NEWS RELEASE

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BNCCORP, INC. REPORTS FOURTH QUARTER NET INCOME OF $12.4 MILLION, OR $3.49 PER DILUTED SHARE

Highlights

- **2020 full-year net income through December 31, 2020, grew significantly to $44.6 million, or $12.52 per diluted share, from $10.2 million, or $2.88 per diluted share for the 2019 year.**
- **Return on assets and return on equity was 4.21% and 38.84%, respectively for the year ended December 31, 2020, compared to 1.01% and 11.41%, respectively, for the year ended December 31, 2019.**
- **Mortgage revenue rose to $22.3 million in the fourth quarter of 2020, from $7.6 million in the 2019 period.**
- **Provision for credit losses was $270 thousand in the fourth quarter of 2020 and $2.7 million in the full year 2020.**
- **Allowance for credit losses at December 31, 2020, was 1.98% of loans and leases held for investment excluding $50.6 million of Small Business Administration Paycheck Protection Program (PPP) loans, compared to 1.60% at December 31, 2019.**
- **Tangible book value per share increased $6.00 to $33.39 at December 31, 2020, from $27.39 at December 31, 2019.**
- **During the fourth quarter, the Company announced an $8.00 per share special cash dividend and 175,000 share repurchase authorization.**
- **Tangible common equity increased to 11.01% of total assets at December 31, 2020, from 9.95% at December 31, 2019.**

BISMARCK, ND, January 29, 2021 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota, Arizona, and Minnesota, and has mortgage banking offices in Illinois, Kansas, Missouri, Michigan, Arizona, and North Dakota, today reported financial results for the fourth quarter and year ended December 31, 2020.

<u>Overview of Highlights</u>

Net income in the fourth quarter of 2020, grew significantly to $12.4 million, compared to $1.5 million in the same period of 2019. Fourth quarter 2020 earnings per diluted share rose 711.6% to $3.49 from $0.43 in the prior-year fourth quarter. The year-over-year period increase was primarily due to higher net interest income, significantly increased mortgage revenues, and the absence of losses resulting from the sales of debt securities that occurred in the 2019 period, while being partially offset by higher non-interest expense.

Fourth quarter 2020 net interest income increased by $1.1 million to $8.5 million, or 14.7%, from the comparable 2019 quarter. Fourth quarter 2020 interest income decreased by $354 thousand from the 2019 fourth quarter as the impact of loan growth including PPP loans was offset by lower yields on loans and lower balances and yields on debt securities. Fourth quarter 2020 interest expense decreased by $1.4 million, or 66.9%, due to a reduction in the cost of deposits and borrowings, fewer Federal Home Loan Bank (FHLB) advances, and the redemption of $10.0 million of subordinated debt in the fourth quarter 2019.

Non-interest income in the fourth quarter of 2020 grew by $18.0 million, or 319.5%, from the same period in 2019. In the fourth quarter of 2020, mortgage banking revenues were $22.3 million, $14.7 million higher than the same period a year ago. Mortgage banking revenues were driven primarily by refinance activity stemming from continued favorable interest rates. Mortgage-related margins also increased relative to the year-ago period. There were no gains or losses on sales of debt securities in the fourth quarter of 2020 compared to losses on sales of debt securities of $3.3 million related to deleveraging activities in the same period of 2019.

As expected, non-interest expense in the 2020 fourth quarter increased by $5.0 million, or 45.1%, versus the fourth quarter of 2019 due primarily to increases in mortgage banking operating costs.

The ratio of nonperforming assets to total assets was 0.24% at December 31, 2020, compared to 0.21% at December 31, 2019. The Company's provision for credit losses was $270 thousand in the 2020 fourth quarter versus $200 thousand in the fourth quarter of 2019. The allowance for credit losses was 1.98% of loans and leases held for investment (excluding $50.6 million of PPP loan) at December 31, 2020, compared to 1.60% at December 31, 2019. The Company continues to monitor key industry data and will prudently adjust its provision for credit losses as appropriate.

At December 31, 2020, loans modified consistent with Section 4013 of the CARES Act totaled $42 million compared to $205 million earlier in 2020. The majority of these modified loans (55%) are in the hotel industry. Other services to the hospitality industry and the accommodation and food service industry comprise another 10% and 8% of CARES Act modified loans, respectively. Approximately 25% of these modified loans will reach the end of their payment modification period by March 31, 2021 with the remaining 75% of payment modifications expiring by June 30, 2021. Economic conditions, including pandemic-related challenges, may result in the Company agreeing to additional loan modifications to assist borrowers consistent with CARES Act legislation extended through January 1, 2022.

Tangible book value per common share at December 31, 2020, was $33.39, compared to $27.39 at December 31, 2019, an increase of $6.00 per common share. During the fourth quarter of 2020, the Company recorded a dividend payable of $28.7 million or $8.00 per common share for a previously announced special cash dividend declared in December 2020 and payable on February 1, 2021. Tangible common equity increased to 11.01% of total assets at December 31, 2020, from 9.95% at December 31, 2019.

Management Commentary

Daniel J. Collins, BNC's Interim President and Chief Executive Officer stated, "We are pleased to report another quarter of strong performance. A favorable interest rate environment and our scalable national mortgage origination platform generated record earnings in 2020. This supported the Board's commitment to returning capital to shareholders through an $8.00 per share special cash dividend and 175,000 share repurchase authorization.

"As we enter 2021, our banking franchise continues to produce stable results and we are focused on improving core performance metrics, while also assisting our customers through volatile and uncertain pandemic conditions. BNC is supported by a strong balance sheet and liquidity and we are dedicated to continuing improvement in our banking franchise in our target markets of North Dakota and Arizona. Looking ahead, we will continue to monitor market and economic factors including those impacting mortgage banking, credit quality, liquidity, and loan demand, and we are prepared to adjust as required to serve our customers and protect our employees and franchise."

Mr. Collins concluded, "I'd like to thank our employees for their teamwork and focus on customer needs. Across our entire organization, their efforts are truly inspiring and bode well for the future."

2020 Versus 2019 Fourth Quarter Comparison

Net interest income for the fourth quarter of 2020 was $8.5 million, an increase of $1.1 million, or 14.7%, from $7.4 million in the same period of 2019. The increase primarily reflected the impact of increases in loans held for sale and loans and leases held for investment, including PPP loans, the reduction of debt securities, reduced cost of deposits, reduced FHLB advances, and the redemption of $10.0 million of subordinated debt in the fourth quarter of 2019. Net interest margin increased to 3.42% in the 2020 fourth quarter, compared to 3.06% in the year-earlier period.

Fourth quarter interest income decreased $354 thousand, or 3.7%, to $9.2 million in 2020, compared to $9.6 million in the fourth quarter of 2019. A portion of the decrease is a result of the impact of higher average loan balances and a reduction in loan yields due to growth in mortgage loans held for sale and PPP loans. Additionally, interest income from debt securities decreased as securities were liquidated to support increased loan activity. The yield on average interest-earning assets was 3.70% in the fourth quarter of 2020, compared to 3.95% in the 2019 fourth quarter.

The average balance of interest-earning assets in the 2020 fourth quarter increased by $28.2 million versus the same period of 2019, primarily due to increased loans held for sale and loans and leases held for investment including PPP loans, offset by decreased average debt securities. The average balance of loans and leases held for investment increased by $90.0 million, yielding $590 thousand of additional interest income. Average PPP loans, largely funded in April 2020, accounted for $68.8 million of the $90.0 million increase. The average balance of mortgage loans held for sale was $212.4 million, $73.9 million higher than the same period of 2019, resulting in $119 thousand of additional interest income. The average balance of debt securities in the fourth quarter of 2020 was $187.6 million or $136.4 million lower than in the fourth quarter of 2019, resulting in a $1.0 million decrease in interest income.

Interest expense in the fourth quarter of 2020 was $716 thousand, a decrease of $1.4 million, or 66.9% from the 2019 period. The cost of interest-bearing liabilities was 0.39% during the quarter, compared to 1.11% in the same period of 2019. The cost of core deposits in the fourth quarters of 2020 and 2019 was 0.29% and 0.81%, respectively. Additionally, interest expense was $145 thousand lower in the 2020 fourth quarter due to the redemption of $10.0 million of subordinated debt in the fourth quarter of 2019.

At the end of the 2020 fourth quarter, credit metrics remained relatively stable with a 0.24% nonperforming loans-to-total-asset ratio, compared to 0.21% at year-end 2019. The Company recorded a $270 thousand provision for credit losses in the fourth quarter of 2020, compared to a $200 thousand provision recorded in the fourth quarter of 2019. As previously stated, the Company continues to monitor the loan portfolio and will prudently evaluate its allowance for credit losses as appropriate.

Non-interest income for the fourth quarter of 2020 was $23.6 million, an increase of $18.0 million, or 319.5%, from $5.6 million in the 2019 fourth quarter. Mortgage banking revenues were $22.3 million in the fourth quarter of 2020, an increase of $14.7 million, or 191.6%, compared to $7.6 million in the fourth quarter of 2019. The increase was driven by lower interest rates facilitating higher mortgage banking origination activity in addition to increased margins relative to the year-ago period. In the fourth quarter of 2020, BNC funded 2,398 mortgage loans with combined balances of $856.5 million, compared to 1,372 mortgage loans with combined balances of $486.3 million in the fourth quarter of 2019. There were no gains on sales of debt securities in the fourth quarter of 2020, compared to losses of $3.3 million in the same period of 2019.

As expected, non-interest expense for the fourth quarter of 2020 increased $5.0 million, or 45.1%, to $16.0 million, from $11.0 million in the fourth quarter of 2019. The increase is primarily attributed to increased mortgage operations activity.

In the fourth quarter of 2020, income tax expense was $3.4 million, compared to $317 thousand in the fourth quarter of 2019. The effective tax rate was 21.6% in the fourth quarter of 2020, compared to 17.3% in the same period of 2019. An adjustment was made in the fourth quarter of 2020 to achieve a full year 2020 effective tax rate of 23.7%, compared to 22.2% in 2019. The increase in the effective tax rate for the full year of 2020 is due to lower non-taxable interest income from municipal securities.

Net income rose significantly to $12.4 million, or $3.49 per diluted share, in the fourth quarter of 2020, versus $1.5 million, or $0.43 per diluted share in the fourth quarter of 2019.

Comparison of 2020 Versus 2019 Year-End Results

Net interest income in 2020 was $32.3 million, an increase of $3.6 million, or 12.5%, from $28.7 million in the 2019 period. The increase primarily reflected the positive impact of decreased cost of deposits and borrowings, the redemption of $10.0 million of subordinated debt in the fourth quarter of 2019, and increases in loans held for sale and loans and leases held for investment, including PPP loans. These increases were partially offset by lower yields on loans and the reduction of debt securities. Net interest margin increased to 3.27% in 2020, compared to 3.00% in 2019.

Interest income decreased to $36.5 million in 2020, compared to $37.8 million in 2019. The decrease reflected the impact of higher average loan balances offset by lower loan yields due the growth in mortgage loans held for sale and PPP loans. In addition, interest income from debt securities decreased as debt securities balances were liquidated to support increased loan activity. The yield on average interest-earning assets was 3.70% in 2020, compared to 3.95% in 2019. The average balance of interest-earning assets in 2020 increased by $29.8 million compared to the 2019 period. Increases in average loans and cash balances, were largely offset by the decrease in average debt securities.

The average balance of loans and leases held for investment grew by $92.7 million year over year, yielding $2.2 million of additional interest income. The average balance of mortgage loans held for sale was $163.7 million in 2020, or $88.8 million higher than 2019, resulting in $2.0 million of additional interest income. The average balance of debt securities in 2020 was $208.0 million, or $182.9 million lower than in 2019. Associated interest income was $5.1 million lower than the prior period as debt securities decreased to support increased loan balances.

Interest expense in 2020 was $4.2 million, a decrease of $4.9 million, or 53.4%, from 2019. The cost of interest-bearing liabilities was 0.56% in 2020, compared to 1.16% in the same period of 2019. Interest expense on deposits decreased as a result of decreased cost of deposits. The cost of core deposits in 2020 and 2019 was 0.43% and 0.86%, respectively. Interest expense also was $621 thousand lower in the year 2020 due to the redemption of $10.0 million of subordinated debt in the fourth quarter of 2019, and $536 thousand lower on a period over period basis due to lower cost of borrowings and lower volume and cost of FHLB advances.

The Company recorded a $2.7 million provision for credit losses in 2020. This compares to a $700 thousand provision recorded in 2019. As previously stated, the Company continues to monitor the loan portfolio and will prudently evaluate its allowance for credit losses as appropriate.

Non-interest income for 2020 was $86.0 million, an increase of $56.9 million, or 195.1%, from $29.1 million in 2019. Mortgage banking revenues were $79.9 million for 2020, an increase of $55.0 million, compared to $24.9 million in 2019, as lower interest rates supported higher mortgage banking origination activity and margins increased relative to the year-ago period. In 2020, BNC funded 8,172 mortgage loans with combined balances of $2.9 billion, compared to 3,916 mortgage loans with combined balances of $1.3 billion in 2019. Gains on sales of debt securities were $1.1 million for the 2020 period, compared to losses of $1.3 million in 2019.

Non-interest expense in 2020 increased $13.1 million, or 29.8%, to $57.1 million, from $44.0 million in 2019. Most of the increase was from increased volume in mortgage operations. During 2020, lower expenses with respect to banking operations were offset by executive related severance costs and an impairment charge related to the Company's Golden Valley, Minnesota location that aggregated approximately $1.8 million.

In 2020, income tax expense was $13.9 million, compared to $2.9 million in 2019. The effective tax rate was 23.7% in 2020, compared to 22.2% in the same period of 2019. The increase in the effective tax rate for the full year of 2020 is due to lower non-taxable interest income from municipal securities.

Net income rose significantly to $44.6 million, or $12.52 per diluted share in 2020. Net income in 2019 was $10.2 million, or $2.88 per diluted share.

Assets and Liabilities

Total assets were $1.1 billion at December 31, 2020, an increase of $107.4 million, compared to $966.8 million at December 31, 2019. This increase is primarily due to increased mortgage loans held for sale and loans and leases held for investment balances as a result of PPP loan originations, offset by decreased balances of debt securities. PPP loan balances of $50.6 million largely drove a $62.3 million, or 12.3%, increase in loans and leases held for investment compared to December 31, 2019. PPP loan balances of $35.1 million were forgiven during the fourth quarter of 2020. As of December 31, 2020, $27.9 million of the remaining first round of PPP loans had been submitted to the SBA for forgiveness consideration.

Total loans and leases held for investment aggregated $570.9 million at December 31, 2020. Loans held for sale as of December 31, 2020, were $250.1 million, an increase of $113.0 million when compared to December 31, 2019, due to higher mortgage origination activity in 2020. Debt securities decreased $81.6 million from year-end 2019. Cash and cash equivalent balances were $12.4 million as of December 31, 2020.

Total deposits increased $32.6 million to $853.1 million at December 31, 2020, from $820.5 million at December 31, 2019. In the first quarter of 2020, the Company exercised its ability to assume deposits previously moved off its balance sheet in the fourth quarter of 2019 deleveraging activities. Deposit growth was supported by PPP lending activity and the maintenance of liquidity by customers offset by a reduction of certificates of deposit.

At December 31, 2020, there were $30.9 million FHLB advances, compared to $17.0 million at December 31, 2019, as the Company used FHLB advances as a flexible means of supporting the increase in mortgage loans held for sale at the end of the fourth quarter of 2020.

In December 2020, the Company's Board of Directors declared a special, one-time cash dividend of $8.00 per share of BNCCORP, INC. common stock payable on February 1, 2021, to holders of record on January 14, 2021. The aggregate payment to be made in connection with the dividend will be approximately $28.7 million.

Trust assets under management or administration increased 1.8%, or $6.8 million, to $384.6 million at December 30, 2020, from $377.8 million at December 31, 2019.

Asset Quality

The allowance for credit losses was $10.3 million at December 31, 2020, compared to $8.1 million at December 31, 2019. The allowance as a percentage of loans and leases held for investment at December 31, 2020, increased to 1.81% from 1.60% at December 31, 2019. Excluding $50.6 million of PPP loans, which are 100% guaranteed by the SBA, the allowance for credit losses as a percentage of loans and leases held for investment at December 31, 2020, increased to 1.98%. The increase was primarily attributed to pandemic-related qualitative risks identified in certain loan portfolio segments, specifically hospitality, restaurants, fitness and retail sectors, as well as commercial real estate.

Nonperforming assets, consisting of loans, were $2.6 million at December 31, 2020, and $2.0 million at December 31, 2019. The ratio of nonperforming assets to total assets was 0.24% at December 31, 2020, and 0.21% at December 31, 2019.

At December 31, 2020, BNC had $7.3 million of classified loans and $2.6 million of loans on non-accrual, compared to $9.3 million of classified loans and $2.0 million of loans on non-accrual as of December 31, 2019. BNC had $9.1 million of potentially problematic loans, which are risk rated “watch list”, at December 31, 2020, compared with $9.2 million as of December 31, 2019. The Company did not hold any other real estate owned or repossessed assets at December 31, 2020, or December 31, 2019.

The Company continues to monitor the effects of COVID-19 on its customers and end markets. BNC will adjust its provision for credit losses in future periods, as appropriate, for certain sub-segments of its loan portfolio that are more sensitive to unemployment and business interruption.

The Company continues to assist borrowers through the COVID-19 pandemic. To this end, the Company modified loans consistent with Section 4013 of the CARES Act. These loans were current as of December 31, 2019, and as a result, are not currently subject to troubled debt restructuring accounting standards. The COVID-19 “Phase IV” Stimulus signed into law on December 27, 2020 extends the relief provided by Section 4013 of the CARES Act through January 1, 2022.

The following table provides a summary of loan modifications by industry made pursuant to Section 4013 of the CARES Act as of December 31, 2020 (in thousands):

	Principal Payment Deferral	Full Payment Deferral	Total
Hotels	$ 11,370	$ 11,667	$ 23,037
Other Services	4,078	-	4,078
Non-owner Occupied Commercial Real Estate	3,593	-	3,593
Non-Hotel Accommodation and Food Service	3,155	-	3,155
Healthcare and Social Assistance	1,567	421	1,988
Mining, Oil and Gas Extraction	86	1,630	1,716
Transportation and Warehousing	-	1,580	1,580
Educational Services	-	1,535	1,535
Manufacturing	-	563	563
Art, Entertainment and Recreation	-	529	529
Consumer, not otherwise categorized	-	180	180
Total	$ 23,849	$ 18,105	$ 41,954

BNC’s loans and leases held for investment are concentrated geographically in North Dakota and Arizona which comprise 58% and 27% of the total loan portfolio, respectively. The North Dakota economy is influenced by the energy and agriculture industries. An extended period of low energy prices may negatively impact credit quality in North Dakota. The Arizona economy is influenced by the leisure and travel industries. An extended slowdown in these industries may negatively impact credit quality in Arizona. BNC’s portfolio is constructed of various sized loans spread over a large number of industry sectors, although concentrations of loans in hospitality and real estate make up notable percentages of the portfolio.

The following table approximates the Company's significant concentrations by industry, excluding PPP loans of $50.6 million, as of December 31, 2020 (in thousands):

Loans and Leases Held For Investment By Industry Sector

	December 31, 2020			
Non-owner Occupied Commercial Real Estate (not otherwise categorized)	$	143,361	28	%
Consumer, not otherwise categorized		76,363	15	
Hotels		76,335	15	
Healthcare and Social Assistance		37,632	7	
Agriculture, Forestry, Fishing and Hunting		27,321	5	
Retail Trade		26,129	5	
Transportation and Warehousing		24,897	5	
Non-Hotel Accommodation and Food Service		23,530	5	
Mining, Oil and Gas Extraction		20,223	4	
Construction Contractors		12,235	2	
Manufacturing		11,139	2	
Other Service		8,394	2	
Real Estate and Rental and Leasing Support Services		7,735	1	
Art, Entertainment and Recreation		7,279	1	
All Other		17,974	3	
Gross Loans and Leases Held For Investment (Excluding PPP Loans)	$	520,547	100	%

The hospitality industry continues to experience challenges related to COVID-19 including hotel occupancy and restaurant utilization. While states and specific regions within our core markets are lessening restrictions, we expect these challenges to persist and fluctuate with virus levels pending broader vaccination efforts. The oil and gas industry also is experiencing pressures due to COVID-19 related demand issues that are further impacted by geo-political factors. While oil prices continue to improve, they are not currently at levels to re-energize oil and gas activity in North Dakota and may negatively impact various industry sectors.

The extent and timing of the pandemic is not determinable at this point and is dependent on broader vaccination efforts. Prolonged periods of COVID-19 disruption to business production, consumer goods and services consumption and employment could have a material adverse impact on the Company's loan portfolio and operating results. The resulting impact on BNC and its customers will be significantly influenced by the success of currently enacted and possible future government support programs, as well as vaccination efforts which vary by state.

Capital

Banks and bank holding companies operate under separate regulatory capital requirements. At December 31, 2020, the Company's capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

A summary of BNC's capital ratios at December 31, 2020, and December 31, 2019, is presented below:

	December 31, 2020	December 31, 2019
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	11.74%	10.65%
Common equity tier 1 risk based capital	14.65%	13.76%
Tier 1 risk based capital	16.63%	15.95%
Total risk based capital	17.88%	17.13%
Tangible common equity	11.01%	9.95%
BNC National Bank		
Tier 1 leverage	10.92%	9.81%
Common equity tier 1 risk based capital	15.47%	14.69%
Tier 1 risk based capital	15.47%	14.69%
Total risk based capital	16.72%	15.88%

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 routinely evaluates the sufficiency of its capital in order to ensure compliance with regulatory capital standards and to provide 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.

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, Arizona and Minnesota from 13 locations. BNC also conducts mortgage banking from 11 locations in Illinois, Kansas, Missouri, Michigan, Arizona and North Dakota.

This news release may contain "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of BNC. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently available to management are generally identifiable by the use of words such as “expect”, “believe”, “anticipate”, “at the present time”. “plan”, “optimistic”, “intend”, “estimate”, “may”, “will”, “would”, “could”, “should”, “future” and other expressions relating to future periods. Examples of forward-looking statements include, among others, statements we make regarding our expectations regarding future market conditions and our ability to capture opportunities and pursue growth strategies, our expected operating results such as revenue growth and earnings and our expectations of the effects of the regulatory environment or the Coronavirus / COVID-19 pandemic 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 the Coronavirus / COVID-19 pandemic, the impact of current and future regulation; the risks of loans and investments, including dependence on local and regional economic conditions; competition for our customers from other providers of financial services; possible adverse effects of changes in interest rates, including the effects of such changes on mortgage banking revenues and derivative contracts and associated accounting consequences; risks associated with our acquisition and growth strategies; and other risks which are difficult to predict and many of which are beyond our control. In addition, all statements in this news release, including forward-looking statements, speak only of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

This press release contains references to financial measures, which are not defined in GAAP. Such non-GAAP financial measures include tangible common equity to total period end assets ratio. These non-GAAP financial measures have been included as the Company believes they are helpful for investors to analyze and evaluate the Company’s financial condition.

(Financial tables attached)

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BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
(In thousands, except per share data)	**2020**	**2019**	**2020**	**2019**
SELECTED INCOME STATEMENT DATA				
Interest income	$ 9,238	$ 9,592	$ 36,546	$ 37,817
Interest expense	716	2,163	4,238	9,101
Net interest income	8,522	7,429	32,308	28,716
Provision for credit losses	270	200	2,670	700
Non-interest income	23,636	5,634	85,954	29,131
Non-interest expense	16,006	11,029	57,107	43,991
Income before income taxes	15,882	1,834	58,485	13,156
Income tax expense	3,433	317	13,871	2,921
Net income	$ 12,449	$ 1,517	$ 44,614	$ 10,235
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 3.49	$ 0.43	$ 12.52	$ 2.90
Diluted earnings per common share	$ 3.49	$ 0.43	$ 12.52	$ 2.88

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per-share data)	For the Quarter Ended December 31, 2020	For the Quarter Ended December 31, 2019	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 581	$ 652	$ 2,342	$ 2,614
Wealth management revenues	475	429	1,794	1,735
Mortgage banking revenues	22,261	7,635	79,888	24,902
Gains on sales of loans, net	-	3	99	155
Gains (losses) on sales of debt securities, net	-	(3,316)	1,128	(1,296)
Other	319	231	703	1,021
Total non-interest income	$ 23,636	$ 5,634	$ 85,954	$ 29,131
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 7,704	$ 5,564	$ 29,204	$ 22,459
Professional services	2,420	1,418	7,680	4,973
Data processing fees	1,306	1,127	4,829	4,321
Marketing and promotion	1,475	1,124	5,442	4,538
Occupancy	572	608	2,152	2,218
Regulatory costs	116	56	298	435
Depreciation and amortization	338	362	1,404	1,452
Office supplies and postage	131	126	492	531
Other real estate costs	-	2	-	2
Other	1,944	642	5,606	3,062
Total non-interest expense	$ 16,006	$ 11,029	$ 57,107	$ 43,991
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,568,067	3,536,277	3,563,203	3,526,096
Incremental shares from assumed conversion of options and contingent shares	264	22,717	1,580	31,489
Adjusted weighted average shares (b)	3,568,331	3,558,994	3,564,783	3,557,585

(a) Denominator for basic earnings per common share
(b) Denominator for diluted earnings per common share

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share, per-share and full-time equivalent data)	As of December 31, 2020	As of September 30, 2020	As of December 31, 2019
SELECTED BALANCE SHEET DATA			
Total assets	$ 1,074,131	$ 1,100,998	$ 966,750
Loans held for sale-mortgage banking	250,083	239,033	137,114
Loans and leases held for investment	570,890	606,429	508,569
Total loans	820,973	845,462	645,683
Allowance for credit losses	(10,324)	(10,005)	(8,141)
Debt securities available for sale	183,717	186,535	265,278
Earning assets	999,473	1,028,812	907,089
Total deposits	853,158	880,982	820,547
Core deposits (1)	859,543	887,187	825,112
Other borrowings	52,289	65,809	36,571
Cash and cash equivalents	12,443	9,421	10,523
Dividends payable	28,679	-	-
OTHER SELECTED DATA			
Net unrealized gains in accumulated other comprehensive income	$ 7,182	$ 7,961	$ 1,470
Trust assets under administration	$ 384,588	$ 358,872	$ 377,782
Total common stockholders' equity	$ 118,229	$ 135,214	$ 96,278
Tangible book value per common share (2)	$ 33.39	$ 38.19	$ 27.39
Tangible book value per common share excluding accumulated other comprehensive income, net	$ 31.36	$ 35.94	$ 26.97
Full time equivalent employees	319	313	282
Common shares outstanding	3,540,522	3,540,650	3,514,770
CAPITAL RATIOS			
Tier 1 leverage (Consolidated)	11.74%	12.94%	10.65%
Common equity Tier 1 risk-based capital (Consolidated)	14.65%	17.04%	13.76%
Tier 1 risk-based capital (Consolidated)	16.63%	19.05%	15.95%
Total risk-based capital (Consolidated)	17.88%	20.30%	17.13%
Tangible common equity (Consolidated)	11.01%	12.28%	9.95%
Tier 1 leverage (Bank)	10.92%	10.88%	9.81%
Common equity Tier 1 risk-based capital (Bank)	15.47%	16.01%	14.69%
Tier 1 risk-based capital (Bank)	15.47%	16.01%	14.69%
Total risk-based capital (Bank)	16.72%	17.26%	15.88%
Tangible common equity (Bank)	11.62%	11.62%	10.65%

(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. At December 31, 2020, tangible book value per share excludes $8.00 per common share special dividend declared in December 2020 and payable on February 1, 2021 that has been recorded as a dividend payable.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2020	For the Quarter Ended December 31, 2019	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
AVERAGE BALANCES				
Total assets	$ 1,065,260	$ 1,024,271	$ 1,059,114	$ 1,017,479
Loans held for sale-mortgage banking	212,443	138,510	163,692	74,900
Loans and leases held for investment	586,400	496,413	573,040	480,389
Total loans	798,843	634,923	736,732	555,289
Debt securities available for sale	187,555	323,974	207,969	390,907
Earning assets	992,289	964,125	987,783	957,950
Total deposits	866,596	856,332	891,938	872,205
Core deposits	873,147	861,070	898,420	877,489
Total equity	139,611	96,054	120,297	87,959
Cash and cash equivalents	20,717	17,650	57,256	24,883
KEY RATIOS				
Return on average common stockholders' equity (a)	37.49%	6.34%	38.84%	11.41%
Return on average assets (b)	4.65%	0.59%	4.21%	1.01%
Net interest margin	3.42%	3.06%	3.27%	3.00%
Efficiency ratio (Consolidated)	49.77%	84.43%	48.29%	76.05%
Efficiency ratio (Bank)	49.15%	80.52%	46.93%	72.36%

(a) Return on average common stockholders' equity is calculated by using net income as the numerator and average common equity (less accumulated other comprehensive income (loss)) as the denominator.
(b) Return on average assets is calculated by using net income as the numerator and average total assets as the denominator.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of December 31, 2020	As of September 30, 2020	As of December 31, 2019
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	$ 1	$ -	$ -
Non-accrual loans	2,611	3,708	2,033
Total nonperforming loans	$ 2,612	$ 3,708	$ 2,033
Total nonperforming assets	$ 2,612	$ 3,708	$ 2,033
Allowance for credit losses	$ 10,324	$ 10,005	$ 8,141
Troubled debt restructured loans	$ 1,966	$ 2,882	$ 3,245
Ratio of total nonperforming loans to total loans	0.32%	0.44%	0.31%
Ratio of total nonperforming assets to total assets	0.24%	0.34%	0.21%
Ratio of nonperforming loans to total assets	0.24%	0.34%	0.21%
Ratio of allowance for credit losses to loans and leases held for investment	1.81%	1.65%	1.60%
Ratio of allowance for credit losses to total loans	1.26%	1.18%	1.26%
Ratio of allowance for credit losses to nonperforming loans	395%	270%	400%

	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
(In thousands)	2020	2019	2020	2019
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 3,708	$ 2,264	$ 2,033	$ 1,686
Additions to nonperforming	7	7	2,535	1,179
Charge-offs	-	(10)	(235)	(148)
Reclassified back to performing	-	-	(349)	(242)
Principal payments received	(1,103)	(18)	(1,367)	(186)
Transferred to repossessed assets	-	-	(5)	(46)
Transferred to other real estate owned	-	(210)	-	(210)
Balance, end of period	$ 2,612	$ 2,033	$ 2,612	$ 2,033

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2020	For the Quarter Ended December 31, 2019	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 10,005	$ 7,967	$ 8,141	$ 7,692
Provision	270	200	2,670	700
Loans charged off	(23)	(35)	(579)	(304)
Loan recoveries	72	9	92	53
Balance, end of period	$ 10,324	$ 8,141	$ 10,324	$ 8,141
Ratio of net recoveries (charge-offs) to average total loans	0.006%	(0.004)%	(0.066)%	(0.045)%
Ratio of net recoveries (charge-offs) to average total loans, annualized	0.025%	(0.016)%	(0.066)%	(0.045)%

(In thousands)	As of December 31, 2020	As of September 30, 2020	As of December 31, 2019
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 48,745	$ 49,601	$ 51,483
Construction	4,355	2,809	897
Agricultural	26,899	29,289	29,909
Land and land development	5,676	6,258	6,373
Owner-occupied commercial real estate	37,185	35,578	38,127
Commercial real estate	100,456	101,872	106,835
Small business administration	36,111	51,195	4,737
Consumer	72,397	76,089	68,248
Subtotal loans and leases held for investment	$ 331,824	$ 352,691	$ 306,609
Consolidated			
Commercial and industrial	$ 71,503	$ 72,790	$ 77,706
Construction	21,748	19,113	12,656
Agricultural	27,092	29,634	29,914
Land and land development	8,603	9,630	10,449
Owner-occupied commercial real estate	67,399	58,975	54,972
Commercial real estate	190,939	196,646	193,203
Small business administration	102,064	135,306	46,799
Consumer	81,783	85,430	82,498
Total loans and leases held for investment	$ 571,131	$ 607,524	$ 508,197