BNCCORP

NEWS RELEASE

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BNCCORP, INC. REPORTS THIRD QUARTER NET INCOME OF $4.7 MILLION, OR $1.32 PER DILUTED SHARE

Highlights

- **Net income in the third quarter of 2021 was $4.7 million, or $1.32 per diluted share, compared to $13.7 million, or $3.84 per diluted share during the same period of 2020.**
- **Mortgage revenue, as anticipated, decreased from unprecedented historic highs to $8.2 million in the third quarter of 2021, compared to $23.9 million during the same period of 2020.**
- **Return on assets and return on equity were 1.75% and 14.62%, respectively, for the quarter ended September 30, 2021, compared to 4.99% and 44.88% during the same period of 2020.**
- **Tangible book value per share increased $4.57 to $37.96 at September 30, 2021, from $33.39 at December 31, 2020. The tangible common equity ratio increased to 12.61% at September 30, 2021, from 11.01% at December 31, 2020.**
- **As disclosed today in a separate press release, the Company announced a special dividend of $6.00 per share on the Company's common stock with a payment date of December 15, 2021, to holders of record on November 24, 2021. This will be the Company's second special cash dividend paid in 2021.**
- **Allowance for credit losses at September 30, 2021, was 2.05% of loans held for investment, excluding $31.6 million of Small Business Administration (SBA) Paycheck Protection Program (PPP) loans, compared to 1.98% at December 31, 2020.**
- **Nonperforming assets were $2.5 million at September 30, 2021 compared to $2.6 million at December 31, 2020. Nonperforming assets to total assets were 0.24% at September 30, 2021 and December 31, 2020.**

BISMARCK, ND, October 28, 2021 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota and Arizona, and has mortgage banking offices in Illinois, Kansas, Missouri, Michigan, Arizona, and North Dakota, today reported financial results for the third quarter ended September 30, 2021.

Overview of Quarter

Net income in the third quarter of 2021, was $4.7 million, compared to $13.7 million in the same period of 2020. Third quarter 2021 earnings per diluted share were $1.32, versus $3.84 in the third quarter 2020. The year-over-year decrease was primarily due to lower mortgage revenues and lower net interest income, partially offset by lower non-interest expense and a reduction in provision for credit losses.

"Throughout 2020, we saw unprecedented levels of mortgage refinance activity that drove record results in our mortgage business," said Daniel J. Collins, BNC's Interim President and Chief Executive Officer. "This historic performance makes year-over-year comparisons challenging. As the industry returns to more normalized mortgage origination levels in 2021, and we transition from mortgage refinancing to purchase loan origination activity, we are very pleased with the performance of our mortgage business, as well as the overall performance, progress and health of BNC."

Third quarter 2021 net interest income decreased by $436 thousand to $7.5 million, or 5.5%, from the comparable 2020 quarter. Interest income decreased by $810 thousand, or 9.3%, from the 2020 third quarter due to lower balances and yields on loans partially offset by accretion of PPP fees. Third quarter 2021 interest expense decreased by $374 thousand, or 45.2%, due to a reduction in the cost of deposits, and a reduction in certificates of deposit balances.

Non-interest income in the third quarter of 2021 decreased by $15.4 million, from the same period in 2020. In the third quarter of 2021, mortgage banking revenues were $8.2 million, $15.7 million lower than the same period a year ago, during which the Company experienced a combination of historically high originations and margins. Wealth management revenues increased $106 thousand, or 22.8%, due to an increase in assets under administration.

Non-interest expense in the 2021 third quarter decreased by $3.4 million, or 23.5%, versus the third quarter of 2020 due to decreases in mortgage banking operations of $1.8 million, as well as a $1.6 million reduction in community banking and holding company expenses.

Nonperforming assets were $2.5 million at September 30, 2021, and $2.6 million at December 31, 2020. The ratio of nonperforming assets-to-total-assets was 0.24% for both periods. The Company did not record a provision for credit losses in the 2021 third quarter compared to $350 thousand in the third quarter of 2020. The allowance for credit losses increased to 2.05% of loans held for investment (excluding $31.6 million of PPP loans) at September 30, 2021, compared to 1.98% at December 31, 2020. The Company continues to monitor key industry data and will prudently adjust its allowance for credit losses as appropriate.

At September 30, 2021, the Company did not have any loans modified under Section 4013 of the CARES Act.

Tangible book value per common share at September 30, 2021, was $37.96, compared to $33.39 at December 31, 2020, an increase of 13.7%, or $4.57 per common share. The Company's tangible common equity capital ratio increased to 12.61% at September 30, 2021, from 11.01% at December 31, 2020.

In a separate press release issued today, the Company announced that its Board of Directors has declared a special cash dividend of $6.00 per share on the Company's common stock. The dividend is payable on December 15, 2021 to holder of record on November 24, 2021. This is the Company's second special cash dividend to be paid in 2021 as the Company paid an $8.00 per share special cash dividend on February 1, 2021.

Total assets were $1.1 billion at September 30, 2021, consistent with the level at December 31, 2020. Total deposits were $908.4 million at September 30, 2021, compared to $853.2 million at December 31, 2020.

Management Commentary

Collins continued, "We continued to manage our business through key transitions in the third quarter, delivering solid performance, managing expenses and building sequentially on the second quarter. As our mortgage business successfully transitions to more normalized performance and margins, we have adjusted our focus to a purchase loan model.

"While economic unpredictability persists and commercial lending competition remains high, we're seeing momentum among businesses and communities that is creating opportunities for loan growth. Our superior customer service and support give us confidence in our ability to meet a broad range of financing needs. To this end, our focus is on building relationships and maintaining sensible lending practices, and continuing to enhance our strong, stable and forward-looking marketplace position.

"Additionally, our organization is committed to improving financial and operational performance. We're supported by BNC's strong balance sheet, and our commitment to exercising fiscal prudence while maximizing opportunity. As demonstrated by the special cash dividend we announced today, we also remain steadfast in our capital management philosophy that returns capital to shareholders. The special dividend demonstrates our continuing confidence in our financial strength."

2021 Versus 2020 Third Quarter Comparison

Net interest income for the third quarter of 2021 was $7.5 million, a decrease of $436 thousand, or 5.5%, from $7.9 million in the third quarter of 2020. The decrease primarily reflected lower loan balances and yields, partially offset accretion of PPP fees, lower cost of deposits, and a reduction in certificates of deposit. Net interest margin decreased to 2.93% in the 2021 third quarter, compared to 3.09% in the year-earlier period.

Third quarter interest income decreased $810 thousand, or 9.3%, to $7.9 million in 2021, compared to $8.7 million in the third quarter of 2020. The decrease is the result of lower loan balances, primarily lower balances of loans held for sale and PPP loans, in addition to lower yields on loans held for sale and loans held for investment. The yield on average interest-earning assets was 3.10% in the third quarter of 2021, compared to 3.42% in the 2020 third quarter.

The average balance of interest-earning assets in the 2021 third quarter decreased by $3.4 million versus the same period of 2020, primarily due to $139.3 million and $6.4 million increases in interest-bearing cash and debt securities, respectively, more than offset by decreases in average loans held for sale and loans held for investment including PPP loans. Interest income for loans held for investment decreased $260 thousand including the impact of $239 thousand in accretion of PPP fees. The average balance of loans held for investment decreased by $63.4 million with PPP loans accounting for $47.8 million of the decrease. The average balance of mortgage loans held for sale was $103.2 million, $85.1 million lower than the same period of 2020. Interest income from loans held for sale decreased $593 thousand due to lower average balances and a lower average yield on loans held for sale. The average balance of debt securities in the third quarter of 2021 was $194.4 million, $6.4 million higher than in the third quarter of 2020. Interest income from debt securities was $19 thousand lower compared to the same period of 2020 due a lower yield.

Interest expense in the third quarter of 2021 was $453 thousand, a decrease of $374 thousand, or 45.2%, from the 2020 period. The cost of interest-bearing liabilities was 0.25% during the quarter, compared to 0.43% in the same period of 2020. The cost of core deposits in the third quarters of 2021 and 2020 was 0.17% and 0.33%, respectively.

At September 30, 2021, credit metrics remained stable with $2.5 million of nonperforming assets, representing a 0.24% nonperforming assets-to-total-asset ratio, unchanged from December 31, 2020. The Company did not record a provision for credit losses in the third quarter of 2021, compared to a $350 thousand provision recorded in the third quarter of 2020.

Non-interest income for the third quarter of 2021 was $9.8 million, down $15.4 million, from $25.2 million in the 2020 third quarter. The decrease was driven by mortgage banking revenues of $8.2 million in the third quarter of 2021, versus $23.9 million in the prior-year period. As previously stated, the Company's mortgage business is managing through the ongoing cyclical transition to a lower level of originations compared to the historically high level of refinance activity and margins in the prior-year period. In the third quarter of 2021, BNC funded 1,376 mortgage loans with combined balances of $524.1 million, compared to 2,345 mortgage loans with combined balances of $831.6 million in the third quarter of 2020. Wealth management revenues increased $106 thousand, or 22.8%, as assets under administration increased relative to the 2020 period. The sale of SBA loans resulted in gains on sales of loans of $175 thousand in the third quarter of 2021.

Non-interest expense for the third quarter of 2021 decreased $3.4 million, or 23.5%, to $11.2 million, from $14.6 million in the third quarter of 2020. Non-interest expenses related to lower mortgage operations activity decreased by $1.8 million, or 23.7%, as management continues to adjust the scale of operations based on the marketplace opportunity. Full-time equivalent employees related to mortgage operations were 141 at September 30, 2021, compared to 166 at December 31, 2020. Combined expenses for community banking and the holding company decreased by $1.6 million, or 23.3%, compared to the 2020 period primarily due to reduced severance and legal expense and an impairment charge on property recorded in the 2020 period.

In the third quarter of 2021, income tax expense was $1.4 million, compared to $4.4 million in the third quarter of 2020. The effective tax rate was 23.0% in the third quarter of 2021, compared to 24.5% in the same period of 2020.

Net income was $4.7 million, or $1.32 per diluted share, in the third quarter of 2021, versus $13.7 million, or $3.84 per diluted share, in the third quarter of 2020.

2021 Versus 2020 Nine-Month Comparison

Net interest income in the first nine months of 2021 was $23.9 million, an increase of $159 thousand, or 0.7%, from $23.8 million in 2020. Net interest income was stable as the impact of lower balances and yields on loans and debt securities was offset by accretion of PPP fees, higher balances of interest-bearing cash, reduced cost of deposits and borrowings and reduced certificates of deposit balances. Net interest margin decreased to 3.06% in the 2021 nine-month period, compared to 3.22% in 2020.

Interest income decreased $1.6 million, or 6.0%, to $25.7 million for the nine-month period of 2021, compared to $27.3 million in 2020. The decrease is the result of the impact of lower average balances and yields of loans and debt securities offset by an increase in PPP fees and balances of interest- bearing cash. The yield on average interest-earning assets was 3.29% in the 2021 nine-month period, compared to 3.70% in 2020. Interest expense in the first nine months of 2021 was $1.7 million, a decrease of $1.8 million, or 51.0%, from the 2020 period. The cost of interest-bearing liabilities was 0.30% in the first nine months, compared to 0.62% in the same period of 2020. The cost of core deposits in the first nine months of 2021 and 2020 was 0.22% and 0.47%, respectively.

The average balance of interest-earning assets in the first nine months of 2021 increased by $58.3 million versus the same period of 2020, primarily due to an increase in interest-bearing cash offset by decreased average debt securities, loans held for sale and loans held for investment. The average balance of loans held for investment decreased by $5.9 million, driven by customer liquidity and the sale of the Company's Golden Valley, Minnesota branch location. PPP loan fees increased $1.5 million during the 2021 nine-month period compared to the same period in 2020. The average balance of mortgage loans held for sale was $139.8 million, $7.5 million lower than the same period of 2020. Interest income from loans held for sale decreased $642 thousand due to the lower average balance and average yield. The average balance of debt securities in the first nine months of 2021 was $181.2 million, $33.6 million lower than in the first nine months of 2020. Combined with lower average yields, this resulted in a $1.2 million decrease in interest income.

Credit metrics remained stable with $2.5 million of nonperforming assets, representing a 0.24% nonperforming assets-to-total-assets ratio at September 30, 2021, and December 31, 2020. The Company did not record a provision for credit losses in the first nine months of 2021, compared to a $2.4 million provision recorded in the first nine months of 2020.

Non-interest income for the 2021 nine months was $37.0 million, compared to $62.3 million in 2020. Mortgage banking revenues were $32.1 million in the first nine months of 2021, a decrease of $25.5 million, or 44.3%, compared to $57.6 million in the first nine months of 2020. The decrease was largely due to lower margins, relative to the historically high margins of the prior year, and the decrease in the mortgage pipeline during 2021 as refinance activity decreased and production shifted to home purchase originations. In the first nine months of 2021, BNC funded 5,301 mortgage loans with combined balances of $1.9 billion, compared to 5,774 mortgage loans with combined balances of $2.1 billion in the first nine months of 2020. Wealth management revenues increased $337 thousand, or 25.5%, as assets under administration increased relative to the 2020 period. There were no gains on sales of debt securities in the 2021 period, compared to gains of $1.1 million in 2020. The sale of SBA loans resulted in gains on sales of loans of $271 thousand, while other non-interest income increased $854 thousand as the Company recorded a gain on the sale of its Golden Valley, Minnesota, branch during the nine months and received Small Business Investment Company (SBIC) profit distributions. Gains on sales of assets and distributions from SBIC's can vary significantly from period to period.

Non-interest expense for the first nine months of 2021 decreased $4.7 million, or 11.5%, to $36.4 million, from $41.1 million in 2020. Non-interest expenses related to mortgage operations decreased by $1.4 million while combined expenses for the community banking and holding company segments decreased by $3.3 million, or 16.4%, compared to the 2020 period.

During the nine-month period ended September 30, 2021, income tax expense was $5.9 million, compared to $10.4 million in the first nine months of 2020. The effective tax rate was 24.0% in the first nine months of 2021, compared to 24.5% in the same period of 2020.

Net income was $18.7 million, or $5.22 per diluted share, for the nine months ended September 30, 2021, versus $32.2 million, or $9.02 per diluted share in the first nine months of 2020.

Assets and Liabilities

Total assets were $1.1 billion at September 30, 2021, and December 31, 2020.

Total loans held for investment were $530.7 million at September 30, 2021. PPP loan balances, included in loans held for investment, were $31.6 million at September 30, 2021. PPP loans remaining from 2020 originations totaled $786 thousand. The Company continues to actively assist its customers in successfully navigating the forgiveness process. PPP loan balances originated in 2021 were $30.8 million at September 30, 2021. Loans held for sale at September 30, 2021, were $103.2 million, a decrease of $146.9 million when compared to December 31, 2020. Debt securities increased $23.3 million from year-end 2020 while cash and cash equivalent balances totaled $187.2 million at September 30, 2021, compared to $12.4 million at December 31, 2020.

Total deposits increased $55.2 million to $908.4 million at September 30, 2021, from $853.2 million at December 31, 2020. Deposit growth has been supported by the maintenance of customer liquidity, offset by a reduction of certificates of deposit.

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

Trust assets under administration increased 6.8%, or $26.3 million, to $410.9 million at September 30, 2021, from $384.6 million at December 31, 2020.

Asset Quality

The allowance for credit losses was $10.2 million at September 30, 2021, and $10.3 million at December 31, 2020. The allowance as a percentage of loans held for investment at September 30, 2021, increased to 1.93% from 1.81% at December 31, 2020. Excluding $31.6 million of PPP loans, which are 100%

guaranteed by the SBA, the allowance for credit losses as a percentage of loans held for investment at September 30, 2021, increased to 2.05% compared to 1.98% at December 31, 2020.

Nonperforming assets, consisting of loans, were $2.5 million at September 30, 2021, and $2.6 million at December 31, 2020. The ratio of nonperforming assets-to-total-assets was 0.24% at September 30, 2021, and December 31, 2020. The Company did not hold any other real estate owned or repossessed assets at September 30, 2021, or at December 31, 2020.

At September 30, 2021, BNC had $9.4 million of classified loans and $2.5 million of loans on non-accrual. At December 31, 2020, BNC had $7.3 million of classified loans and $2.6 million of loans on non-accrual. BNC had $6.6 million of potentially problematic loans, which are risk rated “watch list”, at September 30, 2021, compared with $9.1 million as of December 31, 2020.

The Company continues to monitor the effects of the pandemic and its potential impact on customers. BNC considers the pandemic, along with other factors, when monitoring the performance of its loan portfolio and adjusting its allowance for credit losses.

At September 30, 2021, the Company did not have any loans modified under Section 4013 of the CARES Act.

BNC’s loans held for investment are concentrated geographically in North Dakota and Arizona which comprise 60% and 26% of the Company’s total loan portfolio, respectively. The North Dakota economy is influenced by the energy and agriculture industries. Energy supply and demand factors have recently increased oil prices, benefiting the oil industry and ancillary services. Legislation and economic conditions remain potential risks to energy markets and production activity and can present potential challenges to credit quality in North Dakota. Drought conditions are the primary risk facing the North Dakota agriculture industry in the 2021 operating year and entering 2022. North Dakota livestock and grain operators face challenges that require close monitoring and could have an adverse impact on the state overall. The Arizona economy is influenced by the leisure and travel industries. Positive trends in both industries have been noted, but an extended slowdown in these industries may negatively impact credit quality in Arizona. BNC’s portfolio is constructed of various sized loans spread over a large number of industry sectors, although the Company manages meaningful concentrations of loans in hospitality and commercial real estate.

The following table approximates the Company's significant concentrations by industry, excluding PPP loans of $31.6 million, as of September 30, 2021 (in thousands):

Loans Held for Investment by Industry Sector

	September 30, 2021		December 31, 2020	
Non-owner occupied commercial real estate – not otherwise categorized	$ 150,127	30 %	$ 143,361	28 %
Consumer, not otherwise categorized	76,972	15	76,363	15
Hotels	75,508	15	76,335	15
Healthcare and social assistance	34,741	7	37,632	7
Agriculture, forestry, fishing and hunting	30,775	6	27,321	5
Retail trade	22,696	5	26,129	5
Transportation and warehousing	22,007	4	24,897	5
Non-hotel accommodation and food service	20,481	4	23,530	5
Manufacturing	12,542	3	11,139	2
Mining, oil and gas extraction	11,366	2	20,223	4
Construction contractors	11,004	2	12,235	2
Other service	6,120	1	8,394	2
Arts, entertainment and recreation	4,847	1	7,279	1
Real estate and rental and leasing support services	4,332	1	7,735	1
Finance and insurance	3,985	1	676	-
All other	11,513	3	17,298	3
Gross loans held for investment (excluding PPP loans)	$ 499,016	100 %	$ 520,547	100 %

The hospitality industry is still in the process of recovering from the economic effects of the COVID-19 pandemic with a primary focus on hotel occupancy and restaurant utilization trends. Hotel operators in BNC's loan portfolio are reporting positive trends, and in some cases stronger balance sheets. Despite positive trends within hospitality, caution remains as labor shortages limit capacity in some cases, and government and financial institution support is expiring.

The lasting impact of the pandemic remains uncertain. Vaccination efforts and relaxed government restrictions appear to be having a positive impact on economic activity. However, potential virus variants along with the potential for government mandated employee vaccinations create uncertainty and adverse impacts on the economy. The Company's loan portfolio and credit risk could still experience adversity from pandemic related risks, and this potential risk remains qualitatively captured in the Company's allowance for credit losses.

Capital

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

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

	September 30, 2021	December 31, 2020
BNCCORP, INC. (Consolidated)		
Tier 1 leverage	13.43%	11.74%
Common equity tier 1 risk based capital	19.56%	14.65%
Tier 1 risk based capital	21.82%	16.63%
Total risk based capital	23.07%	17.88%
Tangible common equity	12.61%	11.01%
BNC National Bank		
Tier 1 leverage	10.33%	10.92%
Common equity tier 1 risk based capital	16.79%	15.47%
Tier 1 risk based capital	16.79%	15.47%
Total risk based capital	18.04%	16.72%

The Common Equity Tier 1 ratio, which is generally a comparison of a bank's core equity capital to its total risk weighted assets, is a measure of the current risk profile of the Bank's asset base from a regulatory perspective. The Tier 1 leverage ratio, which is based on average assets, does not consider the mix of risk-weighted assets.

The Company routinely evaluates the sufficiency of its capital to ensure compliance with regulatory capital standards and to serve as a source of strength for the Bank. The Company manages capital by assessing the composition of capital and the amounts available for growth, risk, or other purposes. During the third quarter of 2021, BNC National Bank paid a dividend of $15.0 million to the Holding Company to provide partial support of the $6.00 per share special cash dividend that the Company also announced today.

<u>About BNCCORP, INC.</u>

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

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

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

(Financial tables attached)
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BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended September 30, 2021	For the Quarter Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
SELECTED INCOME STATEMENT DATA				
Interest income	$ 7,925	$ 8,735	$ 25,672	$ 27,308
Interest expense	453	827	1,727	3,522
Net interest income	7,472	7,908	23,945	23,786
Provision for credit losses	-	350	-	2,400
Non-interest income	9,837	25,191	36,958	62,318
Non-interest expense	11,171	14,603	36,356	41,101
Income before income taxes	6,138	18,146	24,547	42,603
Income tax expense	1,410	4,446	5,887	10,438
Net income	$ 4,728	$ 13,700	$ 18,660	$ 32,165
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 1.32	$ 3.84	$ 5.22	$ 9.03
Diluted earnings per common share	$ 1.32	$ 3.84	$ 5.22	$ 9.02

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share data)	For the Quarter Ended September 30, 2021	For the Quarter Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 572	$ 581	$ 1,697	$ 1,761
Wealth management revenues	570	464	1,656	1,319
Mortgage banking revenues	8,249	23,913	32,096	57,627
Gains on sales of loans, net	175	96	271	99
Gains on sales of debt securities, net	-	-	-	1,128
Other	271	137	1,238	384
Total non-interest income	$ 9,837	$ 25,191	$ 36,958	$ 62,318
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 5,551	$ 7,228	$ 19,170	$ 21,500
Professional services	1,226	2,140	4,565	5,260
Data processing fees	1,135	1,200	3,374	3,523
Marketing and promotion	1,251	998	3,227	3,967
Occupancy	547	522	1,621	1,580
Regulatory costs	119	77	352	182
Depreciation and amortization	312	352	956	1,066
Office supplies and postage	109	111	355	361
Other	921	1,975	2,736	3,662
Total non-interest expense	$ 11,171	$ 14,603	$ 36,356	$ 41,101
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,571,192	3,567,980	3,571,615	3,563,204
Dilutive effect of share-based compensation	648	439	535	2,018
Adjusted weighted average shares (b)	3,571,840	3,568,419	3,572,150	3,565,222

(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 September 30, 2021	As of December 31, 2020	As of September 30, 2020
SELECTED BALANCE SHEET DATA			
Total assets	$ 1,069,691	$ 1,074,131	$ 1,100,998
Loans held for sale-mortgage banking	103,171	250,083	239,033
Loans held for investment	530,702	570,890	606,429
Total loans	633,873	820,973	845,462
Allowance for credit losses	(10,249)	(10,324)	(10,005)
Cash and cash equivalents	187,189	12,443	9,421
Debt securities available for sale	207,044	183,717	186,535
Earning assets	1,013,183	999,473	1,028,812
Total deposits	908,388	853,158	880,982
Core deposits (1)	908,539	859,543	887,187
Other borrowings	15,153	52,289	65,809
Dividends payable	-	28,680	-
OTHER SELECTED DATA			
Net unrealized gains in accumulated other comprehensive income	$ 4,970	$ 7,182	$ 7,961
Trust assets under administration	410,913	384,588	358,872
Total common stockholders’ equity	134,937	118,229	135,214
Tangible book value per common share (2)	37.96	33.39	38.19
Tangible book value per common share excluding accumulated other comprehensive income, net	36.56	31.36	35.94
Full time equivalent employees	284	319	313
Common shares outstanding	3,554,983	3,540,522	3,540,650
CAPITAL RATIOS			
Tier 1 leverage (Consolidated)	13.43%	11.74%	12.94%
Common equity Tier 1 risk-based capital (Consolidated)	19.56%	14.65%	17.04%
Tier 1 risk-based capital (Consolidated)	21.82%	16.63%	19.05%
Total risk-based capital (Consolidated)	23.07%	17.88%	20.30%
Tangible common equity (Consolidated)	12.61%	11.01%	12.28%
Tier 1 leverage (Bank)	10.33%	10.92%	10.88%
Common equity Tier 1 risk-based capital (Bank)	16.79%	15.47%	16.01%
Tier 1 risk-based capital (Bank)	16.79%	15.47%	16.01%
Total risk-based capital (Bank)	18.04%	16.72%	17.26%
Tangible common equity (Bank)	10.91%	11.62%	11.62%

(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 September 30, 2021	For the Quarter Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
AVERAGE BALANCES				
Total assets	$ 1,071,024	$ 1,092,390	$ 1,106,707	$ 1,057,051
Loans held for sale-mortgage banking	103,197	188,311	139,828	147,323
Loans and leases held for investment	541,113	604,513	562,638	568,555
Total loans	644,310	792,824	702,466	715,878
Cash and cash equivalents	190,228	50,959	177,127	69,525
Debt securities available for sale	194,391	188,026	181,198	214,823
Earning assets	1,013,248	1,016,600	1,044,527	986,270
Total deposits	910,165	918,214	940,955	900,447
Core deposits	910,524	925,178	943,466	906,906
Total equity	134,484	128,022	130,878	113,812
KEY RATIOS				
Return on average common stockholders' equity (a)	14.62%	44.88%	20.02%	39.40%
Return on average assets (b)	1.75%	4.99%	2.25%	4.06%
Net interest margin	2.93%	3.09%	3.06%	3.22%
Efficiency ratio (Consolidated)	64.54%	44.12%	59.70%	47.73%
Efficiency ratio (Bank)	63.94%	42.20%	58.93%	46.11%

(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 September 30, 2021	As of December 31, 2020	As of September 30, 2020
ASSET QUALITY			
Loans 90 days or more delinquent and accruing interest	$ 1	$ 1	$ -
Non-accrual loans	2,521	2,611	3,708
Total nonperforming loans	$ 2,522	$ 2,612	$ 3,708
Total nonperforming assets	$ 2,522	$ 2,612	$ 3,708
Allowance for credit losses	$ 10,249	$ 10,324	$ 10,005
Troubled debt restructured loans	$ 1,920	$ 1,966	$ 2,882
Ratio of total nonperforming loans to total loans	0.40%	0.32%	0.44%
Ratio of total nonperforming assets to total assets	0.24%	0.24%	0.34%
Ratio of nonperforming loans to total assets	0.24%	0.24%	0.34%
Ratio of allowance for credit losses to loans held for investment	1.93%	1.81%	1.65%
Ratio of allowance for credit losses to total loans	1.62%	1.26%	1.18%
Ratio of allowance for credit losses to nonperforming loans	406%	395%	270%

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
(In thousands)	2021	2020	2021	2020
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 2,601	$ 4,163	$ 2,612	$ 2,033
Additions to nonperforming	42	-	154	2,528
Charge-offs	(45)	-	(128)	(235)
Reclassified back to performing	-	(349)	-	(349)
Principal payments received	(76)	(106)	(116)	(264)
Transferred to repossessed assets	-	-	-	(5)
Balance, end of period	$ 2,522	$ 3,708	$ 2,522	$ 3,708

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended September 30, 2021	For the Quarter Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 10,293	$ 9,680	$ 10,324	$ 8,141
Provision	-	350	-	2,400
Loans charged off	(50)	(32)	(119)	(556)
Loan recoveries	6	7	44	20
Balance, end of period	$ 10,249	$ 10,005	$ 10,249	$ 10,005
Ratio of net charge-offs to average total loans	(0.007)%	(0.003)%	(0.011)%	(0.075)%
Ratio of net charge-offs to average total loans, annualized	(0.027)%	(0.013)%	(0.014)%	(0.100)%

(In thousands)	As of September 30, 2021	December 31, 2020	September 30, 2020
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 40,470	$ 48,745	$ 49,601
Construction	5,736	4,355	2,809
Agricultural	30,663	26,899	29,289
Land and land development	6,581	5,676	6,258
Owner-occupied commercial real estate	36,376	37,185	35,578
Commercial real estate	103,844	100,456	101,872
Small business administration	22,279	36,111	51,195
Consumer	71,608	72,397	76,089
Subtotal gross loans held for investment	$ 317,557	$ 331,824	$ 352,691
Consolidated			
Commercial and industrial	$ 56,454	$ 71,503	$ 72,790
Construction	20,708	21,748	19,113
Agricultural	30,816	27,092	29,634
Land and land development	8,086	8,603	9,630
Owner-occupied commercial real estate	64,962	67,399	58,975
Commercial real estate	196,329	190,939	196,646
Small business administration	71,771	102,064	135,306
Consumer	81,536	81,783	85,430
Total gross loans held for investment	$ 530,662	$ 571,131	$ 607,524