance. There were no low-income tracts in the AA.

Lending Gap Analysis

There were no unexplained conspicuous gaps identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a reasonable distribution of loans to businesses and farms of different sizes in the State of North Dakota. For the Bismarck MSA, we only reviewed small loans to businesses. For the ND Non-MSA, we weighed small farm loans more as 66 percent by number and 40 percent by dollar volume of loan originations were agriculture loans.

Small Loans to Businesses

Refer to Table 10 in the State of North Dakota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Bismarck MSA

The borrower distribution of small loans to businesses is reasonable. The proportion of loans was near to aggregate lending performance but well below the percentage of small businesses. We relied more on the aggregate lending performance since it was more representative of lending opportunities.

ND Non-MSA

The borrower distribution of small loans to businesses is excellent. The proportion of loans exceeds both the percentage of small businesses and aggregate lending performance.

Small Loans to Farms

Refer to Table 12 in the State of North Dakota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

ND Non-MSA

The borrower distribution of small loans to farms is excellent. The proportion of loans exceeds aggregate lending performance and is near to the percentage of small farms.

Responses to Complaints

BNC did not receive any CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the State of North Dakota is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibited adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AAs.

Number and Amount of Community Development Loans

BNC exhibits excellent responsiveness to CD lending needs in North Dakota. The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans, that also qualify as CD loans.

Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Bismarck MSA	10	71.4	8,613	50.3
ND Non-MSA	0	0.0	0	0.0
Broader Statewide/Regional Area	4	28.6	8,511	49.7
Total	14	100.0	17,124	100.0

Bismarck MSA

The bank made 10 CD loans totaling \$8.6 million, which represented 13 percent of allocated tier 1 capital. By dollar volume, 68 percent were for economic development, 31 percent were for community services, and one percent were for revitalizing/stabilizing low- and moderate-income (LMI) areas.

The following are examples of CD loans the bank originated or purchased in this AA:

- An SBA 7(a) loan which financed a small business that retained and created jobs in the AA. The loan was done in conjunction with the North Dakota Opportunity Fund.
- A \$1.2 million SBA 504 loan to purchase real estate supporting business expansion and job creation in the AA.
- Two SBA 504 loans totaling \$1.1 million that supported business expansion and job creation in the AA.

ND Non-MSA

The bank did not originate any CD loans in the ND Non-MSA during the evaluation period.

Broader Statewide or Regional Area

BNC originated 4 CD loans totaling \$8.5 million during the evaluation period that benefited the broader statewide area. All CD loans were for the purpose of economic development.

Number and Amount of Qualified Investments

BNC exhibits adequate responsiveness to CD investment needs in North Dakota. The Qualified Investments table, shown below, sets forth the information and data used to evaluate BNC's level of

qualified CD investments.

Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Bismarck MSA	2	3,586	32	62	34	79.1	3,648	99.1	0	0
ND Non-MSA	0	0	9	33	9	20.9	33	0.9	0	0
Total	2	3,586	41	95	43	100.0	3,681	100.0	0	0

Bismarck MSA

Investments and donations totaled \$3.7 million during the evaluation period. This represents 5.5 percent of allocated tier 1 capital. During the evaluation period, the bank did not purchase any investments. The bank received credit for two previously qualified investments that are still outstanding. Management provided 32 donations totaling \$62 thousand. The donations support economic development and community services to LMI individuals.

The following are examples of qualified investments in the AA:

- Three donations totaling \$18 thousand to provide health care, shelter, and other community services targeted to LMI.
- Three donations totaling \$6 thousand to provide meals to LMI households in the AA.
- Three donations totaling \$3 thousand to a food bank in the AA.

ND Non-MSA

Management provided nine donations totaling \$33 thousand during the evaluation period. This represents less than one percent of allocated tier 1 capital. The donations support revitalizing and stabilizing local economies as well as community services to LMI individuals. During the evaluation period, the bank did not purchase any investments.

The following are examples of qualified investments in the AA:

- Five donations totaling \$20 thousand to support school infrastructure in a distressed and underserved middle-income area.
- One donation totaling \$7,500 providing food delivery services to LMI elderly and disabled households in the AA.

Extent to Which the Bank Provides Community Development Services

BNC employees provided an adequate level of CD services to their local communities. During the evaluation period, eight employees in the State of North Dakota provided services to 31 different organizations totaling 1,946 hours. These organizations provided economic development opportunities to small businesses and provided community services to LMI individuals. Of the services performed, all of the employees served as board or committee members.

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

State Rating

State of Arizona

CRA rating for the State of Arizona: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The bank exhibited excellent geographic distribution of loans in its AAs.
- The bank exhibited a reasonable distribution of loans among businesses of different sizes.
- BNC demonstrated excellent responsiveness to the CD needs of its AA through CD loans, qualified investments and donations, and CD services.

Description of Institution's Operations in Arizona

The Phoenix-Mesa-Chandler (Phoenix) MSA consists of Maricopa and Pinal Counties, in their entirety. BNC operates one branch and one cash-dispensing ATM in the Phoenix MSA. This AA includes 1,104 CTs, of which 354 are designated as upper-income, 362 are middle-income, 294 are moderate-income, 68 are low-income, and 26 have an "unknown" income designation.

Bank competition within the MSA is high. The June 30, 2024, FDIC deposit market share data showed 60 institutions operating 675 offices in the AA. Of those institutions, BNC ranked 49th with less than one percent market share. The top four institutions accounted for 78 percent of market share in the AA; Western Alliance Bank, JPMorgan Chase Bank, Bank of America, and Wells Fargo Bank

According to Moody's, education and health services represented the largest portion of employment at 17 percent, followed by professional and business services at 16 percent, leisure and hospitality services at 11 percent, and government and retail trade with 10 percent each.

According to the Bureau of Labor Statistics, the non-seasonally adjusted December 2024 unemployment rate was 3.1 percent for Maricopa County and 3.7 percent for Pinal County.

We reviewed a recently completed community contact to obtain an understanding of the CD and credit needs of the Phoenix MSA. The contact was involved with a local Economic Development Department in the MSA. This individual stated that even though the Phoenix metro was one of the last to come out of the economic downfall post-pandemic, the local economy has done well and continues to grow. This individual was not aware of any significant needs for financial institutions to fund community development opportunities but did mention affordable housing as well as economic development as opportunities for financial institution participation. The contact also noted financing for small businesses as an opportunity for the MSA.

Assessment Area - Phoenix MSA						
						2022-2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,104	6.16	26.63	32.79	32.07	2.36
Population by Geography	4,845,832	5.68	25.89	34.53	33.17	0.72
Housing Units by Geography	1,943,813	5.17	27.20	35.16	32.09	0.38
Owner-Occupied Housing by Geography	1,123,410	2.58	21.68	36.78	38.79	0.18
Occupied Rental Units by Geography	621,809	9.87	35.93	32.31	21.22	0.67
Vacant Units by Geography	198,594	5.14	31.13	34.93	28.22	0.57
Businesses by Geography	384,710	3.93	19.28	29.96	46.32	0.51
Farms by Geography	9,093	4.11	21.99	31.76	41.38	0.75
Family Distribution by Income Level	1,153,885	20.59	18.26	20.27	40.87	0.00
Household Distribution by Income Level	1,745,219	22.58	17.00	18.63	41.79	0.00
Unemployment rate (%)	5.23	8.04	6.65	4.90	4.02	10.31
Households Below Poverty Level (%)	11.24	30.79	16.94	8.96	5.70	30.29
Median Family Income (38060 - Phoenix-Mesa-Chandler, AZ MSA)		\$78,930		Median Housing Value		\$242,450
Median Family Income (38060 - Phoenix-Mesa-Chandler, AZ MSA) for 2024		\$101,300		Median Gross Rent		\$1,228
				Families Below Poverty Level		9.08
FFIEC File - 2024 Census						
2024 Dun & Bradstreet SBSF Demographics						
Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification						

Scope of Evaluation in Arizona

We completed a full-scope review of the Phoenix MSA, which is the only AA in the state. Refer to Appendix A, Scope of Examination, for more information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARIZONA

LENDING TEST

The bank's performance under the Lending Test in Arizona is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of Arizona was reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibited excellent geographic distribution of loans in the State of Arizona.

Small Loans to Businesses

Refer to Table 9 in the State of Arizona section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses is excellent. The proportion of loans in LMI geographies exceeded both the percentage of businesses and aggregate lending performance.

Lending Gap Analysis

There were no unexplained conspicuous gaps identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a reasonable distribution of loans to businesses of different sizes.

Small Loans to Businesses

Refer to Table 10 in the State of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The borrower distribution of small loan to businesses was reasonable. The proportion of loans was below aggregate lending performance and well below the percentage of small businesses.

Responses to Complaints

BNC did not receive any CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Arizona is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibited excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Table 3: Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Phoenix MSA	12	70.6	13,938	69.8
Broader Statewide/Regional Area	5	29.4	6,018	30.2
Total	17	100.0	19,956	100.0

The level of CD lending was excellent. The bank made 12 CD loans totaling \$13.9 million, which represented 84 percent of allocated tier 1 capital. By dollar volume, 97 percent were for economic development and 3 percent were for community services.

The following are examples of CD loans the bank originated or purchased in this AA:

- Two SBA 504 loans totaling \$7.6 million that promotes job creation and economic development in the AA by financing a school for children with autism.
- One SBA 504 loan supporting business expansions and job creation in the AA.
- A loan for \$373 thousand to support a childcare center that primarily serves low-income children in the AA.

Broader Statewide or Regional Area

BNC originated 5 CD loans totaling \$6 million during the evaluation period that benefited the broader statewide area. All CD loans were for the purpose of economic development.

Number and Amount of Qualified Investments

Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Phoenix MSA	1	1,262	0	0	1	100.0	1,262	100.0	0	0

BNC provided an excellent volume of CD investments to the Phoenix MSA during the evaluation period. Investments totaled \$1.3 million, representing 13.7 percent of allocated tier 1 capital. During the evaluation period, the bank did not purchase any investments. The bank received credit for one previously qualified investment in a Freddie Mac 30-year mortgage-backed security in which all borrowers were LMI that still has an outstanding balance. Management did not provide any donations in the Phoenix MSA.

Extent to Which the Bank Provides Community Development Services

The institution provided a relatively high level of CD services. The bank provided 13 qualified services by two employees totaling 960 hours to five different organizations during the evaluation period. Leadership is evident through board or committee participation in all of those activities. Service activities were responsive to CD needs, particularly related to economic development. For example, one employee serves on the board for an organization that facilitates the creation of a prosperous regional economy.

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/2022 – 12/31/2024	
Bank Products Reviewed:	Small business and small farm Community development loans, qualified investments/donations, and community development services	
Affiliate	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
North Dakota		
Bismarck MSA	Full-scope	Burleigh, Morton, and Oliver counties
ND Non-MSA	Full-scope	Divide County – 9545 Emmons County – 9665 McKenzie County – 9624 McLean County – 9608, 9610.01 Mountrail County -9552
Arizona		
Phoenix MSA	Full-scope	Maricopa and Pinal counties

Appendix B: Summary of MMSA and State Ratings

RATINGS			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
BNC National Bank	Satisfactory	Satisfactory	Satisfactory
State:			
North Dakota	Satisfactory	Satisfactory	Satisfactory
Arizona	Satisfactory	Outstanding	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. Census tracts ideally contain about 4,000 people and 1,600 housing units.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the Small Business Administration Development Company or Small Business Investment Company programs' size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including low- and moderate-income areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of CD loans and qualified investments, branch distribution, and CD services).

Low-Income: Individual income that is at less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a Core Based Statistical Area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Prior Period Investments: Investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multistate metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Unfunded Commitments: Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 9. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s AA.
- Table 10. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: (1) the percentage distribution of businesses with revenues of greater than \$1 million; and, (2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table 11. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s AA.
- Table 12. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to: (1) the percentage distribution of farms with revenues of greater than \$1 million;

and, (2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

State of North Dakota

Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022 - 2024		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate		
Bismarck MSA	20	87,681	50.0	5,547	--	0.0	--	11.01	10.0	13.09	79.54	80.0	75.99	9.45	10.0	10.92	--	0.0	--		
ND Non-MSA	20	1,898	50.0	1,075	--	0.0	--	--	0.0	--	100.00	100.0	100.00	--	0.0	--	--	0.0	--		
Total	40	89,579	100.0	6,622	--	0.0	--	9.17	6.5	10.96	82.95	87.0	79.89	7.87	6.5	9.15	--	0.0	--		

Source: FFIEC File - 2020 Census; 1/1/2022 - 12/31/2024 Bank Data, 2023 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2022 - 2024	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Bismarck MSA	60	288,313	75.0	5,547	79.01	51.67	55.63	9.19	48.33	11.80	0.0		
ND Non-MSA	20	1,898	25.0	1,075	77.13	95.0	55.16	8.66	5.0	14.20	0.0		
Total	80	290,211	100.0	6,622	78.69	66.84	55.56	9.10	33.16	12.21	0.0		

Source: FFIEC File - 2020 Census; 1/1/2022 - 12/31/2024 Bank Data, 2023 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table 11: Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2022 - 2024		
Assessment Area:	Total Loans to Farm			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts					
	#	\$	% of Total Number	Overall Market	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	% Aggregate		
ND Non-MSA	20	4,455	100.0	746	--	0.0	--	--	0.0	--	100.00	100.0	100.00	--	0.0	--	--	0.0	--		
Total	20	4,455	100.0	746	--	0.0	--	--	0.0	--	100.00	100.0	100.00	--	0.0	--	--	0.0	--		

Source: FFIEC File - 2020 Census; 1/1/2022 - 12/31/2024 Bank Data, 2023 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table 12: Assessment Area Distribution of Loans to Farms by Gross Annual Revenue												2022 - 2024	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total Number	Overall Market	% Farms	% Bank Loans	% Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
ND Non-MSA	20	4,455	100.0	746	94.87	85.0	49.20	4.76	15.0	0.37	0.0		
Total	20	4,455	100.0	746	94.87	85.0	49.20	4.76	15.0	0.37	0.0		

Source: FFIEC File - 2020 Census; 1/1/2022 - 12/31/2024 Bank Data, 2023 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

State of Arizona

Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022 - 2024		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate		
Phoenix MSA	20	6,018	100.0	274,922	4.16	10.0	3.45	19.72	25.0	18.34	29.42	25.0	29.90	46.23	40.0	47.66	0.48	0.0	0.65		
Total	20	6,018	100.0	272,922	4.16	10.0	3.45	19.72	25.0	18.34	29.42	25.0	29.90	46.23	40.0	47.66	0.48	0.0	0.65		

Source: FFIEC File - 2020 Census; 1/1/2022 - 12/31/2024 Bank Data, 2023 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2022 - 2024	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Phoenix MSA	20	6,018	100.0	274,922	89.44	45.0	55.01	4.80	55.0	5.75	0.0		
Total	20	6,018	100.0	274,922	89.44	45.0	55.01	4.80	55.0	5.75	0.0		

Source: FFIEC File - 2020 Census; 1/1/2022 - 12/31/2024 Bank Data, 2023 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%