NEWS RELEASE

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BNCCORP, INC. REPORTS SECOND QUARTER NET INCOME OF $4.2 MILLION, OR $1.17 PER DILUTED SHARE

Highlights

- **Net income in the second quarter of 2021 decreased to $4.2 million, or $1.17 per diluted share, from $14.2 million, or $3.97 per diluted share in the second quarter of 2020.**
- **Return on assets and return on equity were 1.45% and 13.44%, respectively, for the quarter ended June 30, 2021, compared to 5.14% and 53.12%, respectively, for the second quarter of 2020.**
- **Mortgage revenue decreased to $7.8 million in the second quarter of 2021, from $25.1 million in the 2020 period.**
- **Tangible book value per share increased $3.61 to $37.00 at June 30, 2021, from $33.39 at December 31, 2020.**
- **Tangible common equity capital ratio increased to 12.75% at June 30, 2021, from 11.01% at December 31, 2020.**
- **Allowance for credit losses at June 30, 2021, was 2.10% of loans held for investment, excluding $53.6 million of Small Business Administration (SBA) Paycheck Protection Program (PPP) loans, compared to 1.98% at December 31, 2020.**
- **Nonperforming assets were $2.6 million at June 30, 2021 and December 31, 2020.**

BISMARCK, ND, July 29, 2021 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota and Arizona, and has mortgage banking offices in Illinois, Kansas, Missouri, Michigan, Arizona, and North Dakota, today reported financial results for the second quarter ended June 30, 2021.

Overview of Quarter

Net income in the second quarter of 2021, was $4.2 million, compared to $14.2 million in the same period of 2020. Second quarter 2021 earnings per diluted share were $1.17, versus $3.97 in the second quarter 2020. The year-over-year period decrease in net income was primarily due to moderating mortgage revenues and lower net interest income, partially offset by lower non-interest expense and a reduction in provision for credit losses.

Second quarter 2021 net interest income decreased by $1.0 million to $7.4 million, or 12.3%, from the comparable 2020 quarter. Interest income decreased by $1.5 million, or 16.1%, from the 2020 second quarter due to lower PPP fees, and lower balances and yields on loans and debt securities. Second quarter 2021 interest expense decreased by $505 thousand, or 45.2%, due to reductions in the cost of deposits and borrowings, and a reduction in certificates of deposit.

Non-interest income in the second quarter of 2021 decreased by $16.7 million, from the same period in 2020. In the second quarter of 2021, mortgage banking revenues were $7.8 million, $17.3 million lower than the same period a year ago. There were no gains or losses on sales of debt securities in the second quarter of 2021 compared to gains on sales of debt securities of $153 thousand in the 2020 second quarter. The Company closed the sale of its Golden Valley, Minnesota, branch and recorded a gain of $589 thousand in the 2021 second quarter.

Non-interest expense in the 2021 second quarter decreased by $2.9 million, or 20.2%, versus the second quarter of 2020 due to expected decreases in mortgage banking operations of $1.7 million, as well as a $1.3 million reduction in community banking and holding company expenses.

Nonperforming assets were $2.6 million at June 30, 2021 and December 31, 2020, resulting in a ratio of nonperforming assets-to-total-assets of 0.25% and 0.24%, respectively. The Company did not record a provision for credit losses in the 2021 second quarter compared to $1.5 million in the second quarter of

2020. The allowance for credit losses was 2.10% of loans held for investment (excluding $53.6 million of PPP loans) at June 30, 2021, compared to 1.98% at December 31, 2020. The Company continues to monitor key industry data and will prudently adjust its allowance for credit losses as appropriate.

At June 30, 2021, the Company had one multi-family loan modified consistent with Section 4013 of the CARES Act totaling $4.1 million. This loan will reach the end of its payment modification period by July 31, 2021.

Tangible book value per common share at June 30, 2021, was $37.00, compared to $33.39 at December 31, 2020, an increase of $3.61 per common share. The Company's tangible common equity capital ratio increased to 12.75% at June 30, 2021, from 11.01% at December 31, 2020.

Total assets decreased to $1.0 billion at June 30, 2021 compared to $1.1 billion at December 31, 2020 and $1.2 billion at March 31, 2021. Deposits were $870.4 million at June 30, 2021, compared to $853.2 million at December 31, 2020, and $1.1 billion at March 31, 2021. Total assets and deposits normalized at June 30, 2021, as BNC effectively managed through the anticipated transition of the surge in deposits of approximately $200 million that occurred near the end of the 2021 first quarter in the Company's North Dakota market. As a result of the transitory increase in deposit balances, the average balance of interest bearing cash was elevated during the second quarter of 2021, which contributed to a reduction in the yield of interest earning assets and net interest margin for the quarter.

Management Commentary

Daniel J. Collins, BNC's Interim President and Chief Executive Officer stated, "BNC delivered solid performance, in our second quarter – with notable increases in book value and equity capital ratio – as we are effectively managing the business through a key transitional period. Throughout the United States and in our chosen markets, we're seeing customers, businesses and communities emerge from the uncertainty and headwinds of the pandemic. This is creating opportunities for loan growth. Focused on what's ahead, we are navigating a competitive environment as the banking industry attempts to deploy excess liquidity toward loan growth. We remain focused on growth through building relationships and prudent lending practices and believe in our position in the marketplace as a strong, stable and forward-looking organization."

"At BNC, we remain committed to improving financial and operational performance, and the customer experience throughout our business. Within our community banking segment, we are focused on growing loans held for investment, improving efficiency, and managing capital as key drivers of return on equity. Our mortgage banking operation continues its transition from last year's historic refinancing activity to supporting customers' home purchases. As the industry once again undergoes this expected cyclical shift, we are pleased with the proactive steps our team is undertaking to effectively manage, adjust and scale appropriately based on the marketplace opportunity."

"On the commercial side of our business, our team is encouraged by steadily increasing business activity in our target markets and new opportunities for loan growth as the economy continues to improve. While lending competition remains high, our commitment to small- to medium-sized businesses through superior service and support, gives us confidence in our ability to meet their needs for business financing as the economy fully re-opens. On all business fronts – commercial, retail and mortgage – our efforts are supported by BNC's strong balance sheet and liquidity, and our steadfast commitment to exercising fiscal prudence while maximizing opportunity."

2021 Versus 2020 Second Quarter Comparison

Net interest income for the second quarter of 2021 was $7.4 million, a decrease of $1.0 million, or 12.3%, from $8.5 million in the second quarter of 2020. The decrease primarily reflected lower loan and debt security balances, yields and PPP fees, offset by lower cost of deposits and borrowing, and a reduction in certificates of deposit. Net interest margin decreased to 2.72% in the 2021 second quarter, compared to 3.30% in the year-earlier period.

Second quarter interest income decreased $1.6 million, or 16.1%, to $8.0 million in 2021, compared to $9.6 million in the second quarter of 2020. The decrease is the result of lower loan balances, yields and PPP fees in addition to lower balances and yields on debt securities. The yield on average interest-earning assets was 2.95% in the second quarter of 2021, compared to 3.72% in the 2020 second quarter.

The average balance of interest-earning assets in the 2021 second quarter increased by $59.9 million versus the same period of 2020, primarily due to a $132.9 million increase in interest-bearing cash offset by decreases in average loans held for sale, loans held for investment including PPP loans, and debt securities. Interest income for loans held for investment decreased $949 thousand with $512 thousand due to a reduction in PPP fees. The average balance of loans held for investment decreased by $22.3 million with PPP loans accounting for $10.0 million of the decrease. The average balance of mortgage loans held for sale was $117.3 million, $13.2 million lower than the same period of 2020. Interest income from loans held for sale decreased $214 thousand due to lower average balances and a lower average yield on loans held for sale due to the year-over-year decrease in mortgage rates. The average balance of debt securities in the second quarter of 2021 was $169.9 million, $35.8 million lower than in the second quarter of 2020, resulting in a $416 thousand decrease in interest income.

Interest expense in the second quarter of 2021 was $612 thousand, a decrease of $505 thousand, or 45.2%, from the 2020 period. The cost of interest-bearing liabilities was 0.30% during the quarter, compared to 0.56% in the same period of 2020. The cost of core deposits in the second quarters of 2021 and 2020 was 0.22% and 0.42%, respectively.

At June 30, 2021, credit metrics remained stable with $2.6 million of nonperforming assets, representing a 0.25% nonperforming assets-to-total-asset ratio, compared to 0.24% at December 31, 2020. The Company did not record a provision for credit losses in the second quarter of 2021, compared to a $1.5 million provision recorded in the second quarter of 2020. The Company continues to monitor the loan portfolio and will prudently evaluate its allowance for credit losses as appropriate.

Non-interest income for the second quarter of 2021 was $9.6 million, a decrease of $16.7 million, from $26.3 million in the 2020 second quarter. Mortgage banking revenues were $7.8 million in the second quarter of 2021, compared to $25.1 million in the second quarter of 2020. The decrease was driven by the expected cyclical transition to purchase originations versus refinance activity in the prior-year period. This resulted in lower mortgage banking origination activity and margins relative to the historically high margins of the prior year. In the second quarter of 2021, BNC funded 1,499 mortgage loans with combined balances of $536.3 million, compared to 2,029 mortgage loans with combined balances of $743.9 million in the second quarter of 2020. Wealth management revenues increased $127 thousand, or 30.7%, as assets under administration increased relative to the 2020 period. There were no gains on sales of debt securities in the second quarter of 2021, compared to gains of $153 thousand in the same period of 2020. As previously mentioned, the Company closed the sale of its Golden Valley, Minnesota, branch and recorded a gain of $589 thousand.

Non-interest expense for the second quarter of 2021 decreased $2.9 million, or 20.2%, to $11.6 million, from $14.5 million in the second quarter of 2020. Non-interest expenses related to lower mortgage operations activity decreased by $1.7 million, or 21.9%, as management adjusted the scale of operations based on the marketplace opportunity. Full-time equivalent employees related to mortgage operations were 139 at June 30, 2021, compared to 166 at December 31, 2020. Combined expenses for community banking and the holding company decreased by $1.3 million, or 16.6%, compared to the 2020 period primarily due to reduced salaries and incentive compensation.

In the second quarter of 2021, income tax expense was $1.3 million, compared to $4.6 million in the second quarter of 2020. The effective tax rate was 24.0% in the second quarter of 2021, compared to 24.7% in the same period of 2020.

Net income decreased to $4.2 million, or $1.17 per diluted share, in the second quarter of 2021, versus $14.2 million, or $3.97 per diluted share in the second quarter of 2020.

Six-Month Results

Net interest income in the first half of 2021 was $16.5 million, an increase of $595 thousand, or 3.7%, from $15.9 million in 2020. The increase was a result of increases in loans held for sale and held for investment, including PPP loans and fees, lower balances and yields of debt securities and reduced cost of deposits and borrowings. Net interest margin decreased to 3.13% in the 2021 six-month period, compared to 3.29% in 2020.

Interest income decreased $826 thousand, or 4.4%, to $17.7 million for the six-month period of 2021, compared to $18.6 million in 2020. The decrease is the result of the impact of higher average loan balances, including PPP loans and fees, offset by a reduction in loan yields. Additionally, interest income from debt securities decreased due to lower balances and yields. The yield on average interest-earning assets was 3.37% in the 2021 six-month period, compared to 3.85% in 2020.

The average balance of interest-earning assets in the first half of 2021 increased by $89.5 million versus the same period of 2020, primarily due to an increase in interest-bearing cash, loans held for sale and loans held for investment including PPP loans, offset by decreased average debt securities. The average balance of loans held for investment increased by $23.2 million, driven primarily by increases in PPP loans, yielding $404 thousand of additional interest income. PPP loan fees increased $1.3 million in the 2021 six-month period compared to 2020. The average balance of mortgage loans held for sale was $158.4 million, $31.8 million higher than the same period of 2020. Interest income from loans held for sale decreased $48 thousand as the higher average balance was offset by a lower average yield due to the year-over-year decrease in mortgage rates. The average balance of debt securities in the first half of 2021 was $174.5 million, $53.9 million lower than in the first half of 2020. Combined with lower average yields, this resulted in a $1.2 million decrease in interest income.

Interest expense in the first half of 2021 was $1.3 million, a decrease of $1.4 million, or 52.7%, from the 2020 period. The cost of interest-bearing liabilities was 0.33% in the first six months, compared to 0.72% in the same period of 2020. The cost of core deposits in the first six months of 2021 and 2020 was 0.24% and 0.55%, respectively.

At June 30, 2021, credit metrics remained stable with $2.6 million of nonperforming assets, representing a 0.25% nonperforming assets-to-total-assets ratio, compared to 0.24% at December 31, 2020. The Company did not record a provision for credit losses in the first six months of 2021, compared to a $2.1 million provision recorded in the first six months of 2020. The Company continues to monitor the loan portfolio and will prudently evaluate its allowance for credit losses as appropriate.

Non-interest income for the 2021 six months was $27.1 million, compared to $37.1 million in 2020. Mortgage banking revenues were $23.8 million in the first half of 2021, a decrease of $9.9 million, or 29.3%, compared to $33.7 million in the first half of 2020. The decrease was largely due to lower margins, relative to the historic high margins of the prior year, and the mortgage pipeline decrease during 2021 as refinance activity shifted to home purchase originations. In the first half of 2021, BNC funded 3,925 mortgage loans with combined balances of $1.4 billion, compared to 3,429 mortgage loans with combined balances of $1.2 billion in the first half of 2020. Wealth management revenues increased $231 thousand, or 27.0%, as assets under administration increased relative to the 2020 period. There were no gains on sales of debt securities in the 2021 period, compared to gains of $1.1 million in 2020. The sale of SBA loans resulted in gains on sales of loans of $96 thousand, while other non-interest income increased $720 thousand as the Company closed on the sale of its Golden Valley, Minnesota, branch and received a Small Business Investment Company (SBIC) profit distribution. Gains on sales of assets and distributions from SBIC’s can vary significantly from period to period.

Non-interest expense for the first six months of 2021 decreased $1.3 million, or 5.0%, to $25.2 million, from $26.5 million in 2020. Non-interest expenses related to mortgage operations increased by $348 thousand while combined expenses for the community banking and holding company segments decreased by $1.8 million, or 11.6%, compared to the 2020 period.

During the six-month period ended June 30, 2021, income tax expense was $4.5 million, compared to $6.0 million in the first half of 2020. The effective tax rate was 24.3% in the first half of 2021, compared to 24.5% in the same period of 2020.

Net income decreased to $13.9 million, or $3.90 per diluted share, for the six months ended June 30, 2021, versus $18.5 million, or $5.18 per diluted share in the first six months of 2020.

Assets and Liabilities

Total assets were $1.0 billion at June 30, 2021, a decrease of $45.2 million, compared to $1.1 billion at December 31, 2020. This decrease is due lower balances of mortgage loans held for sale and loans held for investment offset by higher cash and cash equivalents.

Total loans held for investment were $544.0 million at June 30, 2021. PPP loan balances, included in loans held for investment, aggregated $53.6 million at June 30, 2021. PPP loans remaining from 2020 originations totaled $4.1 million. The Company has actively assisted its customers in successfully navigating the forgiveness process. PPP loan balances originated in 2021 were $49.5 million at June 30, 2021. Loans held for sale at June 30, 2021, were $104.0 million, a decrease of $146.1 million when compared to December 31, 2020, as mortgage origination activity began to moderate in the first half of 2021. Debt securities increased $2.6 million from year-end 2020 while cash and cash equivalent balances totaled $152.3 million at June 30, 2021, compared to $12.4 million at December 31, 2020.

Total deposits increased $17.3 million to $870.4 million at June 30, 2021, from $853.2 million at December 31, 2020. Deposit growth was supported by PPP lending activity and the maintenance of liquidity by customers, offset by a reduction of certificates of deposit.

At June 30, 2021, there were no FHLB advances outstanding, compared to $30.9 million at December 31, 2020.

Trust assets under management or administration increased 11.1%, or $42.8 million, to $427.4 million at June 30, 2021, from $384.6 million at December 31, 2020.

Asset Quality

The allowance for credit losses was $10.3 million at June 30, 2021, and December 31, 2020. The allowance as a percentage of loans held for investment at June 30, 2021, increased to 1.89% from 1.81% at December 31, 2020. Excluding $53.6 million of PPP loans, which are 100% guaranteed by the SBA, the allowance for credit losses as a percentage of loans held for investment at June 30, 2021, increased to 2.10% compared to 1.98% at December 31, 2020.

Nonperforming assets, consisting of loans, were $2.6 million at June 30, 2021, and December 31, 2020. The ratio of nonperforming assets-to-total-assets was 0.25% at June 30, 2021, and 0.24% at December 31, 2020. The Company did not hold any other real estate owned or repossessed assets at June 30, 2021, or December 31, 2020.

At June 30, 2021, BNC had $8.7 million of classified loans and $2.6 million of loans on non-accrual. At December 31, 2020, BNC had $7.3 million of classified loans and $2.6 million of loans on non-accrual. BNC had $7.9 million of potentially problematic loans, which are risk rated "watch list", at June 30, 2021, compared with $9.1 million as of December 31, 2020.

The Company continues to monitor the status of the pandemic in our market areas and how it effects our customers and end markets, which is one of the many factors that BNC will consider as it monitors the performance of its loan portfolio and adjusts its provision for credit losses in future periods.

As detailed above, at June 30, 2021, the Company had one multi-family loan modified consistent with Section 4013 of the CARES Act totaling $4.1 million. This loan will reach the end of its payment modification period by July 31, 2021. This loan was current as of December 31, 2019, and as a result, is not currently subject to troubled debt restructure accounting standards.

BNC's loans held for investment are concentrated geographically in North Dakota and Arizona which comprise 58% and 27% of the Company's total loan portfolio, respectively. The North Dakota economy is influenced by the energy and agriculture industries. Legislation and other factors negatively impacting energy prices could present potential challenges to credit quality in North Dakota. Potential drought conditions, fluctuating input costs and lower commodity prices in the agriculture industry also present potential credit risks 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 the Company manages meaningful concentrations of loans in hospitality and commercial real estate.

The following table approximates the Company's significant concentrations by industry, excluding PPP loans of $53.6 million, as of June 30, 2021 (in thousands):

Loans Held for Investment by Industry Sector

	June 30, 2021		December 31, 2020	
Non-owner occupied commercial real estate – not otherwise categorized	$ 149,111	30 %	$ 143,361	28 %
Hotels	75,402	15	76,335	15
Consumer, not otherwise categorized	74,460	15	76,363	15
Healthcare and social assistance	32,628	7	37,632	7
Agriculture, forestry, fishing and hunting	28,690	6	27,321	5
Retail trade	22,341	5	26,129	5
Non-hotel accommodation and food service	21,635	5	23,530	5
Transportation and warehousing	20,960	4	24,897	5
Mining, oil and gas extraction	11,797	2	20,223	4
Construction contractors	10,891	2	12,235	2
Manufacturing	9,383	2	11,139	2
Real estate and rental and leasing support services	7,208	2	7,735	1
Other service	6,694	1	8,394	2
Wholesale trade	4,103	1	2,255	-
All other	15,605	3	22,998	4
Gross loans held for investment (excluding PPP loans)	$ 490,908	100 %	$ 520,547	100 %

The hospitality industry is still in the process of recovering from the economic effects of the COVID-19 pandemic with a primary focus on 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 positive trends within hospitality, caution remains as labor shortages limit capacity in some cases while government and financial institution support is expiring. The oil and gas industry is also witnessing positive price developments, but is still subject to the negative impact of government policy making and regulation on energy production and transportation.

Recovery from, or the lasting impact of the pandemic remains uncertain. The positive impact resulting from vaccination efforts and relaxed government restrictions on business activity is evident. Economic improvements continued during the second quarter of 2021. However, uncertainty remains about the duration and severity of the current pandemic and its impact on the economy related to development, business production, consumer strength and employment levels. The Company's loan portfolio and credit risk could still experience adversity as the direct impacts of the pandemic ease and this potential risk remains qualitatively captured in the Company's allowance for credit losses.

Capital

Banks and bank holding companies operate under separate regulatory capital requirements. At June 30, 2021, the Company's capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

A summary of BNC's capital ratios at June 30, 2021, and December 31, 2020, is presented below:

	June 30, 2021	December 31, 2020
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	12.10%	11.74%
Common equity tier 1 risk based capital	19.18%	14.65%
Tier 1 risk based capital	21.49%	16.63%
Total risk based capital	22.74%	17.88%
Tangible common equity	12.75%	11.01%
BNC National Bank		
Tier 1 leverage	10.51%	10.92%
Common equity tier 1 risk based capital	18.66%	15.47%
Tier 1 risk based capital	18.66%	15.47%
Total risk based capital	19.91%	16.72%

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. During the second quarter of 2021, BNC National Bank paid a dividend of $10.0 million to the Holding Company to be utilized for general corporate purposes which may include dividends and/or common share repurchases.

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. 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 current or future pandemics on our earnings for the foreseeable future. Forward-looking statements are neither historical facts nor assurances of future performance. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, but are not limited to: the impact of pandemics, the impact of current and future regulation; the risks of loans and investments, including dependence on local and regional economic conditions; competition for our customers from other providers of financial services; possible adverse effects of changes in interest rates, including the effects of such changes on mortgage banking revenues and derivative contracts and associated accounting consequences; risks associated with our acquisition and growth strategies; and other risks which are difficult to predict and many of which are beyond our control. In addition, all statements in this news release, including forward-looking statements, speak only of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

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

(Financial tables attached)

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BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended June 30, 2021	For the Quarter Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
SELECTED INCOME STATEMENT DATA				
Interest income	$ 8,028	$ 9,571	$ 17,747	$ 18,573
Interest expense	612	1,117	1,274	2,695
Net interest income	7,416	8,454	16,473	15,878
Provision for credit losses	-	1,500	-	2,050
Non-interest income	9,631	26,333	27,121	37,127
Non-interest expense	11,564	14,491	25,185	26,498
Income before income taxes	5,483	18,796	18,409	24,457
Income tax expense	1,316	4,633	4,477	5,992
Net income	$ 4,167	$ 14,163	$ 13,932	$ 18,465
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 1.17	$ 3.97	$ 3.90	$ 5.18
Diluted earnings per common share	$ 1.17	$ 3.97	$ 3.90	$ 5.18

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share data)	For the Quarter Ended June 30, 2021	For the Quarter Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 571	$ 549	$ 1,125	$ 1,180
Wealth management revenues	541	414	1,086	855
Mortgage banking revenues	7,789	25,098	23,847	33,714
(Losses) gains on sales of loans, net	(1)	-	96	3
Gains on sales of debt securities, net	-	153	-	1,128
Other	731	119	967	247
Total non-interest income	$ 9,631	$ 26,333	$ 27,121	$ 37,127
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 6,005	$ 7,961	$ 13,619	$ 14,272
Professional services	1,567	1,842	3,339	3,120
Data processing fees	1,074	1,199	2,239	2,323
Marketing and promotion	977	1,543	1,976	2,969
Occupancy	524	523	1,074	1,058
Regulatory costs	118	49	233	105
Depreciation and amortization	316	358	644	714
Office supplies and postage	113	116	246	250
Other	870	900	1,815	1,687
Total non-interest expense	$ 11,564	$ 14,491	$ 25,185	$ 26,498
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,572,229	3,567,980	3,571,823	3,562,072
Dilutive effect of share-based compensation	549	2,676	480	5,249
Adjusted weighted average shares (b)	3,572,778	3,570,656	3,572,303	3,567,321

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

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share, per-share and full-time equivalent data)	As of June 30, 2021	As of December 31, 2020	As of June 30, 2020
SELECTED BALANCE SHEET DATA			
Total assets	$ 1,028,909	$ 1,074,131	$ 1,103,953
Loans held for sale-mortgage banking	104,001	250,083	195,330
Loans held for investment	543,994	570,890	609,707
Total loans	647,995	820,973	805,037
Allowance for credit losses	(10,293)	(10,324)	(9,680)
Debt securities available for sale	186,326	183,717	189,703
Earning assets	971,864	999,473	1,032,276
Total deposits	870,428	853,158	937,699
Core deposits (1)	871,928	859,543	944,866
Other borrowings	16,503	52,289	22,172
Cash and cash equivalents	152,310	12,443	51,790
Dividends payable	-	28,680	-
OTHER SELECTED DATA			
Net unrealized gains in accumulated other comprehensive income	$ 5,965	$ 7,182	$ 6,501
Trust assets under administration	427,390	384,588	340,887
Total common stockholders' equity	131,170	118,229	120,025
Tangible book value per common share (2)	37.00	33.39	33.90
Tangible book value per common share excluding accumulated other comprehensive income, net	35.32	31.36	32.06
Full time equivalent employees	293	319	305
Common shares outstanding	3,545,356	3,540,522	3,540,650
CAPITAL RATIOS			
Tier 1 leverage (Consolidated)	12.10%	11.74%	11.55%
Common equity Tier 1 risk-based capital (Consolidated)	19.18%	14.65%	15.24%
Tier 1 risk-based capital (Consolidated)	21.49%	16.63%	17.26%
Total risk-based capital (Consolidated)	22.74%	17.88%	18.51%
Tangible common equity (Consolidated)	12.75%	11.01%	10.86%
Tier 1 leverage (Bank)	10.51%	10.92%	10.81%
Common equity Tier 1 risk-based capital (Bank)	18.66%	15.47%	16.16%
Tier 1 risk-based capital (Bank)	18.66%	15.47%	16.16%
Total risk-based capital (Bank)	19.91%	16.72%	17.41%
Tangible common equity (Bank)	12.43%	11.62%	11.52%

(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)

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
(In thousands)	**2021**	**2020**	**2021**	**2020**
AVERAGE BALANCES				
Total assets	$ 1,149,716	$ 1,107,540	$ 1,124,845	$ 1,039,187
Loans held for sale-mortgage banking	117,259	130,461	158,447	126,603
Loans and leases held for investment	566,647	588,909	573,579	550,379
Total loans	683,906	719,370	732,026	676,982
Debt securities available for sale	169,855	205,669	174,493	228,369
Earning assets	1,091,782	1,031,884	1,060,426	970,939
Total deposits	990,276	950,945	956,603	891,466
Core deposits	992,834	958,190	960,209	897,670
Total equity	130,141	112,008	129,046	106,630
Cash and cash equivalents	253,966	120,253	170,467	78,910
KEY RATIOS				
Return on average common stockholders' equity (a)	13.44%	53.12%	22.89%	36.12%
Return on average assets (b)	1.45%	5.14%	2.50%	3.57%
Net interest margin	2.72%	3.30%	3.13%	3.29%
Efficiency ratio (Consolidated)	67.84%	41.66%	57.77%	49.99%
Efficiency ratio (Bank)	66.65%	40.67%	56.94%	48.55%

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

(b) Return on average assets is calculated by using net income as the numerator and average total assets as the denominator.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of June 30, 2021	As of December 31, 2020	As of June 30, 2020
ASSET QUALITY			
Loans 90 days or more delinquent and accruing interest	$ -	$ 1	$ 349
Non-accrual loans	2,601	2,611	3,814
Total nonperforming loans	$ 2,601	$ 2,612	$ 4,163
Total nonperforming assets	$ 2,601	$ 2,612	$ 4,163
Allowance for credit losses	$ 10,293	$ 10,324	$ 9,680
Troubled debt restructured loans	$ 1,938	$ 1,966	$ 2,958
Ratio of total nonperforming loans to total loans	0.40%	0.32%	0.52%
Ratio of total nonperforming assets to total assets	0.25%	0.24%	0.38%
Ratio of nonperforming loans to total assets	0.25%	0.24%	0.38%
Ratio of allowance for credit losses to loans held for investment	1.89%	1.81%	1.59%
Ratio of allowance for credit losses to total loans	1.59%	1.26%	1.20%
Ratio of allowance for credit losses to nonperforming loans	396%	395%	233%

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
(In thousands)	2021	2020	2021	2020
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 2,605	$ 3,212	$ 2,612	$ 2,033
Additions to nonperforming	19	1,297	112	2,528
Charge-offs	-	(225)	(83)	(235)
Principal payments received	(23)	(121)	(40)	(158)
Transferred to repossessed assets	-	-	-	(5)
Balance, end of period	$ 2,601	$ 4,163	$ 2,601	$ 4,163

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2021	For the Quarter Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 10,277	$ 8,414	$ 10,324	$ 8,141
Provision	-	1,500	-	2,050
Loans charged off	(4)	(236)	(69)	(524)
Loan recoveries	20	2	38	13
Balance, end of period	$ 10,293	$ 9,680	$ 10,293	$ 9,680
Ratio of net recoveries (charge-offs) to average total loans	0.002%	(0.033)%	(0.004)%	(0.075)%
Ratio of net recoveries (charge-offs) to average total loans, annualized	0.009%	(0.130)%	(0.008)%	(0.151)%

(In thousands)	As of June 30, 2021	As of December 31, 2020	As of June 30, 2020
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 41,695	$ 48,745	$ 45,009
Construction	4,368	4,355	2,315
Agricultural	28,539	26,899	29,848
Land and land development	6,316	5,676	5,711
Owner-occupied commercial real estate	32,730	37,185	39,791
Commercial real estate	102,860	100,456	104,945
Small business administration	30,266	36,111	49,115
Consumer	70,893	72,397	71,118
Subtotal gross loans held for investment	$ 317,667	$ 331,824	$ 347,852
Consolidated			
Commercial and industrial	$ 56,598	$ 71,503	$ 72,014
Construction	18,999	21,748	18,009
Agricultural	28,692	27,092	30,062
Land and land development	7,835	8,603	10,344
Owner-occupied commercial real estate	63,076	67,399	58,595
Commercial real estate	197,627	190,939	193,822
Small business administration	90,862	102,064	144,259
Consumer	80,846	81,783	84,288
Total gross loans held for investment	$ 544,535	$ 571,131	$ 611,393