



BNCCORP

NEWS RELEASE

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**BNCCORP, INC. REPORTS NET INCOME OF \$700 THOUSAND, OR \$0.21 PER
DILUTED SHARE, FOR SECOND QUARTER**

EARNINGS REACH \$2.1 MILLION FOR FIRST SIX MONTHS;

BNC SIGNIFICANTLY EXCEEDS REGULATORY CAPITAL REQUIREMENTS AS OF JUNE 30, 2008

BISMARCK, ND, July 28, 2008 – BNCCORP, Inc. (BNC) (Pink Sheets: BNCC), which operates community banking and wealth management businesses in Arizona, Minnesota and North Dakota, and has mortgage banking offices in Iowa, Kansas and Missouri, today reported financial results for the second quarter and six months ended June 30, 2008.

Net income from continuing operations was \$700 thousand, or \$0.21 per diluted share, for the second quarter ended June 30, 2008. This compared to a net loss from continuing operations of \$(1.977) million, or \$(0.56) per diluted share, in the second quarter of 2007. Net income from continuing operations for the first half of 2008 was \$2.062 million, or \$0.61 per diluted share, compared to a net loss of \$(1.716) million, or \$(0.49) per diluted share, for the first half of 2007.

BNC's increase in net income from continuing operations in the second quarter of 2008 was primarily driven by higher net interest income, continued growth in loans held for investment, non-interest income from mortgage banking and wealth management revenues, as well as lower non-interest expenses. Losses from continuing operations in the 2007 periods reflected various charges arising from actions taken by BNC to position itself for improved performance in its core businesses following the sale of its former insurance segment.

Net income, which combines results of both continuing and discontinued operations, was \$700 thousand, or \$0.21 per diluted share, in the second quarter of 2008 compared to \$1.827 million, or \$0.52 per diluted share, in the second quarter of 2007. Net income for the first half of 2008 was \$2.062 million, or \$0.61 per diluted share, compared to \$3.384 million, or \$0.96 per diluted share, in the first half of 2007. Results from discontinued operations in the 2007 periods included a gain on the sale of substantially all of the assets of BNC's former insurance segment.

Gregory K. Cleveland, BNCCORP President and Chief Executive Officer, stated, "Our profitable second quarter and year-to-date results represent a solid accomplishment in the vortex of this turbulent financial marketplace. By remaining focused on our core businesses, we have achieved growth in top-line revenues while managing asset quality at a time when credit risk is elevating throughout the industry. Fortunately, a significant portion of our business is in North Dakota where economic conditions are relatively stable due to the health of the energy and agribusiness industries."

Second Quarter Continuing Operations

Net interest income for the second quarter of 2008 was \$6.765 million, an increase of \$1.405 million, or 26.2%, from \$5.360 million in the same period of 2007. The net interest margin for the current period increased to 3.74% from 3.66% in the same period of 2007, due to a higher balance of loans and investment securities and lower rates on interest bearing liabilities.

The provision for credit losses in the second quarter of 2008 was \$2.000 million compared to \$700 thousand in the same period of 2007. The provision for credit losses increased due to higher balances of loans in our portfolio and the decline in asset values occurring in the current environment.

Non-interest income for the second quarter of 2008 was \$3.358 million, compared to a loss of \$(284) thousand in second quarter 2007. The increase can be partially attributed to increases in our mortgage banking revenues of \$702 thousand and wealth management revenues of \$422 thousand. Our mortgage banking capabilities have expanded with the addition of four residential loan production offices in Iowa, Kansas and Missouri, which primarily originate FHA loans that are sold servicing released. Non-interest income also increased in 2008 due to a gain of approximately \$800 thousand on the sale of the building formerly occupied by our insurance agency. In 2007, non-interest income was depressed by losses on sales of securities of \$2.026 million related to a balance sheet repositioning strategy.

In the second quarter of 2008, non-interest expense decreased by \$661 thousand to \$ 7.078 million, from \$7.739 million in the same period of 2007. Non-interest expenses in 2008 include increases in compensation related to expanded mortgage banking operations and approximately \$400 thousand of costs associated with OREO properties. In 2007, non-interest expense included \$1.535 million of costs incurred to prepay FHLB advances.

The effective tax rate on income from continuing operations during the second quarter of 2008 was 33.0% as compared to 41.2% in the second quarter of 2007.

Overall, net income from continuing operations in the second quarter of 2008 was \$700 thousand, or \$0.21 per diluted share, compared to a net loss of \$(1.977), or \$(0.56) per diluted share for the same period in 2007.

Continuing Operations for the Six Months ended June 30, 2008

Net interest income was \$13.037 million, an increase of \$2.878 million, or 28.3%, from \$10.159 million in the same period of 2007, while the net interest margin for the current period improved to 3.76% from 3.44%. The increase was due to a higher balance of loans and investment securities and lower rates on interest bearing liabilities.

The provision for credit losses was \$2.800 million in the first half of 2008 compared to \$950

thousand in the first half of 2007. The provision for credit losses increased due to higher balances of loans in our portfolio and the decline in asset values occurring in the current environment.

Non-interest income for the first half of 2008 was \$5.658 million, an increase of \$4.245 million, or 300%, compared to the same period in 2007. The increase can be attributed to increases in our mortgage banking and wealth management businesses. Wealth management income increased due to an increase of new products for which BNC is compensated to assemble documents and act as a custodial trustee. Non-interest income in 2008 also includes a significant gain on sale of property. In 2007, non-interest income included losses on sales of securities.

In the first half of 2008, non-interest expense decreased by \$908 thousand to \$12.817 million, from \$13.725 million in the same period of 2007. The 2008 period reflected increases in compensation and real estate owned costs while 2007 included costs to terminate FHLB advances.

The effective tax rate of income taxes in 2008 was 33.0% while there was a tax benefit of \$1.387 million in the first half of 2007. The benefit in 2007 related to losses on sales of securities, prepayment penalties incurred and interest on tax exempt securities.

Overall, net income from continuing operations in the first half of 2008 was \$2.062 million, or \$0.61 per diluted share, compared to a net loss of \$(1.716) million, or \$(0.49) per diluted share for the same period in 2007.

Discontinued Operations

In the second quarter of 2007, BNC sold substantially all of the assets of its insurance agency. As a result, discontinued operations in 2008 have only nominal activity. In the 2007 periods, net income from discontinued operations was \$3.804 million, or \$1.08 per diluted share for the second quarter, and was \$5.100 million, or \$1.45 per diluted share, for the first six months.

Assets, Liabilities, Equity and Regulatory Capital

Total assets were \$821.7 million at June 30, 2008, increasing from \$699.6 million at December 31,

2007. Loans held for investment rose \$28.3 million, to \$525.9 million, and investment securities increased \$77.4 million to \$200.3 million. Organic growth fueled the increase in loans, while investments increased as a result of our strategy to leverage our balance sheet in order to increase net interest income.

Total liabilities at June 30, 2008 were \$764.8 million compared to \$639.9 million at December 31, 2007. Deposit balances increased \$83.5 million, to \$625.3 million, due to organic growth and issuances of callable brokered deposits which were utilized to fund our leverage strategy. Short term, variable rate borrowings increased as proceeds from these obligations were used to fund assets that are expected to repay or re-price in the near term.

Total common stockholders' equity was \$56.9 million at June 30, 2008, compared to \$59.7 million at December 31, 2007. The book value per common share was \$17.25 as of June 30, 2008, compared to \$17.11 as of December 31, 2007.

In the first half of 2008, the Company repurchased 200,326 shares of its previously outstanding common stock for approximately \$2.582 million, at an average cost of \$12.43 per share.

The Company's tier 1 leverage ratio was 9.76% at June 30, 2008, compared with 12.01% at December 31, 2007. The tier 1 risk-based capital ratio was 11.37% at June 30, 2008, versus 12.58% at December 31, 2007. The total risk-based capital ratio was 12.99% at June 30, 2008, versus 14.26% at December 31, 2007.

At June 30, 2008, the Company's subsidiary, BNC National Bank, had a tier 1 leverage ratio of 10.20%, a tier 1 risk-based capital ratio of 11.88% and a total risk-based capital ratio of 12.93%. BNC National Bank's total capital of \$86.8 million was \$19.7 million greater than the \$67.1 million that was required to meet the "well-capitalized" threshold.

Trust assets under supervision declined to \$338.1 million at June 30, 2008 from \$358.6 million at December 31, 2007, mostly due to the effect of market conditions on investment portfolios. Our wealth management business receives custodial trustee fees for accumulating and maintaining documents for insurance products sold by others. These fees have grown steadily in the last eighteen

months.

Asset Quality

The Company is carefully monitoring asset quality in response to the current economic challenges and expects credit risk to remain elevated for the remainder of 2008 and into 2009. The provision for credit losses in the recent quarter is reflective of the environment, and we anticipated that provisions for credit losses will be elevated for the foreseeable future.

The allowance for credit losses was \$7.1 million and \$6.6 million at June 30, 2008 and December 31, 2007, respectively. The allowance for credit losses as a percentage of total loans at June 30, 2008 was 1.27%, compared with 1.26% at December 31, 2007. The allowance for credit losses as a percentage of loans and leases held for investment at June 30, 2008 was 1.34%, compared with 1.33% at December 31, 2007. The ratio of total nonperforming assets to total assets was 1.57% at June 30, 2008, compared with 0.77% at December 31, 2007. The ratio of the allowance for credit losses to total nonperforming loans as of June 30, 2008 was 90% compared to 122% at December 31, 2007.

At June 30, 2008 BNC had \$18.4 million of classified loans and \$7.2 million of loans on non-accrual. This compares to \$16.4 million of classified loans and \$5.4 million of loans on non-accrual at December 31, 2007. The balances of classified loans and non-accrual loans are currently higher than they have been in recent years. We expect these balances to remain elevated for the foreseeable future.

BNC has concentrations of land and construction loans. At June 30, 2008 and December 31, 2007, the Company had construction loans of \$34.1 million and \$68.8 million, respectively. At June 30, 2008 and December 31, 2007 the Company had land and land development loans aggregating \$68.5 million and \$79.0 million, respectively.

Outlook

Mr. Cleveland noted, "BNC is fortunate to have a footprint in the stable North Dakota market and a significant base of regulatory capital. In many regions of the country, however, real estate values are

declining and we expect this trend to continue to produce credit quality challenges for much of the banking industry. While no institution is immune to these economic forces, we believe our fundamental strengths will allow BNC to weather the credit issues as we focus on growing our core businesses.”

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, mortgage banking and wealth management businesses in Arizona, Minnesota and North Dakota from 20 locations. BNC also conducts mortgage banking from 4 locations in Iowa, Kansas and Missouri.

This news release may contain "forward-looking statements" within the meaning 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”, or other expressions. We caution readers that these forward-looking statements, including, without limitation, those relating to our future business prospects, revenues, working capital, liquidity, capital needs, interest costs and income, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements due to several important factors. These factors include, but are not limited to: 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 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.

(Financial tables attached)

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BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands, except per share data)	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
SELECTED INCOME STATEMENT DATA				
Interest income	\$11,496	\$ 11,133	\$22,881	\$ 22,009
Interest expense	4,731	5,773	9,844	11,850
Net interest income	6,765	5,360	13,037	10,159
Provision for credit losses	2,000	700	2,800	950
Non-interest income (loss)	3,358	(284)	5,658	1,413
Non-interest expense	7,078	7,739	12,817	13,725
Income (loss) from continuing operations before income taxes	1,045	(3,363)	3,078	(3,103)
Income tax provision (benefit)	345	(1,386)	1,016	(1,387)
Income (loss) from continuing operations	700	(1,977)	2,062	(1,716)
Discontinued operations:				
Income from discontinued insurance segment	-	6,084	-	8,154
Income tax provision	-	2,280	-	3,054
Income from discontinued operations	-	3,804	-	5,100
Net income	\$700	\$ 1,827	\$2,062	\$ 3,384

(In thousands, except per share data)	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
BASIC EARNINGS PER SHARE				
Income (loss) from continuing operations	\$0.22	\$ (0.56)	\$0.62	\$ (0.49)
Income from discontinued insurance segment, net of income taxes	-	1.08	-	1.45
Basic earnings per common share	<u>\$0.22</u>	<u>\$ 0.52</u>	<u>\$0.62</u>	<u>\$ 0.96</u>
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	\$0.21	\$ (0.56)	\$0.61	\$ (0.49)
Income from discontinued insurance segment, net of income taxes	-	1.08	-	1.45
Diluted earnings per common share	<u>\$0.21</u>	<u>\$ 0.52</u>	<u>\$0.61</u>	<u>\$ 0.96</u>

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands, except share, per share and full time equivalent data)	As of		
	June 30, 2008	December 31, 2007	June 30, 2007
SELECTED BALANCE SHEET DATA*			
Total assets	\$821,721	\$ 699,580	\$ 623,751
Participating interests in mortgage loans	25,333	24,357	18,183
Loans and leases held for investment	525,875	497,556	423,975
Total loans	556,966	521,913	442,399
Allowance for credit losses	(7,065)	(6,599)	(4,308)
Investment securities available for sale	200,312	122,899	107,306
Other real estate owned and repossessed assets	5,098	-	-
Total deposits	625,339	541,873	503,388
Other borrowings	131,180	89,840	29,468
*From continuing operations			
OTHER SELECTED DATA			
Off-balance sheet depository balances	\$74,798	\$ 11,523	\$ 58,461
Net unrealized gains (losses) in investment portfolio, pretax	\$(1,728)	\$ 2,278	\$ (1,069)
Trust assets under supervision	\$338,062	\$ 358,611	\$ 334,936
Total common stockholders' equity	\$56,941	\$ 59,730	\$ 60,084
Book value per common share	\$17.25	\$ 17.11	\$ 16.75
Effect of net unrealized gains (losses) on securities available for sale, net of tax, on book value per common share	\$(0.32)	\$ 0.40	\$ (0.18)
Full time equivalent employees	228	169	170
Common shares outstanding	3,301,211	3,491,337	3,587,567
CAPITAL RATIOS			
Tier 1 leverage	9.76%	12.01%	12.23%
Tier 1 risk-based capital	11.37%	12.58%	14.99%
Total risk-based capital	12.99%	14.26%	16.23%

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands)	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
AVERAGE BALANCES*				
Total assets	\$782,001	\$ 640,555	\$751,512	\$ 650,253
Participating interests in mortgage loans	25,121	29,153	23,914	35,336
Loans and leases held for investment	520,678	388,012	513,783	369,735
Total loans	550,930	417,874	540,449	405,614
Earning assets	727,412	586,611	696,950	595,794
Deposits	601,915	515,613	574,846	522,327
Common stockholders' equity	58,602	59,321	59,809	57,877
*From continuing operations				

KEY RATIOS*

Return on average common stockholders' equity	4.81%	(13.37)%	6.93%	(5.98)%
Return on average assets	0.36%	(1.28)%	0.55%	(0.53)%
Net interest margin	3.74%	3.66%	3.76%	3.44%
Efficiency ratio	69.92%	152.47%	68.56%	118.61%
*From continuing operations				

KEY RATIOS

Return on average common stockholders' equity	-	12.35%	-	11.79%
Return on average assets	-	1.14%	-	1.05%

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands)	As of		
	June 30, 2008	December 31, 2007	June 30, 2007
ASSET QUALITY*			
Loans 90 days or more delinquent and still accruing interest	\$639	\$ -	\$ 1
Non-accrual loans	7,184	5,399	100
Total nonperforming loans	\$7,823	\$ 5,399	101
Other real estate owned and repossessed assets	5,098	-	-
Total nonperforming assets	\$12,921	\$ 5,399	\$ 101
Allowance for credit losses	\$7,065	\$ 6,599	\$ 4,308
Ratio of total nonperforming loans to total loans	1.40%	1.03%	0.02%
Ratio of total nonperforming assets to total assets	1.57%	0.77%	0.02%
Ratio of allowance for credit losses to loans and leases held for investment	1.34%	1.33%	1.02%
Ratio of allowance for credit losses to total loans	1.27%	1.26%	0.97%
Ratio of allowance for credit losses to total nonperforming loans	90%	122%	4,265%

*From continuing operations

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
Changes in Allowance for Credit Losses:*				
Balance, beginning of period	\$7,178	\$ 3,615	\$6,599	\$ 3,370
Provision charged to operations expense	2,000	700	2,800	950
Loans charged off	(2,145)	(8)	(2,377)	(14)
Loan recoveries	32	1	43	2
Balance, end of period	\$7,065	\$ 4,308	\$7,065	\$ 4,308
Ratio of net charge-offs to average total loans	(0.384)%	(0.002)%	(0.432)%	(0.003)%
Ratio of net charge-offs to average total loans, annualized	(1.534)%	(0.007)%	(0.864)%	(0.006)%

*From continuing operations

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands, except share data)	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
ANALYSIS OF NON-INTEREST INCOME*				
Bank charges and service fees	\$518	\$ 558	\$1,009	\$ 1,099
Wealth management revenues	768	346	1,524	802
Mortgage banking revenues	776	74	750	115
Gains on sales of commercial loans	253	614	1,039	936
Net gain (loss) on sales of assets	794	(2,026)	794	(2,026)
Other	249	150	542	487
Total non-interest income (loss)	\$3,358	\$ (284)	\$5,658	\$ 1,413

*From continuing operations

ANALYSIS OF NON-INTEREST EXPENSE*

Salaries and employee benefits	\$3,938	\$ 3,674	\$7,361	\$ 7,114
Occupancy	547	537	989	1,074
Data processing fees	522	565	931	1,166
OREO expense	402	-	402	-
Depreciation and amortization	327	429	669	890
Professional services	294	226	482	380
Marketing and promotion	267	159	462	349
Office supplies, telephone and postage	169	122	376	253
FDIC and other assessments	56	59	110	116
Prepayment penalties on early extinguishment of FHLB advances	-	1,535	-	1,535
Other	556	433	1,035	848
Total non-interest expense	\$7,078	\$ 7,739	\$12,817	\$ 13,725

*From continuing operations

WEIGHTED AVERAGE SHARES

Common shares outstanding (a)	3,248,101	3,501,544	3,327,961	3,501,280
Incremental shares from assumed conversion of options and contingent shares	46,458	71,637	44,059	63,405
Adjusted weighted average shares (b)	3,294,559	3,573,181	3,372,020	3,564,685

(a) Denominator for Basic Earnings Per Common Share

(b) Denominator for Diluted Earnings Per Common Share