Quarterly Report

For the quarter ended September 30, 2026

BNCCORP, INC.

(OTCQX: BNCC)

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BNCCORP, INC.
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September 30, 2026

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Financial Statements

BNCCORP, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(In thousands, except share data)

	September 30, 2026	December 31, 2025
ASSETS	(unaudited)	
Cash and cash equivalents	$ 206,931	$ 211,451
Debt securities available for sale	92,803	114,670
Federal Reserve Bank and Federal Home Loan Bank stock	2,466	2,386
Loans held for investment	744,878	738,700
Allowance for credit losses	(8,636)	(10,318)
Net loans held for investment	736,242	728,382
Premises and equipment, net	10,018	10,120
Operating lease right of use asset	415	514
Accrued interest receivable	4,273	4,395
Other	30,024	28,288
Total assets	$ 1,083,172	$ 1,100,206
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Non-interest-bearing	$ 178,423	$ 177,618
Interest-bearing –		
Savings, interest checking and money market	649,715	681,350
Time deposits	121,459	112,833
Total deposits	949,597	971,801
Guaranteed preferred beneficial interest in Company's subordinated debentures	15,464	15,464
Accrued interest payable	1,423	1,638
Accrued expenses	2,803	2,877
Operating lease liabilities	444	571
Other	1,855	1,348
Total liabilities	971,586	993,699
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value – Authorized 11,300,000 shares; 3,668,653 issued; 3,522,625 and 3,520,125 shares outstanding	37	37
Capital surplus – common stock	27,337	27,230
Retained earnings	94,528	87,438
Treasury stock 146,028 and 148,528 shares, respectively)	(2,723)	(2,753)
Accumulated other comprehensive loss	(7,593)	(5,445)
Total stockholders' equity	111,586	106,507
Total liabilities and stockholders' equity	$ 1,083,172	$ 1,100,206

See accompanying notes to consolidated financial statements.

BNCCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(In thousands, except per share data, unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
INTEREST INCOME:				
Interest and fees on loans	$ 11,703	$ 11,329	$ 34,192	$ 32,007
Interest and dividends on investments				
Taxable	2,402	1,996	7,294	5,781
Dividends	40	37	113	108
Total interest income	14,145	13,362	41,599	37,896
INTEREST EXPENSE:				
Deposits	4,124	4,266	12,508	12,049
Subordinated debentures	207	227	607	675
Total interest expense	4,331	4,493	13,115	12,724
Net interest income	9,814	8,869	28,484	25,172
PROVISION FOR CREDIT LOSSES:	80	165	590	490
Net interest income after provision for credit losses	9,734	8,704	27,894	24,682
NON-INTEREST INCOME:				
Bank charges and service fees	697	713	2,109	2,067
Wealth management revenues	647	534	1,814	1,547
Gains on sales of loans, net	3	3	13	116
Other	233	137	535	471
Total non-interest income	1,580	1,387	4,471	4,201
NON-INTEREST EXPENSE:				
Salaries and employee benefits	3,781	3,760	11,466	11,716
Professional services	863	368	3,700	1,021
Data processing fees	975	874	2,834	2,545
Marketing and promotion	225	243	588	607
Occupancy	399	347	1,216	1,152
Regulatory costs	146	136	414	401
Depreciation and amortization	272	271	808	815
Office supplies and postage	96	86	297	282
Other	635	564	1,834	1,741
Total non-interest expense	7,392	6,649	23,157	20,280
Income before income taxes	3,922	3,442	9,208	8,603
Income tax expense	902	809	2,118	2,022
NET INCOME	$ 3,020	$ 2,633	$ 7,090	$ 6,581
Basic earnings per common share	$ 0.85	$ 0.74	$ 2.00	$ 1.86
Diluted earnings per common share	$ 0.85	$ 0.74	$ 2.00	$ 1.86

See accompanying notes to consolidated financial statements.

BNCCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(In thousands, unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
NET INCOME	$ 3,020	$ 2,633	$ 7,090	$ 6,581
Unrealized (loss) gain on debt securities available for sale	$ (2,559)	$ 1,146	$ (2,850)	$ 4,260
Income tax benefit (expense) related to items of other comprehensive (loss) income	630	(282)	702	(1,048)
Other comprehensive (loss) income	$ (1,929) (1,929)	$ 864 864	$ (2,148) (2,148)	$ 3,212 3,212
TOTAL COMPREHENSIVE INCOME	$ 1,091	$ 3,497	$ 4,942	$ 9,793

See accompanying notes to consolidated financial statements.

BNCCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
For the Nine Months Ended September 30,
(In thousands, except share data, unaudited)

	Common Stock		Capital Surplus			Accumulated Other	
	Shares Outstanding	Amount	Common Stock	Retained Earnings	Treasury Stock	Comprehensive Income (Loss), net	Total
BALANCE, December 31, 2024	3,521,375	$ 36	$ 26,904	$ 78,667	$ (2,696)	$ (9,244)	$ 93,667
Net income	-	-	-	6,581	-	-	6,581
Other comprehensive income	-	-	-	-	-	3,212	3,212
Impact of share-based compensation	2,500	1	246	-	30	-	277
BALANCE, September 30, 2025	3,523,875	$ 37	$ 27,150	$ 85,248	$ (2,666)	$ (6,032)	$ 103,737
BALANCE, December 31, 2025	3,520,125	$ 37	$ 27,230	$ 87,438	$ (2,753)	$ (5,445)	$ 106,507
Net income	-	-	-	7,090	-	-	7,090
Other comprehensive income	-	-	-	-	-	(2,148)	(2,148)
Impact of share-based compensation	2,500	-	107	-	30	-	137
BALANCE, September 30, 2026	3,522,625	$ 37	$ 27,337	$ 94,528	$ (2,723)	$ (7,593)	$ 111,586

See accompanying notes to consolidated financial statements.

BNCCORP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30,
(In thousands, unaudited)

	2026	2025
OPERATING ACTIVITIES:		
Net income	$ 7,090	$ 6,581
Adjustments to reconcile net income to net cash provided by operating activities -		
Provision for credit losses	590	490
Depreciation	808	815
Amortization of right of use asset	283	275
Net amortization of premiums on debt securities and subordinated debentures	887	1,050
Share-based compensation	137	277
Change in accrued interest receivable and other assets, net	(1,097)	(993)
Loss on sale of other real estate	1	-
Loss on sale of bank premises and equipment	-	2
Change in other liabilities, net	94	40
Gain on sales of loans, net	(13)	(116)
Net cash provided by operating activities	8,780	8,421
INVESTING ACTIVITIES:		
Proceeds from maturities of debt securities	18,130	14,317
Purchases of Federal Reserve and Federal Home Loan Bank Stock	(85)	(5)
Sales of Federal Reserve and Federal Home Loan Bank Stock	5	6
Net increase in loans held for investment	(8,477)	(34,438)
Proceeds from sales of other real estate	37	-
Purchases of premises and equipment	(706)	(236)
Net cash provided by (used in) investing activities	8,904	(20,356)
FINANCING ACTIVITIES:		
Net (decrease) increase in deposits	(22,204)	41,035
Repayments of Federal Home Loan Bank advances	(100)	(101)
Proceeds from Federal Home Loan Bank advances	100	101
Dividends paid on common stock	-	(14,304)
Net cash (used in) provided by financing activities	(22,204)	26,731
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,520)	14,796
CASH AND CASH EQUIVALENTS, beginning of period	211,451	100,815
CASH AND CASH EQUIVALENTS, end of period	$ 206,931	$ 115,611
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 13,330	$ 12,361
Income taxes paid	$ 1,633	$ 2,061
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Additions to other real estate in the settlement of loans	$ 38	$ -
Additions to repossessed assets in the settlement of loans	$ 102	$ 111
Right of use assets obtained in exchange for lease obligations	$ 185	$ 263

See accompanying notes to consolidated financial statements.

NOTE 1 – Organization of Operations, BNCCORP, INC.

BNCCORP, INC. ("BNCCORP") is a registered bank holding company incorporated under the laws of Delaware. It is the parent company of BNC National Bank (the "Bank"). BNC National Bank operates community banking and wealth management businesses through 11 locations in North Dakota and Arizona.

NOTE 2 – Basis of Presentation and Accounting Policies

The accounting and reporting policies of BNCCORP and its subsidiaries (collectively, the "Company") conform to accounting principles generally accepted in the United States of America and general practices within the financial services industry. The consolidated financial statements included herein are for BNCCORP and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited interim consolidated financial statements have been prepared under the presumption that users of the interim consolidated financial information have read or have access to the audited consolidated financial statements of BNCCORP, INC. and subsidiaries for the year ended December 31, 2025. Accordingly, footnote disclosures which would substantially duplicate the disclosures contained in the December 31, 2025 audited consolidated financial statements have been omitted from these interim consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2025, and the notes thereto.

The accompanying interim consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles (GAAP) in the United States of America for interim financial information. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. These estimates are based on information available to management at the time the estimates are made.

The unaudited consolidated financial statements as of September 30, 2026, include, in the opinion of management, all adjustments, consisting primarily of normal recurring adjustments, necessary for a fair presentation of the financial results for the respective interim periods and are not necessarily indicative of results of operations to be expected for the entire fiscal year.

NOTE 3 – Debt Securities Available for Sale

Debt securities have been classified in the consolidated balance sheets according to management's intent. The Company had no securities designated as trading or held-to-maturity in its portfolio at September 30, 2026, or December 31, 2025. The carrying amount of available-for-sale debt securities and their estimated fair values were as follows (in thousands):

	As of September 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury securities	$ 5,977	$ -	$ (324)	$ 5,653
U.S. government sponsored entity mortgage-backed securities issued by FNMA/FHLMC	15,751	-	(2,966)	12,785
U.S. government agency small business administration pools guaranteed by SBA	5,160	-	(343)	4,817
Collateralized mortgage obligations guaranteed by GNMA	3,947	-	(168)	3,779
Collateralized mortgage obligations issued by FNMA/FHLMC	36,887	-	(4,481)	32,406
Commercial mortgage-backed securities issued by FHLMC	16,123	-	(831)	15,292
Other commercial mortgage-backed securities	12,478	-	(1,245)	11,233
State and municipal bonds	8,031	-	(1,193)	6,838
	$ 104,354	$ -	$ (11,551)	$ 92,803

	As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury securities	$ 10,956	$ -	$ (373)	$ 10,583
U.S. government sponsored entity mortgage-backed securities issued by FNMA/FHLMC	17,410	-	(2,342)	15,068
U.S. government agency small business administration pools guaranteed by SBA	6,949	-	(437)	6,512
Collateralized mortgage obligations guaranteed by GNMA	4,877	-	(89)	4,788
Collateralized mortgage obligations issued by FNMA/FHLMC	41,384	48	(3,199)	38,233
Commercial mortgage-backed securities issued by FHLMC	16,456	-	(601)	15,855
Other commercial mortgage-backed securities	17,299	-	(971)	16,328
State and municipal bonds	8,040	-	(737)	7,303
	$ 123,371	$ 48	$ (8,749)	$ 114,670

The amortized cost and estimated fair market value of available-for-sale debt securities classified according to their contractual maturities at September 30, 2026, were as follows (in thousands):

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 1,000	$ 995
Due after one year through five years	22,321	21,431
Due after five years through 10 years	24,424	22,453
Due after 10 years	56,609	47,924
Total	$ 104,354	$ 92,803

The table above is not intended to reflect actual maturities, cash flows, or interest rate risk. Actual maturities may differ from the contractual maturities shown above as a result of prepayments.

The following table shows the Company's debt securities fair value and gross unrealized losses; aggregated by debt security category and length of time that individual debt securities have been in a continuous unrealized loss position (dollars are in thousands):

	September 30, 2026								
	Less Than 12 Months			12 Months or More			Total		
Description of Securities	#	Fair Value	Unrealized Loss	#	Fair Value	Unrealized Loss	#	Fair Value	Unrealized Loss
U.S. treasury securities	-	$ -	$ -	2	$ 5,653	$ (324)	2	$ 5,653	$ (324)
U.S. government sponsored entity mortgage-backed securities issued by FNMA/FHLMC	-	-	-	7	12,785	(2,966)	7	12,785	(2,966)
U.S. government agency small business administration pools guaranteed by SBA	-	-	-	4	4,817	(343)	4	4,817	(343)
Collateralized mortgage obligations guaranteed by GNMA	-	-	-	8	3,779	(168)	8	3,779	(168)
Collateralized mortgage obligations issued by FNMA/ FHLMC	4	5,172	(225)	14	27,234	(4,256)	18	32,406	(4,481)
Commercial mortgage-backed securities issued by FHLMC	-	-	-	3	15,292	(831)	3	15,292	(831)
Other commercial mortgage-backed securities	-	-	-	6	11,233	(1,245)	6	11,233	(1,245)
State and municipal bonds	-	-	-	2	6,838	(1,193)	2	6,838	(1,193)
Total temporarily impaired securities	4	$ 5,172	$ (225)	46	$ 87,631	$ (11,326)	50	$ 92,803	$ (11,551)

	December 31, 2025								
	Less Than 12 Months			12 Months or More			Total		
Description of Securities	#	Fair Value	Unrealized Loss	#	Fair Value	Unrealized Loss	#	Fair Value	Unrealized Loss
U.S. treasury securities	-	$ -	$ -	3	$ 10,583	$ (373)	3	$ 10,583	$ (373)
U.S. government sponsored entity mortgage-backed securities issued by FNMA/FHLMC	-	-	-	8	15,068	(2,342)	8	15,068	(2,342)
U.S. government agency small business administration pools guaranteed by SBA	-	-	-	4	6,512	(437)	4	6,512	(437)
Collateralized mortgage obligations guaranteed by GNMA	-	-	-	8	4,788	(89)	8	4,788	(89)
Collateralized mortgage obligations issued by FNMA/FHLMC	-	-	-	14	31,684	(3,199)	14	31,684	(3,199)
Commercial mortgage-backed securities issued by FHLMC	-	-	-	3	15,855	(601)	3	15,855	(601)
Other commercial mortgage-backed securities	-	-	-	8	16,328	(971)	8	16,328	(971)
State and municipal bonds	-	-	-	2	7,303	(737)	2	7,303	(737)
Total temporarily impaired securities	-	$ -	$ -	50	$ 108,121	$ (8,749)	50	$ 108,121	$ (8,749)

The Company does not believe that the debt securities available for sale that were in an unrealized loss position as of September 30, 2026 and December 31, 2025 represent a credit loss impairment. For both periods presented, the gross unrealized loss positions were primarily related to mortgage-backed securities issued by U.S. government agencies or U.S. government-sponsored enterprises. These securities carry the explicit and/or implicit guarantee of the U.S. government and have a history of zero credit loss. Total gross unrealized losses were attributable to changes

in interest rates, relative to when the investment securities were purchased, and not due to the credit quality of the debt securities. The Company does not intend to sell the debt securities that were in an unrealized loss position and it is unlikely that the Company will be required to sell the debt securities before recovery of their amortized cost basis, which may be at maturity.

NOTE 4 – Loans

The composition of loans is as follows (in thousands):

	September 30, 2026	December 31, 2025
Commercial and industrial	$ 253,465	$ 251,336
Commercial real estate	246,543	260,059
SBA	97,438	90,621
Consumer	119,357	117,524
Land and land development	7,799	9,601
Construction	19,677	8,955
Gross loans held for investment	744,279	738,096
Unearned income and net unamortized deferred fees and costs	599	604
Loans, net of unearned income and unamortized fees and costs	744,878	738,700
Allowance for credit losses	(8,636)	(10,318)
Net loans held for investment	$ 736,242	$ 728,382

NOTE 5 – Allowance for Credit Losses

The following table presents transactions in the allowance for credit losses by portfolio segment (in thousands):

	Three Months Ended September 30, 2026						
	Commercial and Industrial	Commercial Real Estate	SBA	Consumer	Land and Land Development	Construction	Total
Balance, beginning of period	$ 2,916	$ 2,746	$ 1,416	$ 1,181	$ 113	$ 240	$ 8,612
Provision (credit)	131	(53)	(123)	61	9	45	70
Loans charged off	-	-	(1)	(55)	-	-	(56)
Loan recoveries	-	-	5	5	-	-	10
Balance, end of period	$ 3,047	$ 2,693	$ 1,297	$ 1,192	$ 122	$ 285	$ 8,636

	Three Months Ended September 30, 2025						
	Commercial and Industrial	Commercial Real Estate	SBA	Consumer	Land and Land Development	Construction	Total
Balance, beginning of period	$ 3,178	$ 3,127	$ 1,203	$ 1,295	$ 156	$ 191	$ 9,150
Provision (credit)	160	116	(9)	(46)	11	(77)	155
Loans charged off	-	-	(21)	(12)	-	-	(33)
Loan recoveries	-	-	1	40	-	-	41
Balance, end of period	$ 3,338	$ 3,243	$ 1,174	$ 1,277	$ 167	$ 114	$ 9,313

The Company recorded a $80 thousand provision for credit losses in the third quarter of 2026. A provision of $70 thousand was recorded as an allowance for loan losses and $10 thousand was recorded as an allowance for unfunded commitments. This compares to a $165 thousand provision for credit losses in the third quarter of 2025. A provision

of $155 thousand was recorded as an allowance for loan losses and $10 thousand was recorded as an allowance for unfunded commitments.

At September 30, 2026, the Company maintained an allowance for unfunded commitments of $113 thousand. At December 31, 2025, the Company maintained an allowance for unfunded commitments of $115 thousand. The allowance for unfunded commitments is included as part of the Other liabilities line on the Company's Consolidated Balance Sheets.

	Nine Months Ended September 30, 2026						
	Commercial and Industrial	Commercial Real Estate	SBA	Consumer	Land and Land Development	Construction	Total
Balance, beginning of period	$ 4,622	$ 3,095	$ 1,139	$ 1,190	$ 148	$ 124	$ 10,318
Provision (credit)	605	(402)	154	100	(26)	161	592
Loans charged off	(2,243)	-	(1)	(114)	-	-	(2,358)
Loan recoveries	63	-	5	16	-	-	84
Balance, end of period	$ 3,047	$ 2,693	$ 1,297	$ 1,192	$ 122	$ 285	$ 8,636

	Nine Months Ended September 30, 2025						
	Commercial and Industrial	Commercial Real Estate	SBA	Consumer	Land and Land Development	Construction	Total
Balance, beginning of period	$ 3,128	$ 3,234	$ 1,286	$ 1,280	$ 208	$ 87	$ 9,223
Provision (credit)	348	9	160	32	(41)	27	535
Loans charged off	(140)	-	(275)	(82)	-	-	(497)
Loan recoveries	2	-	3	47	-	-	52
Balance, end of period	$ 3,338	$ 3,243	$ 1,174	$ 1,277	$ 167	$ 114	$ 9,313

The Company recorded a $590 thousand provision for credit losses in the nine months ended September 30, 2026. A provision of $592 thousand was recorded as an allowance for loan losses and $2 thousand was recorded as a reduction in the allowance for unfunded commitments. This compares to a $490 thousand provision for credit losses in the first nine months of 2025. A provision of $535 thousand was recorded as an allowance for loan losses and $45 thousand was recorded as a reduction in the allowance for unfunded commitments.

Credit Quality Indicators

The Company maintains an internal risk rating process in order to increase the precision and effectiveness of credit risk management. Loans are assigned one of the following four internally assigned grades: pass, special mention, substandard, and doubtful. The following are the definitions of the Company's credit quality indicators:

Pass. Loans designated as pass are not adversely rated, are contractually current as to principal and interest, and are otherwise in compliance with the contractual terms of the loan or lease agreement. Management believes that there is a low likelihood of loss related to those loans and leases that are considered Pass.

Special Mention. Loans designated as special mention are loans that possess some credit deficiency that deserves close attention due to emerging problems. Such loans pose unwarranted financial risk that, if left uncorrected, may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date.

Substandard. Loans graded as substandard or doubtful are considered "Classified" loans for regulatory purposes. Loans classified as substandard are loans that are generally inadequately protected by the current net worth and paying capacity of the obligor, or by the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the loan. Substandard loans are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful. Loans classified as doubtful have the weaknesses of those classified as substandard, with additional characteristics that make collection in full on the basis of currently existing facts, conditions and values questionable, and there is a higher probability of loss.

Below is a summary of the segments and certain of the inherent risks in the Company's loan portfolio:

Commercial and industrial and SBA. These portfolio segments include guaranteed, secured and unsecured commercial loans. Credit risks inherent in this portfolio segment include fluctuations in the local and national economy.

Commercial real estate. The commercial real estate portfolio segment includes all commercial loans that are secured by real estate, other than those included in the construction and land development segment. Risks inherent in this portfolio segment include fluctuations in property values and changes in the local and national economy impacting the sale or lease of the finished structures.

Construction and Land Development. These portfolio segments include loans for the purpose of construction. Credit risks inherent in these portfolios include fluctuations in property values, unemployment, and changes in the local and national economy.

Consumer. This portfolio segment consists of real estate and non-real estate loans to consumers. This includes mortgages, secured loans, and unsecured loans. The risks inherent in this portfolio segment include those factors that would impact the consumer's ability to meet their obligations under the loan, such as the local unemployment rate.

The following presents by credit quality indicator, loan class, and year of origination, the amortized cost basis of the Company's loans (in thousands):

	Term Loans by Origination Year							
September 30, 2026	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Loans**	**Total**
Commercial and industrial								
Pass	$ 41,152	$ 45,813	$ 35,807	$ 14,708	$ 42,125	$ 41,576	$ 30,946	$ 252,127
Special mention	529	-	197	231	-	-	-	957
Substandard	94	18	-	155	98	16	-	381
Doubtful	-	-	-	-	-	-	-	-
Total commercial and industrial	$ 41,775	$ 45,831	$ 36,004	$ 15,094	$ 42,223	$ 41,592	$ 30,946	$ 253,465
Commercial and industrial loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ 2,243	$ -	$ 2,243
Commercial Real Estate								
Pass	$ 17,262	$ 38,748	$ 6,450	$ 41,944	$ 43,131	$ 87,182	$ 7,332	$ 242,049
Special mention	-	-	-	-	-	-	-	-
Substandard	1,771	-	-	-	-	2,723	-	4,494
Doubtful	-	-	-	-	-	-	-	-
Total commercial real estate	$ 19,033	$ 38,748	$ 6,450	$ 41,944	$ 43,131	$ 89,905	$ 7,332	$ 246,543
Commercial real estate:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Small Business Administration								
Pass	$ 6,238	$ 20,473	$ 18,306	$ 9,059	$ 19,830	$ 21,165	$ 546	$ 95,617
Special mention	-	-	-	-	-	-	-	-
Substandard	-	67	171	280	529	602	-	1,649
Doubtful	-	-	-		-	172	-	172
Total small business administration	$ 6,238	$ 20,540	$ 18,477	$ 9,339	$ 20,359	$ 21,939	$ 546	$ 97,438
Small business administration loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ 1	$ -	$ 1
Consumer								
Pass	$ 18,333	$ 13,392	$ 15,791	$ 16,861	$ 15,645	$ 15,387	$ 22,905	$ 118,314
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	862	40	141	-	1,043
Doubtful	-	-	-	-	-	-	-	-
Total consumer	$ 18,333	$ 13,392	$ 15,791	$ 17,723	$ 15,685	$ 15,528	$ 22,905	$ 119,357
Consumer loans:								
Current period gross write-offs:	$ 8	$ -	$ -	$ 22	$ 16	$ 68	$ -	$ 114
Land and Land Development								
Pass	$ 1,703	$ 1,759	$ 234	$ 555	$ 660	$ 2,446	$ 442	$ 7,799
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total land and land development	$ 1,703	$ 1,759	$ 234	$ 555	$ 660	$ 2,446	$ 442	$ 7,799
Land and land development loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction								
Pass	$ 920	$ 152	$ -	$ -	$ -	$ -	$ 18,605	$ 19,677
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Construction	$ 920	$ 152	$ -	$ -	$ -	$ -	$ 18,605	$ 19,677
Construction loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total gross loans	$ 88,002	$ 120,422	$ 76,956	$ 84,655	$ 122,058	$ 171,410	$ 80,776	$ 744,279
Total gross write-offs:	$ 8	$ -	$ -	$ 22	$ 16	$ 2,312	$ -	$ 2,358

December 31, 2025	Term Loans by Origination Year							
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Total
Commercial and industrial								
Pass	$ 55,250	$ 45,350	$ 16,758	$ 48,009	$ 17,327	$ 36,856	$ 28,077	$ 247,627
Special mention	8	216	177	137	-	-	10	548
Substandard	-	-	-	184	-	-	-	184
Doubtful	-	-	2,784	193	-	-	-	2,977
Total commercial and industrial	$ 55,258	$ 45,566	$ 19,719	$ 48,523	$ 17,327	$ 36,856	$ 28,087	$ 251,336
Commercial and industrial loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ 140	$ -	$ -	$ -	$ 140
Commercial Real Estate								
Pass	$ 34,936	$ 6,976	$ 42,375	$ 44,315	$ 43,160	$ 72,634	$ 12,197	$ 256,593
Special mention	-	-	-	446	-	3,020	-	3,466
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total commercial real estate	$ 34,936	$ 6,976	$ 42,375	$ 44,761	$ 43,160	$ 75,654	$ 12,197	$ 260,059
Commercial real estate:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Small Business Administration								
Pass	$ 14,895	$ 19,735	$ 9,573	$ 19,771	$ 8,026	$ 14,745	$ 1,552	$ 88,297
Special mention	-	-	281	323	400	124	-	1,128
Substandard	67	-	-	618	-	142	-	827
Doubtful	-	-	-	-	9	360	-	369
Total small business administration	$ 14,962	$ 19,735	$ 9,854	$ 20,712	$ 8,435	$ 15,371	$ 1,552	$ 90,621
Small business administration loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ 283	$ -	$ 283
Consumer								
Pass	$ 16,923	$ 19,750	$ 20,424	$ 19,467	$ 7,690	$ 13,240	$ 18,513	$ 116,007
Special mention	-	-	-	221	-	-	-	221
Substandard	-	152	902	58	137	47	-	1,296
Doubtful	-	-	-	-	-	-	-	-
Total consumer	$ 16,923	$ 19,902	$ 21,326	$ 19,746	$ 7,827	$ 13,287	$ 18,513	$ 117,524
Consumer loans:								
Current period gross write-offs:	$ 5	$ 11	$ 47	$ 94	$ 30	$ 29	$ -	$ 216
								-
Land and Land Development								-
Pass	$ 1,984	$ 659	$ 2,612	$ 746	$ 2,514	$ 285	$ 801	$ 9,601
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total land and land development	$ 1,984	$ 659	$ 2,612	$ 746	$ 2,514	$ 285	$ 801	$ 9,601
Land and land development loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Construction								
Pass	$ 594	$ -	$ -	$ -	$ -	$ -	$ 8,361	$ 8,955
Special mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-
Total Construction	$ 594	$ -	$ -	$ -	$ -	$ -	$ 8,361	$ 8,955
Construction loans:								
Current period gross write-offs:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total gross loans	$ 124,657	$ 92,838	$ 95,886	$ 134,488	$ 79,263	$ 141,453	$ 69,511	$ 738,096
Total gross write-offs:	$ 5	$ 11	$ 47	$ 234	$ 30	$ 312	$ -	$ 639

Performing and Non-Accrual Loans

The Bank's key credit quality indicator is a loan's performance status, defined as accrual or non-accrual. Performing loans are considered to have a lower risk of loss and are on accrual status. Non-accrual loans include loans on which the accrual of interest has been discontinued. Accrual of interest is discontinued when the Bank believes that the borrower's financial condition is such that the collection of interest is doubtful. A delinquent loan is generally placed on non-accrual status when it becomes 90 days or more past due unless the loan is well secured and in the process of collection. When a loan is placed on non-accrual status, accrued but uncollected interest income is reversed against interest income in the current period. No additional interest is accrued on the loan balance until the collection of both principal and interest becomes reasonably certain. Delinquent balances are determined based on the contractual terms of the loan adjusted for charge-offs and payments applied to principal.

The following table sets forth information regarding the Bank's performing and non-accrual loans (in thousands):

	September 30, 2026					
	Current	31-89 Days Past Due	90 Days or More Past Due And Accruing	Total Performing	Non-accrual	Total
Commercial and industrial:						
Business loans	$ 133,633	$ -	$ -	$ 133,633	$ 432	$ 134,065
Agriculture	41,042	-	-	41,042	-	41,042
Owner-occupied commercial real estate	78,358	-	-	78,358	-	78,358
Commercial real estate	246,543	-	-	246,543	-	246,543
SBA	93,089	-	-	93,089	4,349	97,438
Consumer:						
Automobile	2,956	14	-	2,970	-	2,970
Home equity	22,320	131	-	22,451	41	22,492
1st mortgage	29,608	-	-	29,608	861	30,469
Other	63,127	158	-	63,285	141	63,426
Land and land development	7,799	-	-	7,799	-	7,799
Construction	19,677	-	-	19,677	-	19,677
Total gross loans	$ 738,152	$ 303	$ -	$ 738,455	$ 5,824	$ 744,279

	December 31, 2025					
	Current	31-89 Days Past Due	90 Days or More Past Due And Accruing	Total Performing	Non-accrual	Total
Commercial and industrial:						
Business loans	$ 121,598	$ 20	$ -	$ 121,618	$ 2,977	$ 124,595
Agriculture	41,822	-	-	41,822	109	41,931
Owner-occupied commercial real estate	84,810	-	-	84,810	-	84,810
Commercial real estate	259,898	161	-	260,059	-	260,059
SBA	85,825	-	-	85,825	4,796	90,621
Consumer:						
Automobile	4,002	25	-	4,027	-	4,027
Home equity	17,189	-	-	17,189	95	17,284
1st mortgage	30,181	-	-	30,181	860	31,041
Other	64,382	458	-	64,840	332	65,172
Land and land development	9,601	-	-	9,601	-	9,601
Construction	8,955	-	-	8,955	-	8,955
Total gross loans	$ 728,263	$ 664	$ -	$ 728,927	$ 9,169	$ 738,096

The following table sets forth information on the Bank's non-accrual loans (in thousands):

	September 30, 2026		
	Non-accrual loans with a related ACL	Non-accrual loans without a related ACL	Total Non-Accrual Loans
Commercial and industrial:			
Business loans	$ 416	$ 16	$ 432
SBA	3,915	434	4,349
Consumer:			
Home equity	41	-	41
1st mortgage	861	-	861
Other	-	141	141
Total	$ 5,233	$ 591	$ 5,824

	December 31, 2025		
	Non-accrual loans with a related ACL	Non-accrual loans without a related ACL	Total Non-Accrual Loans
Commercial and industrial:			
Business loans	$ 2,977	$ -	$ 2,977
Agriculture	-	109	109
SBA	4,306	490	4,796
Consumer:			
Home equity	95	-	95
1st mortgage	860	-	860
Other	-	332	332
Total	$ 8,238	$ 931	$ 9,169

The following table indicates the effect on interest income on loans if interest on non-accrual loans outstanding at period end had been recognized at original contractual rates (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest income that would have been recorded	$ 158	$ 176	$ 470	$ 529
Interest income recorded	-	-	-	-
Effect on interest income on loans	$ 158	$ 176	$ 470	$ 529

Loan Modifications

The Company individually evaluates all modification to loans where the borrower is experiencing financial difficulty. In cases where the modification is determined to be at least as favorable to the Company as the terms for comparable loans to other borrowers with similar risk characteristics the loan is considered a new origination. In the event the evaluation determines that the modification is not in-line with terms for comparable loans, the Company considers these loans to be a modified loan. These types of modifications generally take the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, or a term extension.

The following presents the amortized cost of loans to borrowers experiencing financial difficulty that were modified during the period by loan segment and modification type (in thousands):

	September 30, 2026		
	Payment Modification (1)	Total	Percentage of Total Loans
Commercial real estate	$ 1,771	$ 1,771	0.2 %
Total	$ 1,771	$ 1,771	0.2 %

(1) Modification extended interest only payment for 12-months.

Loan modifications to borrowers experiencing financial difficulty during the first nine months of 2026 did not result in principal forgiveness.

	September 30, 2025			
	Term Extension and Payment Deferment (1)	Term Extension, Payment Modification, Interest Rate Reduction (2)	Total	Percentage of Total Loans
Commercial and industrial	$ 43	$ 83	$ 126	0.0 %
SBA	64	-	64	0.0
Total	$ 107	$ 83	$ 190	0.0 %

(1) Modifications extended term by seven months and deferred payments up to seven months.
(2) Modifications extended terms up to four months, reduced payment, reduced interest rate to as low as 1.00%.

Loan modifications to borrowers experiencing financial difficulty during the first nine months of 2025 did not result in principal forgiveness.

The following table sets forth information regarding the payment status of modified loans to borrowers experiencing financial difficulty (in thousands):

	As of September 30, 2026			
	Current	31-89 Days Past Due	90 Days or More Past Due	Total
Commercial real estate	$ 1,771	$ -	$ -	$ 1,771
Total	$ 1,771	$ -	$ -	$ 1,771

	As of September 30, 2025			
	Current	31-89 Days Past Due	90 Days or More Past Due	Total
Commercial and industrial	$ 83	$ -	$ 43	$ 126
SBA	-	-	64	64
Total	$ 83	$ -	$ 107	$ 190

Collateral-Dependent Loans

A financial asset is considered collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. The following tables present the amortized cost basis of collateral-dependent loans by class and the specific allowance (in thousands):

	As of September 30, 2026	
	Principal Balance	Specific Allowance
Commercial and industrial: Business loans	$ 432	$ 251
Commercial real estate	4,494	-
SBA	5,054	595
Consumer: 1st mortgage	861	81
Consumer: Other	142	-
Total	$ 10,983	$ 927

	As of December 31, 2025	
	Principal Balance	Specific Allowance
Commercial and industrial: Business loans	$ 2,977	$ 2,010
Commercial and industrial: Agriculture	109	-
SBA	4,741	511
Consumer: 1st Mortgage	860	81
Consumer: Other	332	-
Total	$ 9,019	$ 2,602

NOTE 6 – Earnings Per Share

The following table shows the amounts used in computing per share results:

	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Denominator for basic earnings per share*:*		
Average common shares outstanding	3,544,274	3,543,450
Dilutive effect of stock compensation	-	-
Denominator for diluted earnings per share	3,544,274	3,543,450
Numerator (in thousands):		
Net income	$ 3,020	$ 7,090
Basic earnings per common share	$ 0.85	$ 2.00
Diluted earnings per common share	$ 0.85	$ 2.00

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Denominator for basic earnings per share:		
Average common shares outstanding	3,541,774	3,541,215
Dilutive effect of stock compensation	1,401	1,174
Denominator for diluted earnings per share	3,543,175	3,542,389
Numerator (in thousands):		
Net income	$ 2,633	$ 6,581
Basic earnings per common share	$ 0.74	$ 1.86
Diluted earnings per common share	$ 0.74	$ 1.86

NOTE 7 – Share-Based Compensation

The Company may grant share-based compensation at prices equal to the fair value of the stock at the grant date. The Company has two share-based plans for certain key employees and directors whereby shares of common stock have been reserved for awards in the form of stock options or restricted stock awards. The plans are as follows:

	1995	2015	Total
Total Shares in Plan	250,000	50,000	300,000
Total Shares Available for Issuance	44,701	6,447	51,148

Following is a summary of restricted stock activities for the nine-month periods ending September 30:

	Nine Months Ended September 30, 2026		Nine Months Ended September 30, 2025	
	Number Restricted Stock Shares	Weighted Average Grant Date Fair Value	Number Restricted Stock Shares	Weighted Average Grant Date Fair Value
Outstanding, beginning of period	-	$ -	3,750	$ 23.10
Granted	-	-	-	-
Vested	-	-	-	-
Forfeited	-	-	-	-
Outstanding, end of period	-	-	3,750	23.10

The Company did not recognize any share-based compensation expense related to restricted stock for the nine-month period ended September 30, 2026. The Company recognized share-based compensation expense of $7 thousand related to restricted stock for the three-month period ended September 30, 2025, and $22 thousand for the nine-month period ended September 30, 2025.

At September 30, 2026, the Company did not have any remaining unamortized restricted stock compensation expense.

NOTE 8 – Revenue from Contracts with Customers

The following table disaggregates non-interest income subject to ASC 606 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Service charges on deposits	$ 162	$ 176	$ 487	$ 479
Bankcard fees	289	271	821	790
Bank charges and service fees not within scope of ASC 606	246	266	801	798
Total bank charges and service fees	697	713	2,109	2,067
Wealth management revenue	647	534	1,814	1,547
Total wealth management revenues	647	534	1,814	1,547
Other	9	11	30	30
Other not within the scope of ASC 606 (a)	224	126	505	441
Total other	233	137	535	471
Other non-interest income not within the scope of ASC 606 (a)	3	3	13	116
Total non-interest income	$ 1,580	$ 1,387	$ 4,471	$ 4,201

(a) This revenue is not within the scope of ASC 606, and includes gains on sale of loans, revenue from investments in SBIC, and various other transactions.

The Company had no material contract assets or remaining performance obligations as of September 30, 2026. Total receivables from revenue recognized under the scope of ASC 606 were $643 thousand as of September 30, 2026, and $573 thousand as of December 31, 2025. These receivables are included as part of the Other assets line on the Company's Consolidated Balance Sheets.

NOTE 9 – Fair Value Measurements

FASB ASC 820, *Fair Value Measurement,* defines fair value and establishes a framework for measuring fair value of assets and liabilities using a hierarchy system consisting of three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets that the Company has the ability to access.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market and are used only to the extent that observable inputs are not available. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability.

For the periods presented, Treasury Securities were considered to be Level 1 while all other assets and liabilities valued at fair value were considered to be Level 2. There were no transfers into or out of the respective levels during the periods presented.

The following tables summarize the financial assets and liabilities of the Company for which fair values are determined on a recurring basis (in thousands):

	Carrying Value at September 30, 2026				Nine Months Ended September 30, 2026
	Total	Level 1	Level 2	Level 3	Total Gains/(Losses)
ASSETS					
Debt securities available for sale	$ 92,803	$ 5,653	$ 87,150	$ -	$ -
Total assets at fair value	$ 92,803	$ 5,653	$ 87,150	$ -	$ -

	Carrying Value at December 31, 2025				Twelve Months Ended December 31, 2025
	Total	Level 1	Level 2	Level 3	Total Gains/(Losses)
ASSETS					
Debt securities available for sale	$ 114,670	$ 10,583	$ 104,087	$ -	$ -
Total assets at fair value	$ 114,670	$ 10,583	$ 104,087	$ -	$ -

NOTE 10 – Fair Value of Financial Instruments

The estimated fair values of the Company's financial instruments are as follows (in thousands):

	Level in Fair Value Measurement Hierarchy	September 30, 2026		December 31, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:					
Cash and cash equivalents	Level 1	$ 206,931	$ 206,931	$ 211,451	$ 211,451
Federal Reserve Bank and Federal Home Loan Bank stock	Level 2	2,466	2,466	2,386	2,386
Gross loans held for investment	Level 2	744,279	735,696	738,096	738,061
Accrued interest receivable	Level 2	4,273	4,273	4,395	4,395
		$ 957,949	$ 949,366	$ 956,328	$ 956,293
Liabilities and Stockholders' Equity:					
Deposits, noninterest-bearing	Level 2	$ 178,423	$ 178,423	$ 177,618	$ 177,618
Deposits, interest-bearing	Level 2	771,174	770,256	794,183	793,792
Accrued interest payable	Level 2	1,423	1,423	1,638	1,638
Guaranteed preferred beneficial interests in Company's subordinated debentures	Level 2	15,464	13,147	15,464	12,716
		$ 966,484	$ 963,249	$ 988,903	$ 985,764
Financial instruments with off-balance-sheet risk:					
Commitments to extend credit	Level 2	$ -	$ 158	$ -	$ 182
Standby and commercial letters of credit	Level 2	$ -	$ 44	$ -	$ 42

NOTE 11 – Federal Home Loan Bank Advances

As of September 30, 2026, the Bank had no Federal Home Loan Bank (FHLB) advances outstanding. At September 30, 2026, the Bank had loans with unamortized principal balances of approximately $235.9 million pledged as collateral to the FHLB.

As of December 31, 2025, the Bank had no FHLB advances outstanding. At December 31, 2025, the Bank had loans with unamortized principal balances of approximately $236.7 million pledged as collateral to the FHLB.

As of September 30, 2026, the Bank has the ability to draw advances up to approximately $147.4 million based upon the aggregate collateral that is currently pledged, subject to additional FHLB stock purchase requirements.

NOTE 12 – Other Borrowings

The following table presents selected information regarding other borrowings (in thousands):

September 30, 2026				
Unsecured Borrowing Lines:				
		Line	**Outstanding**	**Available**
BNC National Bank lines (1)		$ 34,500	$ -	$ 34,500
Secured Borrowing Lines:				
	Collateral Pledged	**Line**	**Outstanding**	**Available**
BNC National Bank line	$ 2,877	$ 1,634	$ -	$ 1,634
BNCCORP line	122,630	10,000	-	10,000
Total	$ 125,507	$ 11,634	$ -	$ 11,634

(1) The unsecured BNC National Bank Lines consists of three separate lines with three institutions in individual amounts of $12.5 million, $12 million, and $10 million.

At September 30, 2026, the pledged collateral for the secured BNC National Bank line was comprised of commercial real estate loans and the pledged collateral for the secured BNCCORP line is the common stock of BNC National Bank.

December 31, 2025				
Unsecured Borrowing Lines:				
		Line	**Outstanding**	**Available**
BNC National Bank lines (1)		$ 34,500	$ -	$ 34,500
Secured Borrowing Lines:				
	Collateral Pledged	**Line**	**Outstanding**	**Available**
BNC National Bank line	$ 2,987	$ 1,849	$ -	$ 1,849
BNCCORP line	115,083	10,000	-	10,000
Total	$ 118,070	$ 11,849	$ -	$ 11,849

(1) The unsecured BNC National Bank Lines consists of three separate lines with three institutions in individual amounts of $12.5 million, $12 million, and $10 million.

At December 31, 2025, the pledged collateral for the secured BNC National Bank line was comprised of commercial real estate loans and the pledged collateral for the secured BNCCORP line is the common stock of BNC National Bank.

NOTE 13 – Guaranteed Preferred Beneficial Interests in Company's Subordinated Debentures

In July 2007, BNCCORP issued $15.5 million of floating rate subordinated debentures. The interest rate on the securities is equal to the three-month SOFR plus 1.66%. The interest rate at September 30, 2026, and December 31, 2025, was 5.39% and 5.65%, respectively. The subordinated debentures mature on October 1, 2037. The subordinated debentures may be redeemed at par and the corresponding debentures may be prepaid at the option of BNCCORP, subject to approval by the Federal Reserve Board.

NOTE 14 – Stockholders' Equity

Regulatory restrictions exist regarding the ability of the Bank to transfer funds to BNCCORP in the form of cash dividends. Approval of the Office of the Comptroller of the Currency (OCC), the Bank's principal regulator, is required for BNC National Bank to pay dividends to BNCCORP in excess of the Bank's net profits from the current year plus retained net profits for the preceding two years.

BNCCORP is required to consult with the Federal Reserve Board prior to declaring a cash dividend to stockholders. On December 18, 2024, BNCCORP's Board of Directors declared a $4.00 per share special cash dividend that was paid on January 14, 2025.

BNCCORP's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to 175,000 shares of BNCCORP, INC. outstanding common stock. During the first quarter of 2024, the Company repurchased 50,000 shares of common stock for a total cost of $1.2 million, or $23.25 per share, excluding the cost of commissions, transaction charges and taxes. No other share repurchases of common stock have been made by the Company. As of September 30, 2026, 125,000 shares remained under the current authorized share repurchase program. Share repurchases can be made through open market purchases, unsolicited and solicited privately negotiated transactions, or in accordance with terms of Rule 10b-18 promulgated under the Securities Exchange Act of 1934. The Company will not repurchase shares from directors or officers of the Company under the authorization. The Company will contemplate share repurchases subject to market conditions and other factors, including legal and regulatory restrictions and required approvals.

NOTE 15 – Regulatory Capital and Current Operating Environment

BNCCORP and BNC National Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet capital requirements mandated by regulators can trigger certain mandatory and discretionary actions by regulators. Such actions, if undertaken, could have a direct material adverse effect on the Company's financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, BNCCORP and BNC National Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Regulators may also impose capital requirements that are specific to individual institutions. The requirements are generally above the statutory ratios.

At September 30, 2026, the Company's capital ratios exceeded all regulatory capital thresholds and maintained sufficient capital conservation buffers to avoid limitations on certain types of capital distributions.

At September 30, 2026, and December 31, 2025, the regulatory capital amounts and ratios were as follows (dollars in thousands):

	Actual		For Capital Adequacy Purposes		To be Well Capitalized		Amount in Excess of Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2026								
Total Risk-Based Capital:								
Consolidated	$ 143,335	16.16%	$ 70,939	≥8.00 %	$ N/A	N/A %	$ N/A	N/A%
BNC National Bank	138,507	15.64	70,857	≥8.00	88,571	10.00	49,936	5.64
Tier 1 Risk-Based Capital:								
Consolidated	134,586	15.18	53,204	≥6.00	N/A	N/A	N/A	N/A
BNC National Bank	129,758	14.65	53,143	≥6.00	70,857	8.00	58,901	6.65
Common Equity Tier 1 Risk-Based Capital:								
Consolidated	119,122	13.43	39,903	≥4.50	N/A	N/A	N/A	N/A
BNC National Bank	129,758	14.65	39,857	≥4.50	57,571	6.50	72,187	8.15
Tier 1 Leverage Capital:								
Consolidated	134,586	12.61	42,707	≥4.00	N/A	N/A	N/A	N/A
BNC National Bank	129,758	12.17	42,650	≥4.00	53,312	5.00	76,446	7.17
Tangible Common Equity (to total assets): (a)								
Consolidated	111,586	10.30	N/A	N/A	N/A	N/A	N/A	N/A
BNC National Bank	122,630	11.34	N/A	N/A	N/A	N/A	N/A	N/A
December 31, 2025								
Total Risk-Based Capital:								
Consolidated	$ 137,792	16.02%	$ 68,804	≥8.00%	$ N/A	N/A%	$ N/A	N/A%
BNC National Bank	130,496	15.19	68,722	≥8.00	85,902	10.00	44,594	5.19
Tier 1 Risk-Based Capital:								
Consolidated	127,358	14.81	51,603	≥6.00	N/A	N/A	N/A	N/A
BNC National Bank	120,062	13.98	51,541	≥6.00	68,722	8.00	51,340	5.98
Common Equity Tier 1 Risk-Based Capital:								
Consolidated	111,894	13.01	38,702	≥4.50	N/A	N/A	N/A	N/A
BNC National Bank	120,062	13.98	38,656	≥4.50	55,836	6.50	64,226	7.48
Tier 1 Leverage Capital:								
Consolidated	127,358	12.40	41,071	≥4.00	N/A	N/A	N/A	N/A
BNC National Bank	120,062	11.71	41,015	≥4.00	51,269	5.00	68,793	6.71
Tangible Common Equity (to total assets): (a)								
Consolidated	106,507	9.68	N/A	N/A	N/A	N/A	N/A	N/A
BNC National Bank	115,083	10.47	N/A	N/A	N/A	N/A	N/A	N/A

(a) Tangible common equity ratio is calculated by dividing common equity, less intangible assets, by total period end assets.

The most recent notifications from the OCC categorized the Bank as “well capitalized” under the regulatory framework for prompt corrective action. Management believes the Bank remains well capitalized through the date for which subsequent events have been evaluated.

Management's Discussion and Analysis of Financial Condition and Results of Operations

References to "BNCCORP" or "the Company" refer to BNCCORP, INC. and its consolidated subsidiaries, collectively; references to "the Bank" only refer to BNC National Bank. Where not otherwise indicated below, financial condition and results of operations discussed are of BNCCORP, INC.

Comparison of Results for the Three Months Ended September 30, 2026, and 2025

The Company reported net income of $3.0 million, or $0.85 per diluted share, for the third quarter of 2026 compared to $2.6 million, or $0.74 per diluted share, in the third quarter of 2025. Excluding the impact of expenses associated with the merger transaction, the Company reported net income of $3.3 million, or $0.94 per diluted share.

Interest income increased $783 thousand, or 5.9%, to $14.1 million in the third quarter of 2026 from $13.4 million in the third quarter of 2025 driven by higher loan yields, a $4.1 million period-over-period increase in the average balance of loans held for investment and higher average balances of cash and cash equivalents. Those increases were partially offset by lower yields on cash and cash equivalents and a lower average balance of debt securities during the quarter. Average yield on interest-earning assets in the quarter decreased slightly to 5.51% from 5.62% in the third quarter of 2025.

Interest expense in the third quarter of 2026 was $4.3 million, a decrease of $162 thousand from the 2025 period. The cost of core deposits in the third quarter of 2026 decreased to 1.75% versus 1.94% in the third quarter of 2025. The average balance of deposits increased by $60.7 million compared to the third quarter of 2025. The cost of interest-bearing liabilities was 2.24% during the third quarter of 2026, compared to 2.49% in the same period of 2025.

Net interest income for the third quarter of 2026 was $9.8 million, an increase of $945 thousand, or 10.7%, from the third quarter of 2025. Net interest margin increased to 3.83% in the third quarter of 2026 compared to 3.73% reported in the prior year period.

Non-interest income during the third quarter of 2026 was $1.6 million, compared to $1.4 million in the 2025 third quarter. Bank charges and service fees were $16 thousand lower period-over-period primarily due to lower overdraft fees and letter of credit fees partially offset by higher interchange income. Wealth management revenues increased by $113 thousand, or 21.2%, over the prior year period as the Company has benefitted from the addition of new assets under administration and increases in the market value of financial assets year-over-year. Other income was $96 thousand higher than the prior year period as a result of valuation adjustments on deferred compensation, gains on sale of assets and higher SBIC revenue.

Non-interest expense during the third quarter of 2026 increased $743 thousand, or 11.2%, year-over-year, primarily due to a $495 thousand increase in professional services as the Company incurred $461 thousand of expenses in connection with the previously announced agreement to be acquired by OppFi Inc. Data processing fees increased $101 thousand. Inflationary factors over core banking services, card processing charges and higher IT subscriptions drove the largest increases. Occupancy expense increased $52 thousand primarily due to increased building repair and maintenance charges.

In the third quarter of 2026, income tax expense was $902 thousand, compared to $809 thousand in the third quarter of 2025. The Company's effective tax rate was 23.0% and 23.5% for the third quarter of 2026 and 2025, respectively.

Tangible book value per common share on September 30, 2026 was $31.68 compared to $30.26 at December 31, 2025. The Company's tangible common equity capital ratio increased to 10.30% as of September 30, 2026, compared to 9.68% on December 31, 2025.

Comparison of Results for the Nine Months Ended September 30, 2026, and 2025

The Company reported net income of $7.1 million, or $2.00 per diluted share, for the first nine months of 2026 compared to $6.6 million, or $1.86 per diluted share, in the first nine months of 2025. Excluding the impact of expenses associated with the merger transaction, the Company reported net income of $8.9 million, or $2.52 per diluted share.

Interest income increased $3.7 million, or 9.8%, to $41.6 million in the first nine months of 2026 from $37.9 million in the first nine months of 2025 driven by a $20.4 million period-over-period increase in the average balance of loans held for investment and higher balances of cash and cash equivalents. Those increases were partially offset by lower yields on cash and cash equivalents and a lower average balance and yields on debt securities during the current period. Average yield on interest-earning assets in the first nine months of 2026 was 5.47%, compared to 5.51% in the first nine months of 2025.

Interest expense in the first nine months of 2026 was $13.1 million, an increase of $391 thousand from the 2025 period. The cost of core deposits in the first nine months of 2026 decreased to 1.79% versus 1.89% in the first nine months of 2025. The average balance of deposits increased by $84.0 million compared to the first nine months of 2025. The cost of interest-bearing liabilities was 2.27% during the first nine months of 2026, compared to 2.44% in the same period of 2025.

Net interest income for the first nine months of 2026 was $28.5 million, an increase of $3.3 million, or 13.2%, from the first nine months of 2025. Net interest margin was 3.75% in the 2026 nine-month period compared to 3.66% reported in the prior year period.

Non-interest income in the first nine months of 2026 was $4.5 million compared to $4.2 million in the 2025 first nine months. Bank charges and service fees were $42 thousand higher period-over-period primarily due to higher servicing income, interchange income, and letter of credit fees that were partially offset by lower non-use fees on lines of credit and a reduction in deposits held in one-way sell positions. Wealth management revenues increased by $267 thousand, or 17.3%, as the Company has benefited from the addition of new assets under administration and increases in the market value of financial assets year-over-year. Other income was higher than the prior year due to valuation adjustments on deferred compensation and higher SBIC and BOLI revenue that was partially offset by lower gains on sale of assets.

Non-interest expense during the first nine months of 2026 increased $2.9 million, or 14.2%, year-over-year, primarily due to a $2.7 million increase in professional services expense as the Company has incurred expenses primarily related to the previously announced agreement to be acquired by OppFi Inc. The Company also reported an increase of $289 thousand in data processing fees. Core banking services, card processing charges and higher IT subscriptions provided the largest increases. These increases were offset by a decrease in salary and employee benefits of $250 thousand, or 2.1% year-over-year. Merit-based and inflationary increases in salaries and employee benefits were offset by lower headcount.

During the nine-month period ended September 30, 2026, consolidated income tax expense was $2.1 million, compared to $2.0 million in the first nine months of 2025. The Company’s effective tax rate was 23.0% and 23.5% for the first nine months of 2026 and 2025, respectively.

Net Interest Income

The following table presents average balance sheet information, yields on interest-earning assets and costs on interest-bearing liabilities (dollars are in thousands):

	Three Months Ended September 30,									
	2026			2025			Change			
	Average Balance	Interest Earned or Owed	Average Yield or Cost	Average Balance	Interest Earned or Owed	Average Yield or Cost	Average Balance	Interest Earned or Owed	Average Yield or Cost	
Interest-earning assets										
Cash and cash equivalents	$ 181,808	$ 1,679	3.66%	$ 95,483	$ 1,062	4.41%	$ 86,325	$ 617	-0.75%	(a)
FHLB Stock	659	12	7.46%	579	9	6.00%	80	3	1.46%	
Federal Reserve Stock	1,807	28	6.00%	1,807	28	6.00%	-	-	0.00%	
Debt securities – taxable	102,461	723	2.80%	119,686	934	3.10%	(17,225)	(211)	-0.30%	(b)
Loans held for investment	739,708	11,703	6.28%	735,614	11,329	6.11%	4,094	374	0.17%	(c)
Allowance for loan losses	(8,603)	-	0.00%	(9,174)	-	0.00%	571	-	0.00%	
Total interest-earning assets	$ 1,017,840	$ 14,145	5.51%	$ 943,995	$ 13,362	5.62%	$ 73,845	$ 783	-0.11%	
Interest-bearing liabilities										
Interest checking and money market	$ 589,877	$ 3,149	2.12%	$ 551,712	$ 3,318	2.39%	$ 38,165	$ (169)	-0.27%	(d)
Savings	41,385	11	0.10%	41,073	11	0.11%	312	-	-0.01%	(d)
Certificates of deposit	119,852	964	3.19%	106,401	937	3.50%	13,451	27	-0.31%	(d)
Total interest-bearing deposits	751,114	4,124	2.18%	699,186	4,266	2.42%	51,928	(142)	-0.24%	
Short-term borrowings	-	-	0.00%	2	-	4.98%	(2)	-	-4.98%	
Federal Home Loan Bank advances	-	-	0.00%	-	-	0.00%	-	-	0.00%	
Subordinated debentures	15,464	207	5.30%	15,464	227	5.85%	-	(20)	-0.55%	
Total borrowings	15,464	207	5.31%	15,466	227	5.82%	(2)	(20)	-0.51%	
Total interest-bearing liabilities	$ 766,578	4,331	2.24%	$ 714,652	4,493	2.49%	$ 51,926	(162)	-0.25%	
Net interest income/spread		$ 9,814	3.27%		$ 8,869	3.12%		$ 945	0.15%	
Net interest margin			3.83%			3.73%			0.10%	
Notation:										
Non-interest-bearing deposits	$ 182,733	-	0.00%	$ 173,933	-	0.00%	$ 8,800	-	0.00%	(d)
Total deposits	$ 933,847	$ 4,124	1.75%	$ 873,119	$ 4,266	1.94%	$ 60,728	$ (142)	-0.19%	
Taxable equivalents:										
Total interest-earning assets	$ 1,017,840	$ 14,165	5.52%	$ 943,995	$ 13,385	5.63%	$ 73,845	$ 780	-0.11%	
Net interest income/spread	-	$ 9,835	3.27%	-	$ 8,893	3.13%	-	$ 942	0.14%	
Net interest margin	-	-	3.83%	-	-	3.74%	-	-	0.09%	

(a) Balances increased as the cash provided by amortization of the debt securities portfolio and increased deposit balances were more than required for loan growth.

(b) The average balance of debt securities decreased as the Company is utilizing the cash flow from the portfolio to provide liquidity for loan growth.

(c) The increase in average loans held for investment is due to the loan growth produced by the Company during 2025 that was muted in the first six months of 2026, but has increased in the third quarter of 2026.

(d) Overall, average deposit balances increased. Deposit rates decreased as the Company has experienced lower levels of higher rate interest bearing deposits.

	Nine Months Ended September 30,									
	2026			2025			Change			
	Average Balance	Interest Earned or Owed	Average Yield or Cost	Average Balance	Interest Earned or Owed	Average Yield or Cost	Average Balance	Interest Earned or Owed	Average Yield or Cost	
Interest-earning assets										
Cash and cash equivalents	$ 178,241	$ 4,912	3.68%	$ 86,616	$ 2,880	4.44%	$ 91,625	$ 2,032	-0.76%	(a)
FHLB Stock	634	31	6.51%	579	26	5.99%	55	5	0.52%	
Federal Reserve Stock	1,807	82	6.03%	1,807	82	6.03%	-	-	0.00%	
Debt securities – taxable	107,949	2,382	2.95%	124,369	2,901	3.12%	(16,420)	(519)	-0.17%	(b)
Loans held for investment	736,054	34,192	6.21%	715,671	32,007	5.96%	20,383	2,185	0.25%	(c)
Allowance for loan losses	(8,698)	-	0.00%	(9,204)	-	0.00%	506	-	0.00%	
Total interest-earning assets	$ 1,015,987	$ 41,599	5.47%	$ 919,838	$ 37,896	5.51%	$ 96,149	$ 3,703	-0.04%	
Interest-bearing liabilities										
Interest checking and money market	$ 598,639	$ 9,672	2.16%	$ 540,249	$ 9,423	2.32%	$ 58,390	$ 249	-0.16%	(d)
Savings	41,857	33	0.10%	42,425	33	0.11%	(568)	-	-0.01%	(d)
Certificates of deposit	115,779	2,803	3.24%	99,914	2,593	3.47%	15,865	210	-0.23%	(d)
Total interest-bearing deposits	756,275	12,508	2.21%	682,588	12,049	2.36%	73,687	459	-0.15%	
Short-term borrowings	1	-	6.00%	2	-	6.00%	(1)	-	0.00%	
Federal Home Loan Bank advances	-	-	0.00%	1	-	0.00%	(1)	-	0.00%	
Subordinated debentures	15,464	607	5.25%	15,464	675	5.84%	-	(68)	-0.59%	
Total borrowings	15,465	607	5.25%	15,467	675	5.81%	(2)	(68)	-0.57%	
Total interest-bearing liabilities	$ 771,740	13,115	2.27%	$ 698,055	12,724	2.44%	$ 73,685	391	-0.17%	
Net interest income/spread		$ 28,484	3.20%		$ 25,172	3.07%		$ 3,312	0.13%	
Net interest margin			3.75%			3.66%			0.09%	
Notation:										
Non-interest-bearing deposits	$ 180,296	-	0.00%	$ 169,965	-	0.00%	$ 10,331	-	0.00%	(d)
Total deposits	$ 936,571	$ 12,508	1.79%	$ 852,553	$ 12,049	1.89%	$ 84,018	$ 459	-0.10%	
Taxable equivalents:										
Total interest-earning assets	$ 1,015,986	$ 41,659	5.48%	$ 919,838	$ 37,961	5.52%	$ 96,148	$ 3,698	-0.04%	
Net interest income/spread	-	$ 28,546	3.21%	-	$ 25,237	3.08%	-	$ 3,309	0.13%	
Net interest margin	-	-	3.76%	-	-	3.66%	-	-	0.10%	

(a) Balances increased as the cash provided by amortization of the debt securities portfolio and increased deposit balances were more than required for loan growth.

(b) The average balance of debt securities decreased as the Company is utilizing the cash flow from the portfolio to provide liquidity for loan growth.

(c) The increase in average loans held for investment is due to the loan growth produced by the Company during 2025 that was muted in the first six months of 2026, but has increased in the third quarter of 2026.

(d) Overall, average deposit balances increased. Deposit rates decreased as the Company has experienced lower volume of higher rate interest bearing deposits.

Non-interest Income

The following table presents the major categories of the Company's non-interest income (dollars are in thousands):

	Three Months Ended September 30,		Increase (Decrease)		Nine Months Ended September 30,		Increase (Decrease)		
	2026	2025	$	%	2026	2025	$	%	
Bank charges and service fees	$ 697	$ 713	$ (16)	(2) %	$ 2,109	$ 2,067	$ 42	2 %	
Wealth management revenues	647	534	113	21	1,814	1,547	267	17	(a)
Gains on sales of loans, net	3	3	-	-	13	116	(103)	(89)	(b)
Other	233	137	96	70	535	471	64	14	(c)
Total non-interest income	$ 1,580	$ 1,387	$ 193	14 %	$ 4,471	$ 4,201	$ 270	6 %	

(a) Wealth management revenues increased as the Company benefited from the addition of new assets under administration and increases in the market value of financial assets year-over-year.
(b) Gains on sales of loans can vary significantly from period to period.
(c) The increase is primarily due to valuation adjustments on deferred compensation, gains on sale of assets and higher SBIC revenue.

Non-interest Expense

The following table presents the major categories of the Company's non-interest expense (dollars are in thousands):

	Three Months Ended September 30,		Increase (Decrease)		Nine Months Ended September 30,		Increase (Decrease)		
	2026	2025	$	%	2026	2025	$	%	
Salaries and employee benefits	$ 3,781	$ 3,760	$ 21	1 %	$ 11,466	$ 11,716	$ (250)	(2) %	
Professional services	863	368	495	135	3,700	1,021	2,679	262	(a)
Data processing fees	975	874	101	12	2,834	2,545	289	11	(b)
Marketing and promotion	225	243	(18)	(7)	588	607	(19)	(3)	
Occupancy	399	347	52	15	1,216	1,152	64	6	(c)
Regulatory costs	146	136	10	7	414	401	13	3	
Depreciation and amortization	272	271	1	-	808	815	(7)	(1)	
Office supplies and postage	96	86	10	12	297	282	15	5	(d)
Other	635	564	71	13	1,834	1,741	93	5	(e)
Total non-interest expense	$ 7,392	$ 6,649	$ 743	11 %	$ 23,157	$ 20,280	$ 2,877	14 %	
Efficiency ratio	64.9%	64.8%			70.3%	69.1%			

(a) Professional services increased primarily due to higher legal and consulting expense relating to the recently announced agreement to be acquired by OppFI Inc.
(b) Data processing fees are higher due to normalized increases for core banking services, card processing, and IT subscriptions.
(c) Occupancy increased from building repair and maintenance costs.
(d) Office supplies and postage was higher due to increased postage costs.
(e) The increase is primarily due to a reversal of mortgage reserves in the 2025 period that was partially offset by higher correspondent charges during 2026.

Income Taxes

In the third quarter of 2026, income tax expense on a consolidated basis was $902 thousand, compared to $809 thousand in the third quarter of 2025. The effective tax rate was 23.0% in the third quarter of 2026 and 23.5% in the same period of 2025.

During the nine-month period ended September 30, 2026, income tax expense on a consolidated basis was $2.1 million, compared to $2.0 million in the first nine months of 2025. The effective tax rate was 23.0% in the first nine months of 2026 and 23.5% in the same period of 2025.

Comparison of Financial Condition at September 30, 2026 and December 31, 2025

Assets

The following table presents the Company's assets by category (dollars are in thousands):

	September 30, 2026	December 31, 2025	Increase (Decrease) $	Increase (Decrease) %	
Cash and cash equivalents	$ 206,931	$ 211,451	$ (4,520)	(2) %	
Debt securities available for sale	92,803	114,670	(21,867)	(19)	(a)
Federal Reserve Bank and Federal Home Loan Bank stock	2,466	2,386	80	3	
Loans held for investment	744,878	738,700	6,178	1	
Allowance for credit losses	(8,636)	(10,318)	1,682	(16)	(b)
Premises and equipment, net	10,018	10,120	(102)	(1)	
Operating lease right of use asset	415	514	(99)	(19)	(c)
Accrued interest receivable	4,273	4,395	(122)	(3)	
Other assets	30,024	28,288	1,736	6	(d)
Total assets	$ 1,083,172	$ 1,100,206	$ (17,034)	(2) %	

(a) Debt securities available for sale decreased as the Company is utilizing the cash flow from the portfolio to provide liquidity.
(b) Allowance for credit losses decreased due to increased write-downs related to specific problem credits in the first quarter of 2026.
(c) Decrease is due to normal amortization of operating leases.
(d) Increase primarily relates to higher deferred tax assets, bank owned life insurance, and prepaid expenses.

Loan Participations

Pursuant to the Company's lending policy, loans may not exceed 85 percent of the Bank's legal lending limit (except to the extent collateralized by U.S. Treasury securities or Bank deposits) unless the Bank's Chief Credit Officer or the Executive Credit Committee grant prior approval. To accommodate creditworthy customers whose financing needs exceed lending limits and internal restrictions, the Bank sells loan participations to outside participants without recourse. Loan participations sold on a nonrecourse basis to outside financial institutions were $163.1 million as of September 30, 2026, and $167.8 million as of December 31, 2025. The sales of participations are accounted for pursuant to FASB ASC 860, *Transfers and Servicing*.

Concentrations of Credit

The following table summarizes the locations and balances of the Company's borrowers (dollars are in thousands):

	September 30, 2026		December 31, 2025	
North Dakota	$ 430,070	58 %	$ 417,106	56 %
Arizona	161,765	22	155,470	21
Minnesota	36,998	5	40,550	6
Other	115,446	15	124,970	17
Total gross loans	$ 744,279	100 %	$ 738,096	100 %

The Company's borrowers use loan proceeds for projects in various geographic areas. The following table summarizes the locations and balances where borrowers are using loan proceeds (dollars are in thousands):

	September 30, 2026		December 31, 2025	
North Dakota	$ 397,711	53 %	$ 391,236	53 %
Arizona	188,502	25	189,943	26
Minnesota	29,870	4	29,137	4
South Dakota	26,615	4	27,473	4
California	26,587	4	28,032	4
Montana	20,834	3	15,301	2
Nevada	14,049	2	13,914	2
Colorado	8,315	1	8,816	1
Other	31,796	4	34,244	4
Total gross loans	$ 744,279	100 %	$ 738,096	100 %

The Company's loans held for investment are geographically concentrated in North Dakota and Arizona. The North Dakota economy is influenced by the energy and agriculture industries. Changes in energy supply and demand, along with market sentiment have recently caused an increase in oil prices. Management continues to monitor the volatility in oil prices and the potential impact on the oil industry and ancillary services. Persistently low agricultural commodity prices have the potential to negatively impact the agricultural performance in North Dakota. Potential risks to North Dakota's energy and agriculture industries include the possibility of adverse national legislation, persistent inflation, potential effects of trade policy, and changes in economic conditions. Depending on the severity of their impact, these factors could present potential challenges to credit quality in North Dakota. The Arizona economy continues to diversify but remains influenced by the leisure and travel industries. Positive trends in both industries have been noted, but an extended slowdown in these industries could negatively impact credit quality in Arizona. While the Company's portfolio includes various sized loans spread over a large number of industry sectors, it has meaningful concentrations of loans to the hospitality and commercial real estate industries.

The following table approximately describes the Company's concentrations by industry (dollars are in thousands):

	September 30, 2026		December 31, 2025	
Non-owner occupied commercial real estate – not otherwise categorized	$ 204,697	28 %	$ 200,887	27 %
Consumer, not otherwise categorized	97,460	13	94,999	13
Hotels	86,757	12	97,337	13
Healthcare and social assistance	38,306	5	37,270	5
Agriculture, forestry, fishing and hunting	36,460	5	37,328	5
Mining, oil and gas extraction	30,991	4	21,495	3
Non-hotel accommodation and food service	30,852	4	28,469	4
Retail trade	30,473	4	30,110	4
Art, entertainment and recreation	27,272	4	27,821	4
Construction contractors	24,918	3	24,178	3
Manufacturing	23,208	3	20,127	3
Transportation and warehousing	21,789	3	27,329	4
Real estate and rental and leasing support services	19,362	2	15,245	2
Other service	16,012	2	15,372	2
Utilities	14,194	2	14,510	2
Professional, scientific, and technical services	11,364	2	11,406	2
Educational services	9,920	1	10,932	1
Finance and insurance	7,820	1	8,573	1
Public administration	5,903	1	6,440	1
All other	6,521	1	8,268	1
Total gross loans	$ 744,279	100 %	$ 738,096	100 %

Loan Maturities[1]

The following table sets forth the maturities of loans in each major category of the Company's portfolio as of September 30, 2026 (in thousands):

		Over 1 Year Through 5 Years		Over 5 Years		Total Loans
	One Year or Less	Fixed Rate	Indexed Rate	Fixed Rate	Indexed Rate	Held for Investment
Commercial and industrial	$ 34,441	$ 35,210	$ 7,046	$ 56,914	$ 119,854	$ 253,465
Commercial real estate	3,896	13,182	1,071	25,299	203,095	246,543
SBA	717	1,469	9,944	4,612	80,696	97,438
Consumer	1,470	3,777	10,668	73,446	29,996	119,357
Land and land development	91	4,696	128	81	2,803	7,799
Construction	1,291	1,329	9,511	1,099	6,447	19,677
Total gross loans	$ 41,906	$ 59,663	$ 38,368	$ 161,451	$ 442,891	$ 744,279

(1) Maturities are based on contractual maturities. Indexed rate loans include loans that would reprice prior to maturity if base rates change.

Actual maturities may differ from the contractual maturities shown above as a result of renewals and prepayments. Loan renewals are evaluated in the same manner as new credit applications.

Allocation of the Allowance for Credit Losses

The table below presents the allocation of the allowance for credit losses among the various loan categories and sets forth the percentage of loans in each category to gross loans. The allocation of the allowance for credit losses as shown in the table should neither be interpreted as an indication of future charge-offs, nor as an indication that charge-offs in future periods will necessarily occur in these amounts or in the indicated proportions (dollars are in thousands).

	September 30, 2026		December 31, 2025	
	Allocation of Allowance	Loans as a % of Gross Loans Held for Investment	Allocation of Allowance	Loans as a % of Gross Loans Held for Investment
Commercial and industrial	$ 3,047	34 %	$ 4,622	34 %
Commercial real estate	2,693	33	3,095	35
SBA	1,297	13	1,139	12
Consumer	1,192	16	1,190	16
Land and land development	122	1	148	2
Construction	285	3	124	1
Total	$ 8,636	100 %	$ 10,318	100 %

Nonperforming Loans

The following table sets forth information concerning the Company's nonperforming loans as of the dates indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Balance, beginning of period	$ 6,113	$ 5,788	$ 9,169	$ 6,275
Additions to nonperforming	101	3,245	889	4,358
Charge-offs	(12)	-	(2,257)	(417)
Reclassified back to performing	-	(5)	-	(884)
Principal payment received	(290)	(962)	(1,837)	(1,160)
Transferred to repossessed assets	(50)	(5)	(102)	(111)
Transferred to other real estate owned	(38)	-	(38)	-
Balance, end of period	$ 5,824	$ 8,061	$ 5,824	$ 8,061

Nonperforming Assets

The following table sets forth information concerning the Company's nonperforming assets as of the dates indicated (dollars are in thousands):

	September 30, 2026	December 31, 2025
Nonperforming loans:		
Loans 90 days or more delinquent and still accruing interest	$ -	$ -
Non-accrual loans	5,824	9,169
Total nonperforming loans	$ 5,824	$ 9,169
Total nonperforming assets	$ 5,824	$ 9,169
Allowance for credit losses	$ 8,636	$ 10,318
Ratio of total nonperforming loans to total loans	0.78%	1.24%
Ratio of total nonperforming assets to total assets	0.54%	0.83%
Ratio of nonperforming loans to total assets	0.54%	0.83%
Ratio of allowance for credit losses to nonperforming loans	148%	113%

Problem Loans

Management attempts to quantify potential problem loans with more immediate credit risk. The table below summarizes the amounts of potential problem loans (in thousands):

	Special Mention	Substandard	Doubtful
September 30, 2026	$ 957	$ 7,567	$ 172
December 31, 2025	5,363	2,307	3,346

At September 30, 2026, the Bank had $7.7 million of classified loans. This compares to $5.7 million of classified loans at December 31, 2025, and $6.9 million of classified loans at September 30, 2025. During 2026, the Company experienced an increase in classified loans relating to two well collateralized commercial real estate properties. As of September 30, 2026 and December 31, 2025, the Company had $957 thousand and $5.4 million, respectively, of potentially problematic loans, which are risk-rated as “special mention”.

A significant portion of these potential problem loans are not in default but may have characteristics such as recent adverse operating cash flows or general risk characteristics that the loan officer feels might jeopardize the future timely collection of principal and interest payments. The ultimate resolution of these credits is subject to changes in economic conditions and other factors. These loans are closely monitored to ensure that the Company’s position as creditor is protected to the fullest extent possible.

Liabilities

The following table presents the Company’s liabilities (dollars are in thousands):

	September 30, 2026	December 31, 2025	Increase (Decrease) $	Increase (Decrease) %	
Deposits:					
Non-interest-bearing	$ 178,423	$ 177,618	$ 805	- %	(a)
Interest-bearing-					
Savings, interest checking and money market	649,715	681,350	(31,635)	(5)	(a)
Time deposits	121,459	112,833	8,626	8	(a)
Guaranteed preferred beneficial interests in Company's subordinated debentures	15,464	15,464	-	-	
Accrued interest payable	1,423	1,638	(215)	(13)	(b)
Accrued expenses	2,803	2,877	(74)	(3)	
Operating lease liabilities	444	571	(127)	(22)	(c)
Other liabilities	1,855	1,348	507	38	(d)
Total liabilities	$ 971,586	$ 993,699	$ (22,113)	(2) %	

(a) Overall, deposits decreased by 2.3% in the first nine months of 2026. Increased time deposit balances reflect customer demands for interest bearing products. The Company continues to enjoy strong and enduring customer relationships and continues to focus on developing new deposit relationships.
(b) Accrued interest payable on time deposits decreased due during the period.
(c) Decrease is due to normal amortization of operating leases.
(d) Increase is primarily due to higher income taxes payable.

Deposits

Total deposits decreased $22.2 million to $949.6 million on September 30, 2026, from $971.8 million on December 31, 2025. The Company continues to focus on new deposit relationships and is keenly focused on the importance of liquidity.

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

	As of		
(In thousands)	September 30, 2026	December 31, 2025	September 30, 2025
Deposits:			
Non-interest-bearing	$ 178,423	$ 177,618	$ 178,027
Interest-bearing –			
Savings, interest checking and money market	649,715	681,350	591,166
Time deposits	121,459	112,833	109,342
Total on balance sheet deposits	949,597	971,801	878,535
Off-balance sheet deposits (1)	-	-	20,478
Total available deposits	$ 949,597	$ 971,801	$ 899,013

(1) The off-balance sheet deposits above do not include off-balance sheet time deposits that can be brought back on the balance sheet at various future maturity dates. As of September 30, 2026, the Company managed off-balance sheet time deposit balances of $260 thousand, compared to $250 thousand time deposit balances as of December 31, 2025 and $250 thousand as of September 30, 2025.

The Company remains highly focused on meeting the needs of its customers and ensuring deposit rates reflect changing market conditions. The Company estimates that deposit insurance and other deposit protection programs secure approximately 70% of its customer's deposit balances. This fact, combined with a strong balance sheet and relationship-focused culture has allowed the Company to maintain a significant deposit base.

Off-balance sheet accounts are primarily utilized to custody larger business customer deposits that require daily access to funds and FDIC insurance coverage. The Company did not have off-balance sheet deposits at year-end 2025 and September 30, 2026. Off-balance sheet deposits can fluctuate greatly as customers balance utilization demands evolve. The Company earns non-interest income through the associated banking network for the utilization of these funds.

At September 30, 2026, and December 31, 2025, the Bank had $29.2 million and $24.2 million, respectively, in time deposits greater than $250 thousand.

Stockholders' Equity

The Company's stockholders' equity increased $5.1 million from December 31, 2025, to September 30, 2026, primarily driven by increased retained earnings and a negative adjustment to the tax-effected fair value of debt securities available for sale as evidenced in the increase of accumulated other comprehensive losses. As presented in Note 15 – Regulatory Capital and Current Operating Environment, the Company maintains capital in excess of regulatory requirements.

Liquidity Risk Management

Liquidity risk is the possibility of being unable to meet present and future financial obligations in a timely manner. Liquidity risk management encompasses the Company's ability to meet all present and future financial obligations in a timely manner. The objectives of the Company's liquidity management policies are to maintain adequate liquid assets, liability diversification among instruments, maturities and customers and a presence in both the wholesale purchased funds market and the retail deposit market.

The Consolidated Statements of Cash Flows in the Consolidated Financial Statements present data on cash and cash equivalents provided by and used in operating, investing, and financing activities. In addition to liquidity from core deposit growth, together with repayments and maturities of loans and debt securities, the Company may utilize brokered deposits, sell debt securities under agreements to repurchase and borrow overnight Federal funds. The Bank is a member of the FHLB of Des Moines. Advances from the FHLB are collateralized by the Bank's mortgage

loans. Funding through the issuance of subordinated notes, subordinated debentures, and long-term borrowings also has been utilized.

The Company's liquidity is defined by its ability to meet cash and collateral obligations at a reasonable cost and with a minimum loss of income. Given the uncertain nature of customers' demands, as well as the Company's desire to take advantage of earnings enhancement opportunities, the Company must have adequate sources of on- and off-balance-sheet funds that can be acquired in time of need.

The Company's liquidity position is measured on an as-needed basis, but no less frequently than quarterly using each of the following items:

1. Estimated liquid assets and certain off-balance sheet considerations less estimated volatile liabilities using the aforementioned methodology ($151.9 million as of September 30, 2026);
2. Borrowing capacity from the FHLB ($147.4 million as of September 30, 2026); and
3. Capacity to issue brokered deposits with maturities of less than 12 months ($154.0 million as of September 30, 2026).

On an ongoing basis, the Company uses a variety of factors to assess the Company's liquidity position including, but not limited to, the following:

- Stability of its deposit base;
- Amount of unpledged debt securities;
- Liquidity of its loan portfolio; and
- Potential loan demand.

The Company's liquidity assessment process segregates its balance sheet into liquid assets along with certain off-balance sheet considerations and short-term liabilities assumed to be vulnerable to non-replacement over a 30-day horizon in abnormally stringent conditions. Assumptions for the vulnerable short-term liabilities are based upon historical factors. The Company has a targeted range for its liquidity position over this horizon and manage operations to achieve these targets.

The Company further projects cash flows over a 12-month horizon based on its assets and liabilities and sources and uses of funds for anticipated events.

Pursuant to the Company's contingency funding plan, it estimates cash flows over a 12-month horizon under a variety of stressed scenarios to identify potential funding needs and funding sources. The Company's contingency plan identifies actions that could be taken in response to adverse liquidity events.

The Company believes this process, combined with its policies and guidelines, should provide for adequate levels of liquidity to fund the anticipated needs of on- and off- balance sheet items.

Quantitative and Qualitative Disclosures about Market Risk

Market risk arises from changes in interest rates, exchange rates, and commodity and equity prices and represents the possibility that changes in future market rates or prices will have a negative impact on the Company's earnings or value. The Company's principal market risk is interest rate risk.

Interest rate risk arises from changes in interest rates. Interest rate risk can result from: (1) Repricing risk – timing differences in the maturity/repricing of assets, liabilities, and off-balance-sheet contracts; (2) Options risk – the effect of embedded options, such as loan prepayments, interest rate caps/floors, and deposit withdrawals; (3) Basis risk – risk resulting from unexpected changes in the spread between two or more different rates of similar maturity, and the resulting impact on the behavior of lending and funding rates; and (4) Yield curve risk – risk resulting from unexpected changes in the spread between two or more rates of different maturities from the same type of instrument. The Company has risk management policies to monitor and limit exposure to interest rate risk. The Company's asset/liability management process is utilized to manage its interest rate risk. The measurement of interest rate risk associated with financial instruments is meaningful only when all related and offsetting on- and

off-balance-sheet transactions are aggregated, and the resulting net positions are identified.

The Company's interest rate risk exposure is actively managed with the objective of managing the level and potential volatility of net interest income in addition to the long-term growth of equity, bearing in mind that it will always be in the business of taking on rate risk and that rate risk immunization is not entirely possible. Also, it is recognized that as exposure to interest rate risk is reduced, so too may the overall level of net interest income and equity.

The Company's primary tool for measuring and managing interest rate risk is net interest income simulation. This exercise includes assumptions regarding the changes in interest rates and the impact on the Company's current balance sheet. Interest rate caps and floors are included to the extent that they are exercised in the 12-month simulation period. Additionally, changes in prepayment behavior of the residential mortgage, CMOs, and mortgage-backed securities portfolios in each rate environment are captured using industry estimates of prepayment speeds for various coupon segments of the portfolio. For purposes of this simulation, projected month-end balances of the various balance sheet accounts are held constant at their September 30, 2026 levels. Cash flows from a given account are reinvested back into the same account so as to keep the month end balance constant at its September 30, 2026, level. The static balance sheet assumption is made so as to project the interest rate risk to net interest income embedded in the existing balance sheet. With knowledge of the balance sheet's existing net interest income profile, more informed strategies and tactics may be developed as it relates to the structure/mix of growth.

The Company monitors the results of net interest income simulation on a regular basis. Net interest income is generally simulated for the upcoming 12-month horizon in seven interest rate scenarios. The scenarios generally modeled are parallel interest rate shocks of +/- 100bp, 200bp, and 300bp along with a rates unchanged scenario. Given the current level of interest rates as of September 30, 2026, the downward scenarios for interest rate movements is limited to -200bp. The parallel movement of interest rates means all projected market interest rates move up or down by the same amount. A shock in interest rates means that the projected change in market interest rates occurs immediately. For example, in the +100bp scenario, the projected Prime rate increases from 7.00% to 8.00%.

The net interest income simulation results for the 12-month horizon are shown below (dollars are in thousands):

Net Interest Income Simulation

Movement in interest rates	-200bp	-100bp	Unchanged	+100bp	+200bp	+300bp
Projected 12-month net interest income	$ 39,222	$ 39,561	$ 39,613	$ 38,825	$ 38,003	$ 37,177
Dollar change from unchanged scenario	$ (391)	$ (52)	$ -	$ (788)	$ (1,610)	$ (2,436)
Percentage change from unchanged scenario	(0.99)%	(0.13)%	-	(1.99)%	(4.06)%	(6.15)%

Since there are limitations inherent in any methodology used to estimate the exposure to changes in market interest rates, these analyses are not intended to be a forecast of the actual effect of changes in market interest rates, such as those indicated above on the Company. Further, these analyses are based on assets and liabilities as of September 30, 2026 (without forward adjustments for planned growth and anticipated business activities) and do not reflect any actions the Company might undertake in response to changes in market interest rates.

Static gap analysis is another tool that may be used for interest rate risk measurement. The net differences between the amount of assets, liabilities, equity and off-balance-sheet instruments repricing within a cumulative calendar period is typically referred to as the "rate sensitivity position" or "gap position." The following table sets forth the Company's rate sensitivity position as of September 30, 2026. Assets and liabilities are classified by the earliest possible repricing date or maturity, whichever occurs first.

Interest Sensitivity Gap Analysis

(dollars are in thousands)	Estimated Maturity or Repricing at September 30, 2026				
	0–3 Months	4–12 Months	1–5 Years	Over 5 Years	Total
Interest-earning assets:					
Interest-bearing deposits with banks	$ 195,849	$ -	$ -	$ -	$ 195,849
Debt securities (a)	11,263	9,360	48,262	35,092	103,977
FRB and FHLB stock	2,466	-	-	-	2,466
Loans held for investment, net	176,941	165,965	382,134	11,202	736,242
Total interest-earning assets	$ 386,519	$ 175,325	$ 430,396	$ 46,294	$ 1,038,534
Interest-bearing liabilities:					
Interest checking and money market accounts	$ 608,461	$ -	$ -	$ -	$ 608,461
Savings	41,254	-	-	-	41,254
Time deposits	37,715	77,100	6,644	-	121,459
Subordinated debentures	-	15,464	-	-	15,464
Total interest-bearing liabilities	$ 687,430	$ 92,564	$ 6,644	$ -	$ 786,638
Interest rate gap	$ (300,911)	$ 82,761	$ 423,752	$ 46,294	$ 251,896
Cumulative interest rate gap at September 30, 2026	$ (300,911)	$ (218,150)	$ 205,602	$ 251,896	
Cumulative interest rate gap to total assets	(27.78)%	(20.14)%	18.98%	23.26%	

(a) Values for debt securities reflect the timing of the estimated principal cash flows from the securities based on par values, which vary from the amortized cost and fair value of the debt securities.

The table assumes that all savings and interest-bearing demand deposits reprice in the earliest period presented, however, management believes that a significant portion of these accounts are generally not rate sensitive. Management's view is supported by historical non-maturity deposit studies, which indicate that the Company's deposit rates have largely lagged broader market rate changes and the fact that changes in interest rates paid on these deposits historically have not caused notable reductions in balances or net interest income because the repricing of certain assets and liabilities is discretionary and is subject to competitive and other pressures. As a result, assets and liabilities indicated as repricing within the same period may in fact reprice at different times and at different rate levels.

Static gap analysis does not fully capture the impact of embedded options, lagged interest rate changes, administered interest rate products, or certain off-balance-sheet sensitivities to interest rate movements. Therefore, this tool generally cannot be used in isolation to determine the level of interest rate risk exposure in banking institutions.

Since there are limitations inherent in any methodology used to estimate the exposure to changes in market interest rates, these analyses are not intended to be a forecast of the actual effect of changes in market interest rates such as those indicated above on the Company. Further, these analyses are based on the Company's assets and liabilities as of September 30, 2026, and do not contemplate any actions the Company might undertake in response to changes in market interest rates.

Legal Proceedings

From time to time in the ordinary course of business, the Company and its subsidiaries may be a party to legal proceedings arising out of the Company's lending, deposit operations, or other activities. The Company engages in foreclosure proceedings and other collection actions as part of its loan collection activities. From time to time, borrowers may also bring actions against the Company, in some cases claiming damages.

Management is not aware of any material pending or threatening litigation as of September 30, 2026.

Submission of Matters to a Vote of Stockholders

The Special Meeting of Stockholders (the "Special Meeting") of the Company was held on September 17, 2026. Proxies for matters to be voted on at the Special Meeting were solicited by the Board of Directors of the Company. Two proposals were voted upon at the Annual Meeting. The proposals were described in detail in the Company's Proxy Statement. Of the 3,544,274 shares of common stock outstanding on the record date of August 5, 2026, 2,792,9112 shares were voted at the Special Meeting. The final results for the votes regarding each proposal are set forth below.

1. Adopt the Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement"), dated as of April 28, 2026, by and among OppFi Inc., a Delaware corporation ("OppFi"), BNCCORP, INC. and Birch Merger Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of OppFi ("Merger Sub") and approve the consummation of the transactions contemplated thereby (the "Merger Proposal"); and

For	Against	Abstain
2,642,681	150,201	30

2. Adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting or any adjournment or postponement thereof to adopt the Merger Agreement (the "Adjournment Proposal").

For	Against	Abstain
2,666,134	97,239	29,539

Signatures

This report is submitted on behalf of the Company by the duly authorized undersigned.

BNCCORP, INC.

Date: November 12, 2026

By: /s/ Daniel J. Collins
Daniel J. Collins
President and Chief Executive Officer

By: /s/ Justin C. Currie
Justin C. Currie
Chief Financial Officer