BNCCORP

NEWS RELEASE

FOR FURTHER INFORMATION:
WEBSITE: www.bnccorp.com

TIMOTHY J. FRANZ, CEO
TELEPHONE: (612) 305-2213

DANIEL COLLINS, CFO
TELEPHONE: (612) 305-2210

BNCCORP, INC. REPORTS SECOND QUARTER NET INCOME OF $1.4 MILLION, OR $0.41 PER DILUTED SHARE

2017 Second Quarter Highlights

- **Net income in the 2017 second quarter was $1.4 million, compared to $2.0 million in the second quarter of 2016**
- **Net interest income increased $557 thousand, or 8.6%, compared to the second quarter of 2016**
- **Non-interest expense decreased by $497 thousand compared to the second quarter of 2016**
- **Non-interest income decreased by $2.3 million due to lower mortgage banking revenues**
- **Loans held for investment increased $26.5 million, or 6.6%, from June 30, 2016 to June 30, 2017**
- **Total assets remain above $1.0 billion at June 30, 2017 due to robust deposit growth of $124.4 million in 2017**
- **Non-performing assets were 0.22% of total assets as of June 30, 2017**
- **Book value per share at June 30, 2017 was $22.80, compared to $21.47 at December 31, 2016**

BISMARCK, ND, July 27, 2017 – 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, Minnesota, Arizona and North Dakota, today reported financial results for the second quarter ended June 30, 2017.

Net income in the second quarter of 2017 was $1.435 million, a decrease of $600 thousand versus $2.035 million in the same period of 2016. Second quarter 2017 diluted earnings per share was $0.41, compared to $0.58 in the second quarter of 2016. The comparison between the second quarters of 2017 and 2016 mainly reflect higher net interest income and lower expenses, offset by lower non-interest income.

Net interest income in the 2017 second quarter increased by $557 thousand, or 8.6%, from the same quarter in 2016, due primarily to the growth of loans held for investment and higher yields on higher investment balances.

Non-interest income in the second quarter of 2017 decreased by $2.338 million, or 31.2%, from the same period in 2016, due to lower mortgage revenues and lower gains on sales of assets. Other income increased due to the confidential settlement of a litigation matter.

Non-interest expense in the second quarter of 2017 decreased $497 thousand, or 4.7%, compared to the second quarter of the prior year primarily due to decreases in salary and benefits and professional services costs.

The provision for credit losses was $150 thousand in the second quarter of 2017, a reduction from $400 thousand in the second quarter of 2016. The ratio of nonperforming assets to total assets decreased to 0.22% at June 30, 2017, from 0.29% at December 31, 2016. The allowance for loan losses was 1.85% of loans held for investment at June 30, 2017, compared to 2.00% at December 31, 2016.

Book value per common share at June 30, 2017 rose to $22.80, from $21.47 at December 31, 2016 and $22.35 at June 30, 2016. Excluding accumulated other comprehensive income, book value per common share at June 30, 2017 was $21.71, compared to $20.98 at December 31, 2016 and $19.87 at June 30, 2016.

Management Comments

Timothy J. Franz, BNC President and Chief Executive Officer, said, “The fundamentals of BNC’s banking business were stronger, reflected in growth of total assets, loans and deposits. In particular, the exceptional growth in deposits during the first half of 2017 benefited shareholders as the value of a banking franchise increases when deposits grow. Growth in loans held for investment accelerated toward the end of the second quarter, resulting in a 6.6% increase since the middle of 2016. The growth in our banking operation pushed total assets above $1 billion and resulted in an 8.6% increase in net interest income in the second quarter when compared to the second quarter in 2016. We continue to focus on mortgage banking results and these operations improved as the second quarter of 2017 progressed."

Mr. Franz continued, "Overall, we are pleased that earnings in the second quarter improved compared to the first quarter of 2017 and that our credit quality remains good. Our book value per share has increased $1.33 since the beginning of the year. In fact, from year-end 2010 to June 30, 2017, book value per common share has increased $17.71, or 347.9%, equating to a 23.7% compound annual rate of growth, and we look forward to continue creating value for our shareholders."

Second Quarter 2017 Comparison to Second Quarter 2016

Net interest income for the second quarter of 2017 was $7.039 million, an increase of $557 thousand, or 8.6%, from $6.482 million in the same period of 2016. Overall, the net interest margin decreased slightly to 2.96% in the second quarter of 2017 from 3.01% in the second quarter of 2016.

Interest income increased by $555 thousand, or 7.6%, to $7.901 million, for the quarter ended June 30, 2017, compared to $7.346 million in the second quarter of 2016. This increase is the result of higher yields and balances of taxable investments, loans held for investment, and funds held at the Federal Reserve resulting from successful deposit generation. The average balance of interest earning assets increased by $87.0 million. The average balance of loans held for investment increased by $13.5 million, resulting in $105 thousand more interest income. The average balance of investment securities increased by $16.7 million, while the yield on such investments increased 0.44%, resulting in $397 thousand more interest income. These increases were partially offset by the $21.4 million decrease in the average balances of mortgage loans held for sale. The $79.7 million increase in the average balance of interest bearing cash balances yielded 1.07% and earned $216 thousand in the second quarter 2017. The yield on average interest earning assets decreased to 3.31% in the second quarter of 2017 from 3.42% in the second quarter of 2016 due to the higher percentage of earning assets held at the Federal Reserve than in the prior year second quarter.

Interest expense in the second quarter of 2017 was $862 thousand, approximately flat from the same period in 2016 despite a significant increase in deposits. Average interest bearing deposit balances increased

$106.6 million while the average balance of FHLB short-term advances decreased $49.7 million. The cost of interest bearing liabilities decreased to 0.46% in the current quarter compared to 0.50% in the same period of 2016. The lower cost of funds is a product of redeeming brokered certificates of deposits in 2016 and no outstanding FHLB advances in the quarter, which collectively offset the impact of higher balances and rates of money market accounts and consumer certificates of deposits.

Provision for credit losses was $150 thousand in the second quarter of 2017 and $400 thousand in the second quarter of 2016.

Non-interest income for the second quarter of 2017 was $5.157 million, a decrease of $2.338 million, or 31.2%, from $7.495 million in the second quarter of 2016. Mortgage banking revenues were $3.072 million in the second quarter of 2017, compared to $5.354 million in the second quarter of 2016. During the second quarter 2017, periods of interest rate volatility had the dual effects of dampening mortgage volume and compressing loan margins. Mortgage volume and margins began to show improvement toward the latter part of the second quarter 2017. Gains on sales of loans and investment securities aggregated $246 thousand in the second quarter 2017, compared to $615 thousand in the prior year second quarter, as these revenues can vary significantly from period to period. Other income increased due to the confidential settlement of a litigation matter.

Non-interest expense for the second quarter of 2017 decreased $497 thousand, or 4.7%, to $10.131 million, from $10.628 million in the second quarter of 2016. Salaries and benefits decreased $399 thousand from the second quarter 2016. The number of full time equivalent employees ("FTEs") at June 30, 2017 was 268, down by 23 FTE's, or 7.9%, since December 31, 2016. Employee headcount decreased 15 during the second quarter of 2017 and 37, or 8.8%, since December 31, 2016. Much of the headcount decrease related to mortgage support staff as the business is being right-sized to fit current revenues. Professional services in the second quarter of 2017 were down $150 thousand, or 11.8%, due to reduced mortgage banking activities.

In the second quarter of 2017, income tax expense was $480 thousand, compared to $914 thousand in the second quarter of 2016. The effective tax rate was 25.1% in the second quarter of 2017, compared to 31.0% in the same period of 2016. The decrease in the effective tax rate is primarily due to a higher percentage of pretax income from tax-exempt securities as compared to the prior year second quarter.

Net income was $1.435 million, or $0.41 per diluted share, for the second quarter of 2017. Net income in the second quarter of 2016 was $2.035 million, or $0.58 per diluted share.

Six Months Ended 2017 Comparison to Six Months Ended 2016

Net interest income in the first half of 2017 was $13.572 million, an increase of $814 thousand, or 6.4%, from $12.758 million in the same period of 2016. Overall, the net interest margin increased to 3.02% in the first six months of 2017 from 3.01% in the first six months of 2016.

Interest income increased by $694 thousand, or 4.8%, to $15.215 million, in the six-month period ended June 30, 2017, compared to $14.521 million in the six-month period ended June 30, 2016. This increase is the result of higher yields on taxable investments, higher average balances of loans held for investment, and increased funds held at the Federal Reserve. The yield on average interest earning assets decreased to 3.38% in the six-month period ended June 30, 2017 from 3.43% in the same period of 2016 due to the higher proportion of earning assets being held at the Federal Reserve compared to the prior year. The average balance of interest earning assets increased by $52.9 million. The average balance of loans held for investment increased by $22.9 million, equating to $375 thousand of additional interest income, while the average balance of mortgage loans held for sale was $17.2 million lower than the same period of 2016. The average balance of investment securities was $1.1 million lower in the first half of 2017 compared to the first half of 2016. The average balance of cash held at the Federal Reserve increased by $49 million when comparing the two periods, and yielded an additional $250 thousand during the first half of 2017.

Interest expense in the first half of 2017 was $1.643 million, a decrease of $120 thousand from the same period in 2016. The cost of interest bearing liabilities decreased to 0.46% in the first half of 2017 compared to 0.52% in the same period of 2016. In the first half of 2016, the Company redeemed the remaining balances of outstanding brokered certificates of deposit; thus, we incurred brokered certificate of deposit interest expense of $461 thousand during the first half of 2016 that did not recur in 2017. Interest expense increased in other categories of deposits, driven largely by increased volume and cost of consumer certificates of deposit and money market accounts. Due to lower mortgage loan funding levels and increased deposit balances in the first half of 2017, the Company's FHLB short-term advances outstanding averaged only $3.8 million compared to $30.8 million in the first half of 2016.

Provision for credit losses was $150 in the first half of 2017 and $400 thousand in the first half of 2016.

Non-interest income for the first six months of 2017 was $9.904 million, a decrease of $3.242 million, or 24.7%, from $13.146 million in the first six months of 2016. Mortgage banking revenues were $5.576 million in the first half of 2017, compared to $9.729 million in the first half of 2016, a decrease of $4.153 million, or 42.7%. During the first half of 2016, we experienced historically higher loan volume, as interest rates were favorable. Mortgage banking revenues were lower in the first half of 2017 as rates moved higher, dampening demand and compressing margins. Mortgage volume began to rise in the first quarter 2017, and margins began to show improvement toward the latter part of the second quarter of 2017. Gains on sales of loans and investment securities aggregated $1.059 million in the first six months of 2017, compared to $660 thousand in the first six months of the prior year due to increased SBA loan production. Gains on sale of assets can vary significantly from period to period.

Non-interest expense for the first six months of 2017 decreased $485 thousand, or 2.4%, to $19.989 million, from $20.474 million in the first six months of 2016. Salaries and employee benefits decreased $412 thousand from the first six months of 2016. The number of full time equivalent employees ("FTEs") at June 30, 2017 was 268, down by 23 FTE's, or 7.9%, since December 31, 2016. In the first half of 2017 employee headcount was reduced by 37 or 8.8%, as the company is reducing staff in the mortgage banking operations. Mortgage related professional expenses decreased compared to the first half of 2016 by approximately $392 thousand.

During the six-month period ended June 30, 2017, income tax expense was $841 thousand, compared to $1.580 million in the first half of 2016. The effective tax rate was 25.2% in the first half of 2017, compared to 31.4% in the same period of 2016. The decrease is primarily due to a higher percentage of pretax income from tax-exempt securities.

Net income was $2.496 million, or $0.70 per diluted share, for the six months ended June 30, 2017. Net income in the first six months of 2016 was $3.450 million, or $0.98 per diluted share.

Assets, Liabilities and Equity

Total assets were $1.0 billion at June 30, 2017, an increase of $91.1 million, or 10.0%, compared to $910.4 million at December 31, 2016. Loans held for investment aggregated $426.2 million at June 30, 2017, an increase of $11.5 million, or 2.8%, since December 31, 2016, while loans held for sale as of June 30, 2017 were down $1.9 million from December 31, 2016. Investment balances increased $40.4 million from year-end 2016. Cash and cash equivalents balances increased $44.1 million due to a significant deposit received in the first quarter 2017.

Total deposits were $877.1 million at June 30, 2017, compared to $752.6 million at December 31, 2016. Core deposits, which include recurring customer repurchase agreement balances, have increased by $126.0 million, or 16.5%, to $891.2 million at June 30, 2017 from $765.1 million as of December 31, 2016. Core deposit growth in the non-Bakken North Dakota branches was $103.0 million, or 25.9%, and a significant portion of this growth was predominantly the result of significant cash generating transactions by our customers during the first quarter of 2017. BNC anticipates that a substantial portion of these deposit balances will be redeployed by our customers as 2017 continues. In 2016, BNC generally utilized Federal Home Loan Bank short-term advances as flexible borrowings. In early 2017, such advances were paid down as deposits increased.

The table below shows total deposits since 2013:

(In Thousands)	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
ND Bakken Branches	$ 184,692	$ 178,677	$ 190,670	$ 178,565	$ 166,904
ND Non-Bakken Branches	485,876	384,476	388,630	433,129	382,225
Total ND Branches	670,568	563,153	579,300	611,694	549,129
Brokered Deposits	-	-	33,363	53,955	64,525
Other	206,485	189,474	167,786	145,582	109,575
Total Deposits	$ 877,053	$ 752,627	$ 780,449	$ 811,231	$ 723,229

Trust assets under management or administration increased 8.6%, or $22.5 million, to $285.6 million at June 30, 2017, compared to $263.1 million at June 30, 2016.

Capital

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

At June 30, 2017, our capital ratios exceeded all regulatory capital thresholds, including thresholds that incorporate fully phased-in conservation buffers.

Due to significant deposit growth and related increase in funds held at the Federal Reserve, our Tier 1 leverage ratios and tangible common equity decreased since the beginning of the year. Risk based capital ratios did not experience similar decreases as funds held at the Federal Reserve are assigned a zero percent risk weighting in determining risk-weighted assets. A summary of our capital ratios at June 30, 2017 and December 31, 2016 is presented below:

	June 30, 2017	December 31, 2016
BNCCORP, INC (Consolidated)		
Tier 1 leverage	8.90%	9.47%
Total risk based capital	19.77%	19.96%
Common equity tier 1 risk based capital	13.87%	13.90%
Tier 1 risk based capital	16.66%	16.78%
Tangible common equity	7.85%	8.13%
BNC National Bank		
Tier 1 leverage	9.15%	9.67%
Total risk based capital	18.37%	18.41%
Common equity tier 1 risk based capital	17.12%	17.16%
Tier 1 risk based capital	17.12%	17.16%

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 our 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 addition to regulatory risk based capital standards, we believe that regulators and investors also monitor the capital ratio of tangible common equity to total period end assets. As this ratio is based on total period end assets, it has decreased from prior periods due the significant deposit growth.

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

Book value per common share of the Company was $22.80 as of June 30, 2017, compared to $21.47 at December 31, 2016. Book value per common share, excluding accumulated other comprehensive income, was $21.71 as of June 30, 2017, compared to $20.98 at December 31, 2016.

Asset Quality

The allowance for credit losses was $7.9 million at June 30, 2017, compared to $8.3 million at December 31, 2016. The allowance for credit losses as a percentage of total loans at June 30, 2017 was 1.70%, compared to 1.82% at December 31, 2016. The allowance as a percentage of loans and leases held for investment at June 30, 2017 was 1.85%, and at December 31, 2016 was 2.00%.

Nonperforming assets were $2.2 million at June 30, 2017, down from $2.7 million at December 31, 2016. The ratio of nonperforming assets to total assets was 0.22% at June 30, 2017 and 0.29% at December 31, 2016. Nonperforming loans were $2.1 million at June 30, 2017, down from $2.4 million at December 31, 2016.

At June 30, 2017, BNC had $11.7 million of classified loans, $2.1 million of loans on non-accrual, and no other real estate owned. At December 31, 2016, BNC had $12.9 million of classified loans, $2.4 million of loans on non-accrual, $214 thousand of other real estate owned, and $4 thousand of repossessed assets. BNC had $7.3 million of potentially problematic loans, which are risk rated “watch list”, at June 30, 2017, compared with $9.4 million as of December 31, 2016.

The economic activity in western North Dakota continues to be affected by challenging conditions in the agricultural and energy industries. Prolonged periods of lower agricultural and energy prices as well as more recent drought conditions in the region could have an adverse economic impact on the North Dakota economy, commodity dependent businesses, and our loan portfolio.

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 17 locations. BNC also conducts mortgage banking from 14 offices in Illinois, Kansas, Missouri, Minnesota, 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”, “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 belief that we have exceptional liquidity, 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 U.S. generally accepted accounting principles ("GAAP"). Such non-GAAP financial measures include the Company’s tangible equity to assets ratio and information presented excluding nonrecurring transactions. 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)

# # #

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended June 30, 2017	For the Quarter Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
SELECTED INCOME STATEMENT DATA				
Interest income	$ 7,901	$ 7,346	$ 15,215	$ 14,521
Interest expense	862	864	1,643	1,763
Net interest income	7,039	6,482	13,572	12,758
Provision for credit losses	150	400	150	400
Non-interest income	5,157	7,495	9,904	13,146
Non-interest expense	10,131	10,628	19,989	20,474
Income before income taxes	1,915	2,949	3,337	5,030
Income tax expense	480	914	841	1,580
Net income	$ 1,435	$ 2,035	$ 2,496	$ 3,450
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.41	$ 0.59	$ 0.72	$ 1.00
Diluted earnings per common share	$ 0.41	$ 0.58	$ 0.70	$ 0.98

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended June 30, 2017	For the Quarter Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 671	$ 689	$ 1,359	$ 1,363
Wealth management revenues	411	395	872	783
Mortgage banking revenues	3,072	5,354	5,576	9,729
Gains on sales of loans, net	69	178	612	223
Gains on sales of investments, net	177	437	447	437
Other	757	442	1,038	611
Total non-interest income	$ 5,157	$ 7,495	$ 9,904	$ 13,146
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 5,130	$ 5,529	$ 10,369	$ 10,781
Professional services	1,116	1,266	2,169	2,224
Data processing fees	990	947	1,870	1,807
Marketing and promotion	1,057	979	1,783	1,902
Occupancy	574	545	1,194	1,069
Regulatory costs	131	167	263	334
Depreciation and amortization	409	378	809	721
Office supplies and postage	160	173	327	349
Other real estate costs	(23)	20	(21)	22
Other	587	624	1,226	1,265
Total non-interest expense	$ 10,131	$ 10,628	$ 19,989	$ 20,474
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,473,025	3,447,687	3,472,379	3,444,242
Incremental shares from assumed conversion of options and contingent shares	67,239	74,346	68,042	74,702
Adjusted weighted average shares (b)	3,540,264	3,522,033	3,540,421	3,518,944

(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, 2017	As of December 31, 2016	As of June 30, 2016
SELECTED BALANCE SHEET DATA			
Total assets	$ 1,001,505	$ 910,400	$ 926,978
Loans held for sale-mortgage banking	37,745	39,641	59,141
Loans and leases held for investment	426,210	414,673	399,671
Total loans	463,955	454,314	458,812
Allowance for credit losses	(7,898)	(8,285)	(8,725)
Investment securities available for sale	440,542	400,136	415,499
Other real estate, net and repossessed assets	13	218	225
Earning assets	945,108	851,564	871,479
Total deposits	877,053	752,627	757,039
Core deposits (1)	891,175	765,138	756,520
Other borrowings	39,135	75,523	81,549
Cash and cash equivalents	55,173	11,113	9,855
OTHER SELECTED DATA			
Net unrealized gains in accumulated other comprehensive income	$ 3,764	$ 1,683	$ 8,539
Trust assets under supervision	$ 285,627	$ 273,643	$ 263,087
Total common stockholders' equity	$ 78,808	$ 74,195	$ 77,047
Book value per common share	$ 22.80	$ 21.47	$ 22.35
Book value per common share excluding accumulated other comprehensive income, net	$ 21.71	$ 20.98	$ 19.87
Full time equivalent employees	268	291	288
Common shares outstanding	3,456,192	3,456,008	3,447,061
CAPITAL RATIOS			
Common equity Tier 1 risk-based capital (Consolidated)	13.87%	13.90%	13.34%
Tier 1 leverage (Consolidated)	8.90%	9.47%	9.07%
Tier 1 risk-based capital (Consolidated)	16.66%	16.78%	16.28%
Total risk-based capital (Consolidated)	19.77%	19.96%	19.48%
Tangible common equity (Consolidated)	7.85%	8.13%	8.29%
Common equity Tier 1 risk-based capital (Bank)	17.12%	17.16%	17.04%
Tier 1 leverage (Bank)	9.15%	9.67%	9.50%
Tier 1 risk-based capital (Bank)	17.12%	17.16%	17.04%
Total risk-based capital (Bank)	18.37%	18.41%	18.30%
Tangible common equity (Bank)	9.63%	10.04%	10.39%

(1) Core deposits consist of all deposits and repurchase agreements with customers and exclude certain brokered certificates of deposit.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2017	For the Quarter Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
AVERAGE BALANCES				
Total assets	$ 1,008,782	$ 919,300	$ 961,531	$ 905,823
Loans held for sale-mortgage banking	28,667	50,096	26,462	43,634
Loans and leases held for investment	413,674	400,158	414,899	391,976
Total loans	442,341	450,254	441,361	435,610
Investment securities available for sale	433,823	417,171	416,916	418,053
Earning assets	952,133	865,164	904,943	852,014
Total deposits	886,365	748,049	837,478	754,579
Core deposits	899,994	746,370	850,291	746,385
Total equity	77,344	74,555	75,979	73,361
Cash and cash equivalents	89,745	9,900	60,317	11,412
KEY RATIOS				
Return on average common stockholders’ equity (a)	7.75%	12.05%	6.83%	10.37%
Return on average assets (b)	0.57%	0.89%	0.52%	0.77%
Net interest margin	2.96%	3.01%	3.02%	3.01%
Efficiency ratio	83.15%	76.04%	85.19%	79.04%
Efficiency ratio (BNC National Bank)	80.05%	73.41%	81.80%	75.66%

(a) Return on average common stockholders’ equity is calculated by using the net income available to common shareholders as the numerator and average common equity (less preferred stock and accumulated other comprehensive income) 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, 2017	As of December 31, 2016	As of June 30, 2016
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	$ -	$ 20	$ -
Non-accrual loans	2,142	2,425	2,341
Total nonperforming loans	$ 2,142	$ 2,445	$ 2,341
Other real estate, net and repossessed assets	13	218	225
Total nonperforming assets	$ 2,155	$ 2,663	$ 2,566
Allowance for credit losses	$ 7,898	$ 8,285	$ 8,725
Troubled debt restructured loans	$ 1,932	$ 2,038	$ 2,084
Ratio of total nonperforming loans to total loans	0.46%	0.54%	0.51%
Ratio of total nonperforming assets to total assets	0.22%	0.29%	0.28%
Ratio of nonperforming loans to total assets	0.21%	0.27%	0.25%
Ratio of allowance for credit losses to loans and leases held for investment	1.85%	2.00%	2.18%
Ratio of allowance for credit losses to total loans	1.70%	1.82%	1.90%
Ratio of allowance for credit losses to nonperforming loans	369%	339%	373%

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
(In thousands)	2017	2016	2017	2016
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 2,672	$ 672	$ 2,445	$ 565
Additions to nonperforming	159	1,980	716	2,135
Charge-offs	(330)	(64)	(536)	(95)
Reclassified back to performing	-	(175)	-	(175)
Principal payments received	(319)	(72)	(443)	(89)
Transferred to other real estate owned	(40)	-	(40)	-
Balance, end of period	$ 2,142	$ 2,341	$ 2,142	$ 2,341

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2017	For the Quarter Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 8,040	$ 8,479	$ 8,285	$ 8,611
Provision	150	400	150	400
Loans charged off	(337)	(174)	(590)	(313)
Loan recoveries	45	20	53	27
Balance, end of period	$ 7,898	$ 8,725	$ 7,898	$ 8,725
Ratio of net charge-offs to average total loans	(0.066)%	(0.034)%	(0.122)%	(0.066)%
Ratio of net charge-offs to average total loans, annualized	(0.264)%	(0.137)%	(0.243)%	(0.131)%

(In thousands)	For the Quarter Ended June 30, 2017	For the Quarter Ended June 30, 2016	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Changes in Other Real Estate:				
Balance, beginning of period	$ 214	$ 242	$ 214	$ 242
Transfers from nonperforming loans	40	-	40	-
Real estate sold	(264)	-	(264)	(4)
Net gains on sale of assets	-	-	-	4
(Reduction) Provision	10	(17)	10	(17)
Balance, end of period	$ -	$ 225	$ -	$ 225

(In thousands)	As of June 30, 2017	As of December 31, 2016	As of June 30, 2016
Other Real Estate:			
Other real estate	$ -	$ 954	$ 954
Valuation allowance	-	(740)	(729)
Other real estate, net	$ -	$ 214	$ 225

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

	As of		
(In thousands)	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 41,824	$ 41,769	$ 44,661
Construction	3,908	6,819	10,259
Agricultural	24,558	19,351	16,972
Land and land development	9,112	9,674	10,405
Owner-occupied commercial real estate	44,885	45,350	37,864
Commercial real estate	106,541	100,975	87,673
Small business administration	4,406	4,512	4,825
Consumer	50,652	44,267	43,043
Subtotal loans held for investment	$ 285,886	$ 272,717	$ 255,702
Consolidated			
Commercial and industrial	$ 53,953	$ 54,037	$ 61,892
Construction	11,365	12,215	14,259
Agricultural	25,240	20,273	17,496
Land and land development	15,178	15,982	16,189
Owner-occupied commercial real estate	49,518	49,294	44,035
Commercial real estate	176,210	171,972	165,891
Small business administration	27,446	31,518	27,512
Consumer	66,902	59,183	52,074
Total loans held for investment	$ 425,812	$ 414,474	$ 399,348