NEWS RELEASE

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BNCCORP, INC. REPORTS FOURTH QUARTER NET INCOME OF $1.5 MILLION, OR $0.43 PER DILUTED SHARE AND GOVERNANCE CHANGES

Highlights

- **Net income in the fourth quarter of 2019 was $1.5 million, or $0.43 diluted earnings per share, compared to $1.2 million, or $0.35 per diluted share, in the fourth quarter of 2018.**
- **Net income in 2019 was $10.2 million, or $2.88 diluted earnings per share, compared to $6.8 million, or $1.93 diluted earnings per share, in 2018.**
- **Fourth quarter earnings in 2019 included pre-tax losses on sales of investments of $3.3 million and other deleveraging transactions designed to improve future financial performance and metrics.**
- **Excluding the impact of losses on sales of securities, non-GAAP net income would have been $4.3 million, or $1.20 diluted earnings per share, in the 2019 fourth quarter, and $11.2 million, or $3.16 per diluted share, for the full year.**
- **Return on assets was 1.01% and return on equity was 11.41% for the year ended December 31, 2019.**
- **Subordinated debt of $10.0 million was redeemed in the fourth quarter of 2019.**
- **Nonperforming assets to total assets were 0.21% at December 31, 2019, compared to 0.17% at December 31, 2018.**
- **Tangible book value increased $5.13 per share to $27.39 at December 31, 2019 from $22.26 at December 31, 2018.**
- **BNC National Bank Board of Directors reset as Michael Vekich elected Chair of Bank Board; New Voting Policy Adopted.**

BISMARCK, ND, January 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 fourth quarter and year ended December 31, 2019 as well as changes to the governance structure of BNC National Bank and a new stockholder voting policy.

Net income in the fourth quarter of 2019, which was notably impacted by transactions designed to benefit future periods, was $1.517 million, compared to $1.228 million in the same period of 2018. Fourth quarter 2019 diluted earnings per share rose to $0.43 from $0.35 in the fourth quarter of 2018. The increase in net income from the year-ago period primarily reflected slightly higher net interest income and significantly increased mortgage revenues, partially offset by losses on the sale of investment securities, higher non-interest expense, and a higher effective tax rate.

Net interest income in the fourth quarter of 2019 increased by $159 thousand, or 2.2%, from the same quarter in 2018. Interest income increases from loan growth were partially offset by increased cost of deposits and higher balances of short-term borrowings used to fund growth in mortgage loans held for sale.

Non-interest income in the fourth quarter of 2019 increased by $2.204 million, or 64.3%, from the same period in 2018. In the fourth quarter of 2019, mortgage banking revenues were $7.635 million, $5.494 million higher than a year ago. Losses on sale of investment securities were $3.316 million during the fourth quarter of 2019 as compared to gains of $20 thousand in the fourth quarter of 2018.

Non-interest expense in the fourth quarter of 2019 increased by $1.604 million, or 17.0%, when compared to the fourth quarter of 2018, primarily due to increases in salary and employee benefits and professional services costs. The increase in salaries and employee benefits primarily relates to higher mortgage banking activity. Professional services costs increased $539 thousand, or 61.3%, due to mortgage-related closing costs and increased legal and consulting expenses for various corporate purposes.

The provision for credit losses was $200 thousand in the fourth quarter of 2019 and $0 in the fourth quarter of 2018. The ratio of nonperforming assets to total assets was 0.21% at December 31, 2019, compared to 0.17% at December 31, 2018. The allowance for loan losses was 1.60% of loans and leases held for investment at December 31, 2019, compared to 1.64% at December 31, 2018.

Tangible book value per common share at December 31, 2019 was $27.39, compared to $22.26 at December 31, 2018, an increase of $5.13 per common share.

The Company is providing adjusted earnings, a non-GAAP measure, in addition to reported results prepared in accordance with U.S. generally accepted accounting principles ("GAAP") in order to present financial information without the impact of losses and gains on sales of investments. During the fourth quarter of 2019, the Company sold investment securities to provide liquidity to deleverage the balance sheet and redeem subordinated debt. Further balance sheet management strategies are under consideration for implementation in future periods. The following table reconciles net income as prepared in accordance with GAAP to the determination of adjusted earnings (non-GAAP):

	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
(In thousands, except per share data)	2019	2018	2019	2018
Net income (GAAP)	$ 1,517	$ 1,228	$ 10,235	$ 6,836
Losses (gains) on sales of investment, net of tax	2,734	(19)	1,008	(1,872)
Adjusted earnings (non-GAAP)	$ 4,260	$ 1,209	$ 11,220	$ 4,964
ADJUSTED EARNINGS PER SHARE DATA				
Basic earnings per common share (non-GAAP)	$ 1.20	$ 0.34	$ 3.19	$ 1.42
Diluted earnings per common share (non-GAAP)	$ 1.20	$ 0.34	$ 3.16	$ 1.40
ADJUSTED KEY RATIOS (1)				
Return on average common stockholders' equity (non-GAAP)	17.81%	5.69%	12.53%	6.05%
Return on average assets (non-GAAP)	1.65%	0.48%	1.10%	0.51%

(1) See calculation method of key ratios on page 16 of this document

Management Comments

Timothy J. Franz, BNC President and Chief Executive Officer, said, "Our results in 2019 were significantly improved as we increased net income to $10.235 million, diluted earnings per share to $2.88, return on average assets to 1.01% and return on average equity to 11.41%. In the fourth quarter, we elected to sell securities at a loss in order to deleverage our balance sheet, and redeem $10 million of subordinated debt. While these actions reduced fourth quarter results, the transactions will have a positive impact on 2020 earnings by reducing debt and interest expense and accordingly increasing net interest income, which should create value for our shareholders."

Mr. Franz continued, "Economic conditions favored mortgage banking in 2019 as interest rates moved downward. Our mortgage banking team capitalized on these conditions and generated significantly higher revenues, which had a positive impact on earnings. As we begin 2020, we are optimistic that the interest rate environment may continue to benefit mortgage banking operations. Our banking team grew our portfolio loans in 2019 by 8.6% ending the year with over $500 million in loans held for investment while maintaining our credit quality metrics. Loan growth and deleveraging actions combined to improve our ratio of loans to deposits."

Mr. Franz concluded, "Thanks to the employees of BNC for their hard work and dedication to our clients and the communities we serve. Our constituents are well served by this highly professional and dedicated group of people."

Fourth Quarter 2019 Comparison to Fourth Quarter 2018

Net interest income for the fourth quarter of 2019 was $7.429 million, an increase of $159 thousand, or 2.2%, from $7.270 million in the same period of 2018. The increase from the year-ago period primarily reflected higher average loans, partially offset by higher costs of interest-bearing deposits and higher short-term borrowings to fund greater mortgage loan production. The net interest margin held fairly steady at 3.06% in the fourth quarter of 2019 compared to 3.07% in the fourth quarter of 2018.

Interest income increased $486 thousand, or 5.3%, to $9.592 million in the fourth quarter of 2019, compared to $9.106 million in the fourth quarter of 2018, due to higher average loans, combined with higher yields on earning assets, partially offset by lower average investment securities. The yield on average interest earning assets was 3.95% in the fourth quarter of 2019, compared to 3.81% in the fourth quarter of 2018. The average balance of interest earning assets in the fourth quarter of 2019 increased by $24.1 million compared to the same period of 2018, primarily due to the increase in loans held for sale offset by the decline in investment securities. The average balance of loans and leases held for investment increased by $28.0 million, yielding $418 thousand of additional interest income, while the average balance of mortgage loans held for sale was $109.0 million higher than the same period of 2018, resulting in $861 thousand of additional interest income. The average balance of investment securities was $98.2 million lower in the fourth quarter of 2019 than in the fourth quarter of 2018, while the interest income thereon was $739 thousand lower than the prior period.

Interest expense in the fourth quarter of 2019 was $2.163 million, an increase of $327 thousand from the same period in 2018. The cost of interest-bearing liabilities was 1.11% in the current quarter, compared to 0.96% in the same period of 2018. Interest expense on deposits increased as a result of higher balances and market-driven cost increases for consumer certificates of deposit. The cost of core deposits in the fourth quarter of 2019 and 2018 was 0.81% and 0.67%, respectively. Interest expense was also higher due to increased use of FHLB short-term advances to fund increased mortgage loan production in the fourth quarter of 2019.

Provision for credit losses was $200 thousand in the fourth quarter of 2019 and $0 in the fourth quarter of 2018.

Non-interest income for the fourth quarter of 2019 was $5.634 million, an increase of $2.204 million, or 64.3%, from $3.430 million in the fourth quarter of 2018. Mortgage banking revenues were $7.635 million in the fourth quarter of 2019, an increase of $5.494 million, compared to $2.141 million in the fourth quarter of 2018, as lower interest rates induced higher mortgage banking origination activity. Losses on sales of investment securities were $3.316 million in the fourth quarter of 2019 compared to gains of $20 thousand in the same period of 2018, as the Company sold investment securities to facilitate deleveraging of the balance sheet and improved net interest income in future periods. Gains and losses on sales of assets and earnings from certain investments can vary significantly from period to period.

Non-interest expense for the fourth quarter of 2019 increased $1.604 million, or 17.0%, to $11.029 million, from $9.425 million in the fourth quarter of 2018. The majority of the increase is directly attributed to mortgage operations, primarily due to an increase in salaries and employee benefits resulting from higher mortgage banking activity. Professional services costs increased $539 thousand, or 61.3%, driven significantly by mortgage closing costs coupled with increased legal expenses for various corporate purposes being partially offset by significantly lower audit fees.

In the fourth quarter of 2019, income tax expense was $317 thousand, compared to $47 thousand in the fourth quarter of 2018. The effective tax rate was 17.3% in the fourth quarter of 2019, compared to 3.7%

in the same period of 2018. An adjustment was made in the fourth quarter 2019 to achieve a full year 2019 effective tax rate of 22.2%, compared to 18.4% in 2018. The increase in the effective tax rate for the full year of 2019 is due to higher pre-tax revenues and lower non-taxable interest income from municipal securities.

Net income was $1.517 million, or $0.43 per diluted share, in the fourth quarter of 2019. Net income in the fourth quarter of 2018 was $1.228 million, or $0.35 per diluted share.

Year Ended 2019 Comparison to Year Ended 2018

Net interest income in 2019 was $28.716 million, an increase of $346 thousand, or 1.2%, from $28.370 million in the same period of 2018. The net interest margin decreased to 3.00% in 2019 from 3.08% in 2018.

Interest income increased $3.339 million, or 9.7%, to $37.817 million in 2019, compared to $34.478 million in 2018. This increase is the result of higher average balances of loans combined with higher yields on assets, partially offset by lower average balances of investment securities. The yield on average interest earning assets was 3.95% in 2019 and 3.74% in the same period of 2018 due to a greater percentage of loans relative to investment securities and higher yields on loans. The average balance of interest earning assets increased by $36.5 million. The average balance of loans and leases held for investment increased by $26.2 million, yielding $2.4 million of additional interest income, while the average balance of mortgage loans held for sale was $49.1 million higher, generating $1.6 million of additional interest income. The average balance of investment securities was $40.2 million lower in 2019, and generated $744 thousand less interest income. The yield on cash and cash equivalents increased equating to $141 thousand of additional interest income, when comparing the two periods.

Interest expense in 2019 was $9.101 million, an increase of $2.993 million from the same period in 2018. The cost of interest-bearing liabilities was 1.16% in 2019, compared to 0.82% in the same period of 2018. Period over period, interest expense increased on deposits, driven largely by higher balances and costs of consumer certificates of deposit and money market accounts. The cost of core deposits in 2019 and 2018 was 0.86% and 0.53%, respectively. Interest expense was also higher due to increased use of FHLB advances to fund mortgage banking loan production.

Provision for credit losses was $700 thousand in 2019 and $0 in 2018.

Non-interest income in 2019 was $29.131 million, an increase of $10.114 million, or 53.2%, from $19.017 million in 2018. Mortgage banking revenues were $24.902 million in 2019, an increase of $14.870 million, when compared to $10.032 million in 2018. Losses on sales of investment securities were $1.296 in 2019, compared to $2.293 million of gains for the same period of 2018. Other income in 2018 included $1.442 million of income resulting from the divestiture of a portfolio company by one of our SBIC fund investments. Gains and losses on sales of assets and earnings from certain investments can vary significantly from period to period.

Non-interest expense in 2019 increased $4.978 million, or 12.8%, to $43.991 million, from $39.013 million in 2018. The majority of the increase is directly attributable to mortgage operations expenses. The increase in salaries and employee benefits of $2.385 million, or 11.9%, primarily relates largely to higher mortgage banking activity. Professional services expense increased $1.595 million, or 47.2%, compared to 2018, primarily due to mortgage operating costs as well as legal, consulting costs, and other corporate matters being partially offset by lower audit fees. Period over period, marketing and promotion expenses increased $326 thousand, or 7.7%, primarily due to the increased purchase of mortgage leads. Other expense increases include a mortgage warranty reserve related to significantly increased mortgage loan production and resolution of a litigation matter.

During 2019, income tax expense was $2.921 million, compared to $1.538 million in 2018. The effective tax rate was 22.2% in 2019, compared to 18.4% in the same period of 2018. The increase in the effective tax rate is due to increased pre-tax revenues and lower non-taxable interest income from municipal securities.

Net income was $10.235 million or $2.88 per diluted share in 2019. Net income in 2018 was $6.836 million, or $1.93 per diluted share.

Assets, Liabilities and Equity

Total assets were $966.8 million at December 31, 2019, a decrease of $4.2 million, compared to $971.0 million at December 31, 2018. This decrease is due to deleveraging activities in the fourth quarter of 2019 intended to improve future results, including the redemption of $10.0 million of subordinated debt. Loans and leases held for investment aggregated $508.6 million at December 31, 2019, an increase of $40.1

million, or 8.6%, since December 31, 2018. Loans held for sale as of December 31, 2019 were higher by $114.3 million when compared to December 31, 2018 due to significantly higher mortgage loan production in 2019. Investment securities decreased $146.2 million from year-end 2018, while cash balances decreased $14.7 million as a result of the deleveraging activities.

Total deposits decreased $28.1 million to $820.5 million at December 31, 2019, from $848.6 million at December 31, 2018. Deposit balances were managed lower to deleverage our balance sheet, in part by using reversible one-way sell mechanisms, allowing BNC to retain relationships with depositors. At December 31, 2019, core deposits, which include recurring customer repurchase agreement balances, decreased $35.0 million to $825.1 million, or 4.1%, from $860.1 million as of December 31, 2018.

The table below shows total deposits since 2015:

(In Thousands)	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
ND Bakken Branches	$ 190,286	$ 185,713	$ 168,981	$ 178,677	$ 190,670
ND Non-Bakken Branches	403,337	431,246	435,255	384,476	388,630
Total ND Branches	593,623	616,959	604,236	563,153	579,300
Brokered Deposits	-	-	-	-	33,363
Other	226,924	231,646	213,570	189,474	167,786
Total Deposits	$ 820,547	$ 848,605	$ 817,806	$ 752,627	$ 780,449

At December 31, 2019, the balances of FHLB advances were $17.0 million, compared to $0 at the end of 2018. During 2019, FHLB advances were used to fund loans held for sale.

Trust assets under management or administration increased 17.9%, or $57.4 million, to $377.8 million at December 31, 2019 from $320.4 million at December 31, 2018, as the Company has been able to capture wealth generated by commercial customers and convert new customers to BNC's wealth management services. Since January 1, 2016, assets under management or administration have increased by approximately $129.4 million, or 52.1%.

Capital and Contingent Liabilities

Banks and bank holding companies operate under separate regulatory capital requirements.

At December 31, 2019, our capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

A summary of our capital ratios at December 31, 2019 and December 31, 2018 is presented below:

	December 31, 2019	December 31, 2018
BNCCORP, INC (Consolidated)		
Tier 1 leverage	10.65%	9.97%
Total risk based capital	17.13%	20.26%
Common equity tier 1 risk based capital	13.76%	14.67%
Tier 1 risk based capital	15.95%	17.28%
Tangible common equity	9.95%	7.99%
BNC National Bank		
Tier 1 leverage	9.81%	9.92%
Total risk based capital	15.88%	18.44%
Common equity tier 1 risk based capital	14.69%	17.19%
Tier 1 risk based capital	14.69%	17.19%

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 our most restrictive capital measurement and we are managing the Tier 1 leverage ratio to levels significantly above the "Well Capitalized" ratio threshold. In December of 2019, BNC National Bank paid a $10.0 million dividend to BNCCORP, INC, which was used to redeem $10.0 million of subordinated debt that was previously treated as Tier II capital at BNCCORP, INC.

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.

Tangible book value per common share of the Company was $27.39 as of December 31, 2019, compared to $22.26 at December 31, 2018.

Asset Quality

The allowance for credit losses was $8.1 million at December 31, 2019, compared to $7.7 million at December 31, 2018. The allowance for credit losses as a percentage of total loans at December 31, 2019 decreased to 1.26%, from 1.57% at December 31, 2018. The allowance as a percentage of loans and leases held for investment at December 31, 2019 decreased to 1.60% from 1.64% at December 31, 2018.

Nonperforming assets were $2.0 million at December 31, 2019 and $1.7 million at December 31, 2018. The ratio of nonperforming assets to total assets was 0.21% at December 31, 2019 and 0.17% at December 31, 2018. Nonperforming loans were $2.0 million at December 31, 2019 and $1.7 million at December 31, 2018.

At December 31, 2019, BNC had $9.3 million of classified loans, $2.0 million of loans on non-accrual, and no other real estate owned or repossessed assets. At December 31, 2018, BNC had $10.7 million of classified loans, $1.7 million of loans on non-accrual, and no other real estate owned or repossessed assets. BNC had $9.2 million of potentially problematic loans, which are risk rated "watch list", at December 31, 2019, compared with $5.2 million as of December 31, 2018.

The economy of western North Dakota is driven by the commodity-based industries of energy and agriculture. In recent periods, economic activity influenced by the energy sector has improved. However, it will take time to absorb capacity built in earlier periods, particularly in the commercial real estate sector. Portions of the economy driven by agriculture can be volatile and impacted by a variety of influences including tariffs, crop production and weather. In 2019, agriculture was threatened by tariffs and unusual weather in North Dakota, including excessive moisture and early winter storms, which negatively impacted crop production and the ability to harvest. It is too early to estimate the full impact the recent excessive moisture and early snowstorms will have. Prolonged periods of lower commodity prices or market disruption could have an adverse impact on the Company's loan portfolio and our operating results.

Bank Board Reset; Michael Vekich elected Bank Board Chair; New Company voting policy adopted

The Company announces changes to the Board of Directors (the Bank Board) of BNC National Bank (the Bank), its wholly owned banking subsidiary, the election of Michael Vekich, Chairman of the Board of Directors of the Company (the Holding Company Board) as Chairman of the Bank Board and the adoption of a new stockholder voting policy in connection with the election of directors. Michael Vekich stated, “The Company is committed to good corporate governance that promotes the long-term interests of stockholders and provides a strong foundation for business operations. In 2019, as part of the Holding Company Board’s ongoing strategy to achieve a more efficient and effective governance structure, the Nominating and Corporate Governance Committee, at the request of the Holding Company Board, undertook a comprehensive review of the board and governance structures and practices of the Company and the Bank. Historically, the Bank Board has been comprised of executives of the Bank and there was little or no overlap in membership between the Holding Company Board and the Bank Board.”

Mr. Vekich continued, “As part of its evaluation, the NCGC with the assistance of our advisors, examined peer bank holding company best practices and regulatory guidance. Following this review, the NCGC recommended the establishment of a largely mirror-image board structure with all Company directors serving as directors of both the Holding Company and the Bank. Tim Franz, our CEO, will continue to serve on both boards, and David Hoekstra, President of the Bank’s North Dakota region and the Chief Credit Officer of the Bank, will continue to serve on the Bank Board.”

“As part of its review of governance practices, the NCGC also reviewed and benchmarked the standard for the election of directors in uncontested elections contained in the Company’s bylaws,” Mr. Vekich noted, “The NCGC’s research indicates that the plurality voting standard in our bylaws is very common for financial institutions of our size. However, at the recommendation of the NCGC, the Holding Company Board has adopted a resignation policy applicable to directors who do not receive more votes “for” than “withheld” in uncontested elections of directors. A copy of the new policy may be found on the Company’s website under Investor Relations/Corporate Governance and will be applicable to the election of directors at the Company’s next annual stockholders’ meeting.”

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”, “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 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 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 adjusted earnings, adjusted earnings per share, which exclude the impact of losses and gains on sale of investments, and the 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 December 31, 2019	For the Quarter Ended December 31, 2018	For the Twelve Months Ended December 31, 2019	For the Twelve Months Ended December 31, 2018
SELECTED INCOME STATEMENT DATA				
Interest income	$ 9,592	$ 9,106	$ 37,817	$ 34,478
Interest expense	2,163	1,836	9,101	6,108
Net interest income	7,429	7,270	28,716	28,370
Provision for credit losses	200	-	700	-
Non-interest income	5,634	3,430	29,131	19,017
Non-interest expense	11,029	9,425	43,991	39,013
Income before income taxes	1,834	1,275	13,156	8,374
Income tax expense	317	47	2,921	1,538
Net income	$ 1,517	$ 1,228	$ 10,235	$ 6,836
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.43	$ 0.35	$ 2.90	$ 1.96
Diluted earnings per common share	$ 0.43	$ 0.35	$ 2.88	$ 1.93

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended December 31, 2019	For the Quarter Ended December 31, 2018	For the Twelve Months Ended December 31, 2019	For the Twelve Months Ended December 31, 2018
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 652	$ 742	$ 2,614	$ 2,687
Wealth management revenues	429	412	1,735	1,810
Mortgage banking revenues	7,635	2,141	24,902	10,032
Gains on sales of loans, net	3	9	155	187
(Losses) gains on sales of investments, net	(3,316)	20	(1,296)	2,293
Other	231	106	1,021	2,008
Total non-interest income	$ 5,634	$ 3,430	$ 29,131	$ 19,017
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 5,564	$ 4,571	$ 22,459	$ 20,074
Professional services	1,418	879	4,973	3,378
Data processing fees	1,127	1,050	4,321	4,027
Marketing and promotion	1,124	1,087	4,538	4,212
Occupancy	608	663	2,218	2,408
Regulatory costs	56	135	435	540
Depreciation and amortization	362	366	1,452	1,545
Office supplies and postage	126	138	531	574
Other real estate costs	2	-	2	-
Other	642	536	3,062	2,255
Total non-interest expense	$ 11,029	$ 9,425	$ 43,991	$ 39,013
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,536,277	3,507,426	3,526,096	3,487,846
Incremental shares from assumed conversion of options and contingent shares	22,717	42,781	31,489	51,909
Adjusted weighted average shares (b)	3,558,994	3,550,207	3,557,585	3,539,755

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

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share, per share and full time equivalent data)	As of December 31, 2019	As of September 30, 2019	As of December 31, 2018
SELECTED BALANCE SHEET DATA			
Total assets	$ 966,750	$ 1,084,651	$ 971,027
Loans held for sale-mortgage banking	137,114	147,107	22,788
Loans and leases held for investment	508,569	490,150	468,468
Total loans	645,683	637,257	491,256
Allowance for credit losses	(8,141)	(7,967)	(7,692)
Investment securities available for sale	265,278	386,158	411,509
Earning assets	907,089	1,022,729	910,051
Total deposits	820,547	883,382	848,605
Core deposits (1)	825,112	887,308	860,099
Other borrowings	36,571	90,833	36,503
Cash and cash equivalents	10,523	11,644	25,185
OTHER SELECTED DATA			
Net unrealized gains (losses) in accumulated other comprehensive income (loss)	$ 1,470	$ 1,299	$ (6,928)
Trust assets under administration	$ 377,782	$ 357,921	$ 320,414
Total common stockholders' equity	$ 96,278	$ 94,559	$ 77,753
Tangible book value per common share (2)	$ 27.39	$ 26.95	$ 22.26
Tangible book value per common share excluding accumulated other comprehensive income (loss), net	$ 26.97	$ 26.58	$ 24.24
Full time equivalent employees	282	277	252
Common shares outstanding	3,514,770	3,508,298	3,493,298
CAPITAL RATIOS			
Common equity Tier 1 risk-based capital (Consolidated)	13.76%	13.64%	14.67%
Tier 1 leverage (Consolidated)	10.65%	10.44%	9.97%
Tier 1 risk-based capital (Consolidated)	15.95%	15.83%	17.28%
Total risk-based capital (Consolidated)	17.13%	18.46%	20.26%
Tangible common equity (Consolidated)	9.95%	8.71%	7.99%
Common equity Tier 1 risk-based capital (Bank)	14.69%	15.95%	17.19%
Tier 1 leverage (Bank)	9.81%	10.51%	9.92%
Tier 1 risk-based capital (Bank)	14.69%	15.95%	17.19%
Total risk-based capital (Bank)	15.88%	17.12%	18.44%
Tangible common equity (Bank)	10.65%	10.21%	9.53%

(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 December 31, 2019	For the Quarter Ended December 31, 2018	For the Twelve Months Ended December 31, 2019	For the Twelve Months Ended December 31, 2018
AVERAGE BALANCES				
Total assets	$ 1,024,271	$ 998,422	$ 1,017,479	$ 979,346
Loans held for sale-mortgage banking	138,510	29,555	74,900	25,772
Loans and leases held for investment	496,413	468,440	480,389	454,215
Total loans	634,923	497,995	555,289	479,987
Investment securities available for sale	323,974	422,215	390,907	431,109
Earning assets	964,125	940,035	957,950	921,414
Total deposits	856,332	873,723	872,205	848,544
Core deposits	861,070	884,253	877,489	848,265
Total equity	71,190	74,269	66,066	75,932
Cash and cash equivalents	17,650	34,206	24,883	23,953
KEY RATIOS				
Return on average common stockholders' equity (a)	6.34%	5.77%	11.41%	8.33%
Return on average assets (b)	0.59%	0.49%	1.01%	0.70%
Net interest margin	3.06%	3.07%	3.00%	3.08%
Efficiency ratio	84.43%	88.08%	76.05%	82.33%
Efficiency ratio (BNC National Bank)	80.52%	84.54%	72.36%	78.94%

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

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of December 31, 2019	As of September 30, 2019	As of December 31, 2018
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	$ -	$ -	$ -
Non-accrual loans	2,033	2,264	1,686
Total nonperforming loans	$ 2,033	$ 2,264	$ 1,686
Repossessed assets, net	-	41	-
Total nonperforming assets	$ 2,033	$ 2,305	$ 1,686
Allowance for credit losses	$ 8,141	$ 7,967	$ 7,692
Troubled debt restructured loans	$ 3,245	$ 3,258	$ 3,348
Ratio of total nonperforming loans to total loans	0.31%	0.36%	0.34%
Ratio of total nonperforming assets to total assets	0.21%	0.21%	0.17%
Ratio of nonperforming loans to total assets	0.21%	0.21%	0.17%
Ratio of allowance for credit losses to loans and leases held for investment	1.60%	1.63%	1.64%
Ratio of allowance for credit losses to total loans	1.26%	1.25%	1.57%
Ratio of allowance for credit losses to nonperforming loans	400%	352%	456%

	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
(In thousands)	2019	2018	2019	2018
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 2,264	$ 1,724	$ 1,686	$ 1,978
Additions to nonperforming	7	121	1,179	349
Charge-offs	(10)	(44)	(148)	(194)
Reclassified back to performing	-	-	(242)	(26)
Principal payments received	(18)	(115)	(186)	(409)
Transferred to repossessed assets	-	-	(46)	(12)
Transferred to other real estate owned	(210)	-	(210)	-
Balance, end of period	$ 2,033	$ 1,686	$ 2,033	$ 1,686

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2019	For the Quarter Ended December 31, 2018	For the Twelve Months Ended December 31, 2019	For the Twelve Months Ended December 31, 2018
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 7,967	$ 7,728	$ 7,692	$ 7,861
Provision	200	-	700	-
Loans charged off	(35)	(46)	(304)	(260)
Loan recoveries	9	10	53	91
Balance, end of period	$ 8,141	$ 7,692	$ 8,141	$ 7,692
Ratio of net charge-offs to average total loans	(0.004)%	(0.007)%	(0.045)%	(0.035)%
Ratio of net charge-offs to average total loans, annualized	(0.016)%	(0.029)%	(0.045)%	(0.035)%

(In thousands)	As of December 31, 2019	As of September 30, 2019	As of December 31, 2018
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 51,483	$ 46,323	$ 45,241
Construction	897	2,615	4,439
Agricultural	29,909	31,001	25,525
Land and land development	6,373	6,706	7,932
Owner-occupied commercial real estate	38,127	37,206	42,591
Commercial real estate	106,835	112,867	109,829
Small business administration	4,737	5,810	5,044
Consumer	68,248	65,231	62,212
Subtotal loans held for investment	$ 306,609	$ 307,759	$ 302,813
Consolidated			
Commercial and industrial	$ 77,706	$ 73,091	$ 66,544
Construction	12,656	13,423	21,257
Agricultural	29,914	31,039	26,426
Land and land development	10,449	11,024	11,398
Owner-occupied commercial real estate	54,972	50,713	56,916
Commercial real estate	193,203	180,125	174,868
Small business administration	46,799	48,921	32,505
Consumer	82,498	81,440	78,055
Total loans held for investment	$ 508,197	$ 489,776	$ 467,969