BNCCORP

NEWS RELEASE

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BNCCORP, INC. REPORTS SECOND-QUARTER NET INCOME OF $14.2 MILLION, OR $3.97 PER DILUTED SHARE

Highlights

- **Net income in the second quarter of 2020 was $14.2 million, resulted in earnings per diluted share of $3.97, compared to $2.7 million, or $0.75 per diluted share, in the 2019 period.**
- **Company delivers year-over-year net income gain of $11.5 million, or $3.22 per diluted share, when comparing the second quarter of 2020 to 2019.**
- **Return on assets was 5.14% and return on equity was 53.12% for the quarter ended June 30, 2020, compared to 1.05% and 12.18%, respectively, for the 2019 period.**
- **Nonperforming assets to total assets were 0.38% at June 30, 2020, versus 0.21% at December 31, 2019.**
- **The Company's provision for credit losses was $1.5 million in the second quarter of 2020, compared to $200 thousand in the 2019 period.**
- **Tangible book value increased $6.51 per share to $33.90 at June 30, 2020, from $27.39 at December 31, 2019.**
- **Tier 1 leverage ratio was 11.55% and Common Equity Tier 1 risk-based capital was 15.24% at June 30, 2020.**
- **The allowance for credit losses was 1.89% (excluding $97.8 million PPP loans) of loans and leases held for investment at June 30, 2020, compared to 1.60% at December 31, 2019.**
- **BNC funded 730 Small Business Administration (SBA) Paycheck Protection Program (PPP) loans totaling $97.8 million.**
- **Mortgage revenue totaled $25.1 million in the second quarter of 2020, versus $5.2 million in the 2019 period.**
- **Cost of total interest-bearing liabilities was 0.56% and 1.20% in the second quarters of 2020 and 2019, respectively.**

BISMARCK, ND, July 31, 2020 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota, Arizona, and Minnesota, and has mortgage banking offices in Illinois, Kansas, Missouri, Michigan, Arizona, and North Dakota, today reported financial results for the second quarter ended June 30, 2020.

Overview of Highlights

Net income in the second quarter of 2020, was $14.2 million, compared to $2.7 million in the same period of 2019. Second quarter earnings per diluted share rose 429% to $3.97 from $0.75 in the prior-year second quarter. The increase in net income from the year-ago period primarily reflected higher net interest income and significantly increased mortgage revenues, partially offset by higher non-interest expense and a higher effective tax rate.

Second-quarter net interest income increased by $1.4 million, or 20.4%, from the comparable 2019 quarter. Interest income rose slightly as the impact of loan growth including PPP loan interest income was offset by lower debt securities balances and interest rates. Interest expense decreased 53.0% as higher average deposit balances were offset by a reduction in the cost of deposits and the redemption of subordinated debt in the fourth quarter 2019.

Non-interest income in the second quarter of 2020 increased by $19.3 million, or 273.1%, from the same period in 2019. In the second quarter of 2020, mortgage banking revenues were $25.1 million, $19.9 million higher than during the same period a year ago. Mortgage banking revenues were driven primarily by refinance activity spurred by favorable interest rates.

Non-interest expense in the 2020 second quarter increased by $4.1 million, or 39.2%, versus the second quarter of 2019 due primarily to increases in mortgage banking operating costs.

The Company's provision for credit losses was $1.5 million in the 2020 second quarter and $200 thousand in the second quarter of 2019. The increase was primarily attributed to qualitative risks identified in certain loan portfolio segments that were impacted more directly by the COVID-19 pandemic. The ratio of nonperforming assets to total assets was 0.38% at June 30, 2020, compared to 0.21% at December 31, 2019. The allowance for credit losses was 1.59% of loans and leases held for investment at June 30, 2020, compared to 1.60% at December 31, 2019. The allowance for credit losses was 1.89% excluding $97.8

million in PPP loans guaranteed by the SBA. A discussion of asset quality may be found later in this release.

Tangible book value per common share at June 30, 2020, was $33.90, compared to $27.39 at December 31, 2019, an increase of $6.51 per common share.

Management Commentary

BNC delivered strong performance in the second quarter despite continuing challenges from COVID-19. As anticipated, the pandemic's impact, including restrictions on business activity and related economic uncertainty, became more pronounced in the 2020 second quarter, but was offset by mortgage and PPP loan origination opportunities.

Daniel J. Collins, BNC's Interim President and Chief Executive Officer stated, "We are very pleased with the performance of our team and business in a difficult operating environment. For the second quarter, we delivered significant gains in net income and diluted earnings per share, tangible book value, return on equity and return on assets, among other key metrics.

"Looking ahead, the duration and full economic impact of COVID-19 remains unclear. The health and safety of our employees and customers remain a top priority. As an organization, we are also planning and preparing for potential pandemic-related challenges that may include reduced loan demand due to lower economic activity, compressed net interest margins and increased credit quality risks. That said, we emerge from the second quarter with even stronger capital and liquidity positions, our continued commitment to asset quality, a scalable mortgage platform to maximize opportunities in the marketplace, and a focus on serving our customers and communities well in this period of uncertainty."

2020 Versus 2019 Second-Quarter Comparison

Net interest income for the second quarter of 2020 was $8.5 million, an increase of $1.5 million, or 20.4%, from $7.0 million in the same period of 2019. The increase primarily reflected the positive impact of PPP loan funding, deleveraging through the redemption of subordinated debt in the fourth quarter of 2019 and reduced cost of deposits. Net interest margin increased to 3.30% in the 2020 second quarter, compared to 2.96% in the year-earlier period.

Second-quarter interest income increased $172 thousand, or 1.8%, to $9.6 million in 2020, compared to $9.4 million in the second quarter of 2019. The increase stemmed from the impact of higher average loan balances, offset by reduced interest income from debt securities sold to deleverage the balance sheet and fund elevated mortgage loan activity. Yield on average interest-earning assets was 3.72% in the second quarter of 2020, compared to 3.94% in the 2019 second quarter. Federal Reserve policy rates decreased 75 basis points in the second half of 2019 and an additional 150 basis points in March 2020.

The average balance of interest earning assets in the 2020 second quarter increased by $80.5 million versus the same period of 2019, primarily due to increased cash and cash equivalents, loans held for sale and PPP loans held for investment, partially offset by decreased average debt securities. The average balance of loans and leases held for investment increased by $116.4 million, yielding $1.2 million of additional interest income. Average PPP loans, largely funded in April, accounted for $77.3 million of the $116.4 million increase. The average balance of mortgage loans held for sale was $130.5 million, $82.2 million higher, or 170.1% higher than the same period of 2019, resulting in $566 thousand of additional interest income. The average balance of debt securities in the second quarter of 2020 was $205.7 million or $213.8 million lower than in the second quarter of 2019, resulting in interest income that was $1.5 million lower than the prior period.

Interest expense in the second quarter of 2020 was $1.1 million, a decrease of $1.3 million, or 53.0% from the 2019 period. The cost of interest-bearing liabilities was 0.56% during the quarter, compared to 1.20% in the same period of 2019. Interest expense on deposits decreased due to ongoing pricing adjustments in response to reductions in Federal Reserve policy rates. The cost of core deposits in the second quarter of 2020 and 2019 was 0.42% and 0.90%, respectively. Interest expense was also $158 thousand lower in the 2020 second quarter due to the redemption of $10.0 million of subordinated debt in the fourth quarter of 2019.

At the end of the second quarter 2020, credit metrics remained relatively stable with a 0.38% nonperforming loans to total asset ratio. While credit risks have not yet manifested in significantly increased nonperforming loan levels, the Company recorded a $1.5 million provision for credit losses in the second quarter 2020 due to the uncertain economic impact the COVID-19 pandemic will have on borrowers, compared to $200 thousand recorded in the second quarter of 2019.

Non-interest income for the second quarter of 2020 was $26.3 million, an increase of $19.2 million, or 273.1%, from $7.1 million in the 2019 second quarter. Mortgage banking revenues were $25.1 million in the second quarter of 2020, an increase of $19.9 million, or 380.1%, compared to $5.2 million in the second quarter of 2019. The increase was driven by lower interest rates facilitating higher mortgage banking origination activity. In the second quarter of 2020, BNC funded 2,029 loans with combined balances of $743.9 million, compared to 758 loans with combined balances of $236.9 million in the second quarter of 2019. Gains on sales of debt securities were $153 thousand in the second quarter of 2020, compared to gains of $256 thousand in the same period of 2019.

Non-interest expense for the second quarter of 2020 increased $4.1 million, or 39.2%, to $14.5 million, from $10.4 million in the second quarter of 2019. The increase is primarily attributed to increased mortgage operations activity.

In the second quarter of 2020, income tax expense was $4.6 million, compared to $817 thousand in the second quarter of 2019. The effective tax rate was 24.7% in the second quarter of 2020, compared to 23.5% in the same 2019 period. During the second quarter of 2020, the Company recorded higher income tax expense due to significantly higher mortgage revenue, increasing the annual effective tax rate from 24.0% to 24.5%. The resulting effective tax rate for the second quarter of 2020 also is higher due to lower non-taxable interest income from municipal securities.

Net income was $14.2 million, or $3.97 per diluted share, in the second quarter of 2020. Net income in the second quarter of 2019 was $2.7 million, or $0.75 per diluted share.

Six-Month Results

Net interest income in the first half of 2020 was $15.9 million, an increase of $1.9 million, or 13.6%, from $14.0 million in 2019. The increase primarily reflected the positive impact of the redemption of subordinated debt in the fourth quarter of 2019, as well as decreased cost of deposits following reductions in Federal Reserve policy rates. The net interest margin increased to 3.29% in the first six months of 2020, compared to 2.98% in the first six months of 2019.

Interest income increased to $18.6 million for the six-month period of 2020, compared to $18.5 million in 2019. The impact of higher average loan balances was offset by reduced interest income from debt securities sold to deleverage the balance sheet and fund elevated loan activity. The yield on average interest-earning assets was 3.85% in the 2020 six-month period, compared to 3.94% in 2019. The average balance of interest-earning assets in the first half of 2020 increased by $23.8 million compared to the 2019 period. Increases in average loans and cash balances, were largely offset by the decrease in average debt securities.

The average balance of loans and leases held for investment grew by $80.9 million, yielding $1.6 million of additional interest income, while the average balance of mortgage loans held for sale was $126.6 million or $90.9 million higher than the same period of 2019, resulting in $1.4 million of additional interest income. The average balance of debt securities in the first half of 2020 was $228.4 million or $194.3 million lower than in the first half of 2019, while the interest income thereon was $2.6 million lower than the prior period as the Company sold debt securities to deleverage the balance sheet and fund elevated mortgage loan activity.

Interest expense in the first half of 2020 was $2.7 million, a decrease of $1.9 million, or 40.8%, from 2019. The cost of interest-bearing liabilities was 0.72% in the first six months, compared to 1.16% in the same period of 2019. Interest expense on deposits decreased as a result of lower deposit balances and decreased cost of deposits. The cost of core deposits in the first six months of 2020 and 2019 was 0.55% and 0.87%, respectively. Interest expense was also $317 thousand lower in the 2020 first half due to the redemption of $10.0 million of subordinated debt in the fourth quarter of 2019.

At the end of the first six months of 2020, credit metrics remained stable with a 0.38% nonperforming loans to total asset ratio. Due in large part to the uncertain economic impact the COVID-19 pandemic may have on certain aspects of the loan portfolio, the Company recorded a $2.1 million provision for credit losses in the first six months of 2020. This compares to $200 thousand recorded in the first six months of 2019.

Non-interest income for the 2020 six months was $37.1 million, an increase of $25.5 million, or 221.2%, from $11.6 million in 2019. Mortgage banking revenues were $33.7 million in the first half of 2020, an increase of $25.4 million, compared to $8.3 million in the first half of 2019, as lower interest rates continued to support higher mortgage banking origination activity. In the first half of 2020, BNC funded 3,429 loans with combined balances of $1.2 billion, compared to 1,246 loans with combined balances of $391.3 million in the first half of 2019. Gains on sales of debt securities were $1.1 million for the 2020 period, compared to gains of $320 thousand in 2019. Debt securities balances can change from period to period depending on liquidity requirements for loan growth or other corporate purposes. Therefore, gains and losses on sales of assets and earnings from certain investments can also vary significantly.

Non-interest expense for the first six months of 2020 increased $6.4 million, or 31.9%, to $26.5 million, from $20.1 million in 2019. Substantially all of the increase is directly attributed to increased volume in mortgage operations.

During the six-month period ended June 30, 2020, income tax expense was $6.0 million, compared to $1.2 million in the first half of 2019. The effective tax rate was 24.5% in the first half of 2020, compared to 22.0% in the same period of 2019. The increase in the effective tax rate for the full year of 2020 is due to higher pre-tax revenues and lower non-taxable interest income from municipal securities.

Net income was $18.5 million, or $5.18 per diluted share, for the six months ended June 30, 2020. Net income in the first six months of 2019 was $4.1 million, or $1.15 per diluted share.

Assets and Liabilities

Total assets were $1.1 billion at June 30, 2020, an increase of $137.2 million, compared to $966.8 million at December 31, 2019. This increase is primarily due to increased mortgage loans held for sale balances, higher loans and leases held for investment balances, as a result of PPP loan originations, and increased cash balances resulting from higher deposit balances and the sale of debt securities. The funding of $97.8 million of PPP loans drove a $101.1 million, or 19.9%, increase in loans held for investment compared to December 31, 2019. Total loans and leases held for investment aggregated $609.7 million at June 30, 2020. Loans held for sale as of June 30, 2020, were higher by $58.2 million when compared to December 31, 2019, due to higher mortgage loan funding in 2020. Debt securities decreased $75.6 million from year-end 2019, while cash and cash equivalent balances increased $41.3 million.

Total deposits increased $117.2 million to $937.7 million at June 30, 2020, from $820.5 million at December 31, 2019. In the first quarter 2020, the Company exercised its ability to bring back deposits previously moved off our balance sheet in the deleveraging activities of the fourth quarter of 2019. Deposit growth was supported by PPP loan customers depositing loan proceeds with BNC prior to utilization.

The table below shows total deposits since 2016:

(In Thousands)	June 30, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
ND Bakken Branches	$ 191,233	$ 190,286	$ 185,713	$ 168,981	$ 178,677
ND Non-Bakken Branches	488,688	403,337	431,246	435,255	384,476
Total ND Branches	679,921	593,623	616,959	604,236	563,153
Other	257,778	226,924	231,646	213,570	189,474
Total Deposits	$ 937,699	$ 820,547	$ 848,605	$ 817,806	$ 752,627

At June 30, 2020, there were no FHLB advances, compared to $17.0 million at December 31, 2019.

Trust assets under management or administration decreased 9.8%, or $36.9 million, to $340.9 million at June 30, 2020, from $377.8 million at December 31, 2019. This decrease is due to volatility and declines in financial markets related to COVID-19 concerns, which may reduce wealth management revenues in future periods.

Asset Quality

The allowance for credit losses was $9.7 million at June 30, 2020, compared to $8.1 million at December 31, 2019. The allowance as a percentage of loans and leases held for investment at June 30, 2020 decreased to 1.59% from 1.60% at December 31, 2019. Excluding PPP loans, which are 100% guaranteed by the SBA, the allowance for credit losses as a percentage of loans and leases held for investment at June 30, 2020, increased to 1.89%. The increase was primarily attributed to qualitative risks identified in certain loan portfolio segments impacted more directly by the COVID-19 pandemic.

Nonperforming assets, consisting primarily of loans, were $4.2 million at June 30, 2020, and $2.0 million at December 31, 2019. The ratio of nonperforming assets to total assets was 0.38% at June 30, 2020, and 0.21% at December 31, 2019.

At June 30, 2020, BNC had $10.8 million of classified loans and $3.8 million of loans on non-accrual. At December 31, 2019, BNC had $9.3 million of classified loans and $2.0 million of loans on non-accrual. BNC had $7.4 million of potentially problematic loans, which are risk rated “watch list”, at June 30, 2020, compared with $9.2 million as of December 31, 2019. The Company did not hold any other real estate owned or repossessed assets at June 30, 2020, or December 31, 2019.

The level of credit losses that may eventually result from the effects of COVID-19 is not clear. The Company anticipates the provision for credit losses in future periods may be higher than in the recent past related to qualitative indicators in certain sub-segments of its loan portfolio more impacted by unemployment and business interruption.

To assist borrowers through the COVID-19 pandemic, the Company has worked to provide a number of solutions for credit assistance. To this end, BNC has modified approximately $200 million of loans consistent with inter-agency guidance that allows customers to defer payments or modify their loans. These loans were current as of December 31, 2019, and as a result, are not currently subject to troubled debt restructuring accounting standards. BNC participated in the SBA PPP and the SBA Payment Relief Program. In addition, BNC worked with the Bank of North Dakota, which provided additional local credit assistance programs for our North Dakota borrowers.

BNC's loans and leases held for investment are concentrated geographically in North Dakota and Arizona. North Dakota and Arizona loans make up 57% and 27% of the total loan portfolio, respectively. The North Dakota economy is influenced by the energy and agriculture industries. Late in the first quarter, oil prices collapsed largely due to global over-supply and reduced demand due to the COVID-19 pandemic, which was further impacted by geo-political disagreements. An extended period of low energy prices may negatively impact credit quality in North Dakota. The Arizona economy is influenced by leisure and travel. Late in the first quarter, these activities diminished, primarily due to pandemic-related travel restrictions. An extended slowdown in these industries may negatively impact credit quality in Arizona. BNC's portfolio is constructed of various sized loans spread over a large number of industry sectors, although concentrations of loans in hospitality and real estate make up notable percentages of the portfolio.

The following table approximates the Company's significant concentrations by industry, excluding PPP loans, as of June 30, 2020 (in millions):

Loans and Leases Held For Investment By Industry Sector

Non-owner Occupied Commercial Real Estate (not otherwise categorized)	$	143.7
Hotels		77.6
Consumer, not otherwise categorized		73.8
Healthcare and Social Assistance		35.4
Agriculture, Forestry, Fishing and Hunting		31.4
Retail Trade		24.6
Non-Hotel Accommodation and Food Service		22.6
Transportation and Warehousing		22.4
Mining, Oil and Gas Extraction		17.2
Construction Contractors		13.7
Manufacturing		12.4
Other Service		8.4
Art, Entertainment and Recreation		7.5
All Other		22.9
Gross Loans Held For Investment (Excluding PPP Loans)	$	513.6

The COVID-19 pandemic has impacted all markets as the country continues to take measures to contain the spread of the virus. Business closures are negatively impacting our commercial customers' ability to generate earnings while our consumer customers are increasingly subject to employment uncertainty.

The hospitality industry is experiencing unprecedented low hotel occupancy and restaurant utilization. The hospitality industry began to rebound early in May, only to be impacted by the summer surge of COVID-19, especially in Arizona. The oil and gas industry is experiencing low oil prices due to COVID-19 related demand issues that are further impacted by geo-political disagreements. Oil prices have improved in the recent quarter, but not at a level to sustain and re-energize oil and gas activity in North Dakota. These COVID-19 influenced economic conditions are expected to negatively impact various industry sectors.

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

Capital

Banks and bank holding companies operate under separate regulatory capital requirements. At June 30, 2020, the Company's capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

A summary of BNC's capital ratios at June 30, 2020, and December 31, 2019, is presented below:

	June 30, 2020	December 31, 2019
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	11.55%	10.65%
Common equity tier 1 risk based capital	15.24%	13.76%
Tier 1 risk based capital	17.26%	15.95%
Total risk based capital	18.51%	17.13%
Tangible common equity	10.86%	9.95%
BNC National Bank		
Tier 1 leverage	10.81%	9.81%
Common equity tier 1 risk based capital	16.16%	14.69%
Tier 1 risk based capital	16.16%	14.69%
Total risk based capital	17.41%	15.88%

The Common Equity Tier 1 ratio, which is generally a comparison of a bank's core equity capital to its total risk weighted assets, is a measure of the current risk profile of the Bank's asset base from a regulatory perspective. The Tier 1 leverage ratio, which is based on average assets, does not consider the mix of risk-weighted assets. In recent periods, regulators have required Tier 1 leverage ratios that significantly exceed "Well Capitalized" ratio levels. As a result, management believes the Bank's Tier 1 leverage ratio is its most restrictive capital measurement and is managing the Tier 1 leverage ratio to levels significantly above the "Well Capitalized" ratio threshold.

The Company routinely evaluates the sufficiency of its capital in order to ensure compliance with regulatory capital standards and to provide a source of strength for the Bank. The Company manages capital by assessing the composition of capital and the amounts available for growth, risk, or other purposes.

Because the PPP loans are guaranteed by the SBA, they are assigned a zero risk-weighting in the determination of risk-based capital coverage and these loan assets will have no direct impact on risk-based capital ratios. The PPP Lending Facility (PPPLF) was established by the Federal Reserve Board to provide support for the PPP program by making non-recourse loans to PPP lenders like BNC that are secured by PPP loans. Interest on amounts borrowed under PPPLF is at a rate of 0.35%. Utilizing the PPPLF may allow BNC to neutralize the impact of PPP loans on leverage capital ratios. As of June 30, 2020, the Company has not utilized the PPPLF.

Tangible book value per common share of the Company was $33.90 as of June 30, 2020, compared to $27.39 at December 31, 2019.

Liquidity

The Company actively manages its liquidity position by maintaining adequate liquid assets and access to diversified funding sources in order to meet present and future financial obligations in a timely manner. The Company's measurement of liquidity as of June 30, 2020 includes, but is not limited to the following sources:

- $43.7 million of cash held at the Federal Reserve
- $130.9 million of unencumbered debt securities available for sale
- $127.3 million of available capacity for Federal Home Loan Bank advances based on current collateral pledged
- $34.5 million of federal funds borrowing facilities with Correspondents
- $97.8 million of available capacity from Paycheck Protection Program Liquidity Facility

About BNCCORP, INC.

BNCCORP, INC., headquartered in Bismarck, N.D., is a registered bank holding company dedicated to providing banking and wealth management services to businesses and consumers in its local markets. The Company operates community banking and wealth management businesses in North Dakota, Arizona and Minnesota from 13 locations. BNC also conducts mortgage banking from 11 locations in Illinois, Kansas, Missouri, Michigan, Arizona and North Dakota.

This news release may contain "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of BNC. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently available to management are generally identifiable by the use of words such as "expect", "believe", "anticipate", "at the present time". "plan", "optimistic", "intend", "estimate", "may", "will", "would", "could", "should", "future" and other expressions relating to future periods. Examples of forward-looking statements include, among others, statements we make regarding our expectations regarding future market conditions and our ability to capture opportunities and pursue growth strategies, our expected operating results such as revenue growth and earnings and our expectations of the effects of the regulatory environment or the Coronavirus / COVID-19 pandemic on our earnings for the foreseeable future. Forward-looking statements are neither historical facts nor assurances of future performance. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, but are not limited to: the impact of the Coronavirus / COVID-19 pandemic, the impact of current and future regulation; the risks of loans and investments, including dependence on local and regional economic conditions; competition for our customers from other providers of financial services; possible adverse effects of changes in interest rates, including the effects of such changes on mortgage banking revenues and derivative contracts and associated accounting consequences; risks associated with our acquisition and growth strategies; and other risks which are difficult to predict and many of which are beyond our control. In addition, all statements in this news release, including forward-looking statements, speak only of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

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

(Financial tables attached)

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BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended June 30, 2020	For the Quarter Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
SELECTED INCOME STATEMENT DATA				
Interest income	$ 9,571	$ 9,399	$ 18,573	$ 18,527
Interest expense	1,117	2,376	2,695	4,549
Net interest income	8,454	7,023	15,878	13,978
Provision for credit losses	1,500	200	2,050	200
Non-interest income	26,333	7,057	37,127	11,559
Non-interest expense	14,491	10,409	26,498	20,091
Income before income taxes	18,796	3,471	24,457	5,246
Income tax expense	4,633	817	5,992	1,154
Net income	$ 14,163	$ 2,654	$ 18,465	$ 4,092
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 3.97	$ 0.75	$ 5.18	$ 1.16
Diluted earnings per common share	$ 3.97	$ 0.75	$ 5.18	$ 1.15

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended June 30, 2020	For the Quarter Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 549	$ 679	$ 1,180	$ 1,325
Wealth management revenues	414	432	855	875
Mortgage banking revenues	25,098	5,228	33,714	8,315
Gains on sales of loans, net	-	4	3	106
Gains on sales of debt securities, net	153	256	1,128	320
Other	119	458	247	618
Total non-interest income	$ 26,333	$ 7,057	$ 37,127	$ 11,559
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 7,961	$ 5,375	$ 14,272	$ 10,493
Professional services	1,842	1,195	3,120	1,949
Data processing fees	1,199	1,061	2,323	2,100
Marketing and promotion	1,543	1,043	2,969	2,053
Occupancy	523	534	1,058	1,093
Regulatory costs	49	125	105	257
Depreciation and amortization	358	361	714	722
Office supplies and postage	116	128	250	264
Other	900	587	1,687	1,160
Total non-interest expense	$ 14,491	$ 10,409	$ 26,498	$ 20,091
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,567,980	3,519,478	3,562,072	3,518,937
Incremental shares from assumed conversion of options and contingent shares	2,676	37,364	5,249	37,443
Adjusted weighted average shares (b)	3,570,656	3,556,842	3,567,321	3,556,380

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

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share, per share and full time equivalent data)	As of June 30, 2020	As of December 31, 2019	As of June 30, 2019
SELECTED BALANCE SHEET DATA			
Total assets	$ 1,103,953	$ 966,750	$ 1,003,221
Loans held for sale-mortgage banking	195,330	137,114	56,346
Loans and leases held for investment	609,707	508,569	487,239
Total loans	805,037	645,683	543,585
Allowance for credit losses	(9,680)	(8,141)	(7,891)
Debt securities available for sale	189,703	265,278	402,865
Earning assets	1,032,276	907,089	942,403
Total deposits	937,699	820,547	867,289
Core deposits (1)	944,866	825,112	871,185
Other borrowings	22,172	36,571	33,403
Cash and cash equivalents	51,790	10,523	10,766
OTHER SELECTED DATA			
Net unrealized gains in accumulated other comprehensive income	$ 6,501	$ 1,470	$ 1,017
Trust assets under administration	$ 340,887	$ 377,782	$ 351,385
Total common stockholders' equity	$ 120,025	$ 96,278	$ 89,607
Tangible book value per common share (2)	$ 33.90	$ 27.39	$ 25.59
Tangible book value per common share excluding accumulated other comprehensive income, net	$ 32.06	$ 26.97	$ 25.29
Full time equivalent employees	305	282	267
Common shares outstanding	3,540,650	3,514,770	3,502,298
CAPITAL RATIOS			
Tier 1 leverage (Consolidated)	11.55%	10.65%	10.18%
Common equity Tier 1 risk-based capital (Consolidated)	15.24%	13.76%	13.95%
Tier 1 risk-based capital (Consolidated)	17.26%	15.95%	16.31%
Total risk-based capital (Consolidated)	18.51%	17.13%	19.13%
Tangible common equity (Consolidated)	10.86%	9.95%	8.92%
Tier 1 leverage (Bank)	10.81%	9.81%	10.20%
Common equity Tier 1 risk-based capital (Bank)	16.16%	14.69%	16.34%
Tier 1 risk-based capital (Bank)	16.16%	14.69%	16.34%
Total risk-based capital (Bank)	17.41%	15.88%	17.59%
Tangible common equity (Bank)	11.52%	10.65%	10.48%

(1) Core deposits consist of all deposits and repurchase agreements with customers.
(2) Tangible book value per common share is equal to book value per common share.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2020	For the Quarter Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
AVERAGE BALANCES				
Total assets	$ 1,107,540	$ 1,013,022	$ 1,039,187	$ 1,006,461
Loans held for sale-mortgage banking	130,461	48,295	126,603	35,664
Loans and leases held for investment	588,909	472,511	550,379	469,461
Total loans	719,370	520,806	676,982	505,125
Debt securities available for sale	205,669	419,508	228,369	422,638
Earning assets	1,031,884	951,417	970,939	947,136
Total deposits	950,945	873,922	891,466	876,792
Core deposits	958,190	877,827	897,670	882,939
Total equity	112,008	84,237	106,630	81,496
Cash and cash equivalents	120,253	24,105	78,910	33,081
KEY RATIOS				
Return on average common stockholders' equity (a)	53.12%	12.18%	36.12%	9.56%
Return on average assets (b)	5.14%	1.05%	3.57%	0.82%
Net interest margin	3.30%	2.96%	3.29%	2.98%
Efficiency ratio (Consolidated)	41.66%	73.93%	49.99%	78.67%
Efficiency ratio (Bank)	40.67%	70.82%	48.55%	75.25%

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

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of June 30, 2020	As of December 31, 2019	As of June 30, 2019
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	$ 349	$ -	$ -
Non-accrual loans	3,814	2,033	2,043
Total nonperforming loans	$ 4,163	$ 2,033	$ 2,043
Total nonperforming assets	$ 4,163	$ 2,033	$ 2,043
Allowance for credit losses	$ 9,680	$ 8,141	$ 7,891
Troubled debt restructured loans	$ 2,958	$ 3,245	$ 3,291
Ratio of total nonperforming loans to total loans	0.52%	0.31%	0.38%
Ratio of total nonperforming assets to total assets	0.38%	0.21%	0.20%
Ratio of nonperforming loans to total assets	0.38%	0.21%	0.20%
Ratio of allowance for credit losses to loans and leases held for investment	1.59%	1.60%	1.62%
Ratio of allowance for credit losses to total loans	1.20%	1.26%	1.45%
Ratio of allowance for credit losses to nonperforming loans	233%	400%	386%

(In thousands)	For the Quarter Ended June 30, 2020	For the Quarter Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 3,212	$ 2,155	$ 2,033	$ 1,686
Additions to nonperforming	1,297	226	2,528	763
Charge-offs	(225)	(9)	(235)	(21)
Reclassified back to performing	-	(242)	-	(242)
Principal payments received	(121)	(87)	(158)	(138)
Transferred to repossessed assets	-	-	(5)	(5)
Balance, end of period	$ 4,163	$ 2,043	$ 4,163	$ 2,043

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2020	For the Quarter Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 8,414	$ 7,677	$ 8,141	$ 7,692
Provision	1,500	200	2,050	200
Loans charged off	(236)	(17)	(524)	(39)
Loan recoveries	2	31	13	38
Balance, end of period	$ 9,680	$ 7,891	$ 9,680	$ 7,891
Ratio of net (charge-offs) recoveries to average total loans	(0.033)%	0.003%	(0.075)%	(0.000)%
Ratio of net (charge-offs) recoveries to average total loans, annualized	(0.130)%	0.011%	(0.151)%	(0.000)%

(In thousands)	As of June 30, 2020	As of December 31, 2019	As of June 30, 2019
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 45,009	$ 51,483	$ 46,955
Construction	2,315	897	2,601
Agricultural	29,848	29,909	28,575
Land and land development	5,711	6,373	7,489
Owner-occupied commercial real estate	39,791	38,127	37,602
Commercial real estate	104,945	106,835	107,277
Small business administration	49,115	4,737	5,270
Consumer	71,118	68,248	64,868
Subtotal loans held for investment	$ 347,852	$ 306,609	$ 300,637
Consolidated			
Commercial and industrial	$ 72,014	$ 77,706	$ 73,814
Construction	18,009	12,656	18,785
Agricultural	30,062	29,914	28,831
Land and land development	10,344	10,449	11,318
Owner-occupied commercial real estate	58,595	54,972	54,052
Commercial real estate	193,822	193,203	175,986
Small business administration	144,259	46,799	43,025
Consumer	84,288	82,498	80,986
Total loans held for investment	$ 611,393	$ 508,197	$ 486,797