NEWS RELEASE

FOR FURTHER INFORMATION:
WEBSITE: www.bnccorp.com

GREGORY K. CLEVELAND
TELEPHONE: (602) 852-3526

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

BNCCORP, INC. REPORTS NET INCOME OF $505 THOUSAND, OR $0.15 PER DILUTED SHARE, FOR THIRD QUARTER

EARNINGS REACH $2.6 MILLION FOR FIRST NINE MONTHS;
CAPITAL EXCEEDS REGULATORY REQUIREMENTS AND INCREASES DURING THE QUARTER ENDED SEPTEMBER 30, 2008

BISMARCK, ND, October 31, 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 third quarter and nine months ended September 30, 2008.

Net income from continuing operations was $505 thousand, or $0.15 per diluted share, for the third quarter ended September 30, 2008. This compared to a net loss from continuing operations of $(2.063) million, or $(0.60) per diluted share, in the third quarter of 2007. Net income from continuing operations for the first nine months of 2008 was $2.567 million, or $0.77 per diluted share, compared to a net loss of $(3.779) million, or $(1.09) per diluted share, for the first nine months of 2007.

The increase in net income from continuing operations in the third quarter of 2008 was primarily driven by higher net interest income and non-interest income, while non-interest expenses were flat. Provisions for credit losses were significant in 2008 and 2007. Losses from continuing operations in the 2007 periods include various charges arising from actions taken by BNC to fortify its core businesses following the sale of its former insurance segment.

Net income (loss), which combines results of both continuing and discontinued operations, was $505 thousand, or $0.15 per diluted share, in the third quarter of 2008 compared to $(2.137) million, or $(0.62) per diluted share, in the third quarter of 2007. Net income for the first nine months of 2008 was $2.567 million, or $0.77 per diluted share, compared to $1.247 million, or $0.36 per diluted share, in the first nine months of 2007. Results from discontinued operations in the 2007 periods include results from operations in BNC's former insurance segment and a gain recognized on the sale thereof.

Gregory K. Cleveland, BNCCORP President and Chief Executive Officer, stated, "We believe capital is supremely important in the current environment where asset values are declining rapidly. In that regard, we have increased the Bank's risk-based capital by $1.4 million since the second quarter and remain above the "well-capitalized" threshold, an important measure of strength. It is less noteworthy that we had a good quarter, producing positive earnings."

Third Quarter Continuing Operations

Net interest income for the third quarter of 2008 was $6.810 million, an increase of $869 thousand, or 15%, from $5.941 million in the same period of 2007. The net interest margin for the current period declined to 3.55% from 4.24% in the same period of 2007. Growth in our balance sheet fueled an increase in net interest income while increases in non-accrual assets had the effect of reducing the net interest income.

The provision for credit losses in the third quarter of 2008 was $1.800 million compared to $2.800 million in the 2007 period. In 2008, the provision for credit losses reflects the decline in asset values and deteriorating economic environment. The provision for the third quarter of 2007 reflected a charge-off of a loan relationship with a balance of $1.6 million which was subsequently recovered.

This recovery increased the allowance for loan losses.

Non-interest income for the third quarter of 2008 was $2.409 million, compared to $310 thousand in third quarter 2007. This sharp rise reflected increased revenues in core banking, wealth management and mortgage banking compared to a year ago, as well as gains on sales of securities that were significantly higher than in 2007. Gains on sales of commercial real estate loans decreased in 2008 when the secondary market for this asset class functioned at minimal levels. Improvement in this secondary market is not currently anticipated.

In the third quarter of 2008, non-interest expense increased by $16 thousand to $6.875 million, from $6.859 million in the same period of 2007. Non-interest expense in 2008 increased primarily due to compensation and expanded mortgage banking operations. In 2007, non-interest expense included $1.189 million of costs incurred to refinance subordinated debentures. The new debentures have a lower interest rate which is benefiting current periods.

The effective tax rate on income from continuing operations during the third quarter of 2008 declined to 7.2% as compared to 39.5% in the third quarter of 2007. The effective tax rate is lower in 2008 because pre-tax income has decreased, and as a result, the tax benefit associated with tax exempt securities becomes a more significant portion of pre-tax income.

Continuing Operations for the Nine Months ended September 30, 2008

Net interest income was $19.847 million, an increase of $3.747 million, or 23%, from $16.100 million in the same period of 2007. The increase was due to a higher balance of loans and investment securities and lower rates on interest bearing liabilities. The year to date net interest margin was 3.69% in both 2008 and 2007.

The provision for credit losses was $4.600 million in the first nine months of 2008 compared to $3.750 million in the first nine months of 2007. A significant portion of the loans charged off in 2007 were subsequently recovered. It will be more difficult to recover amounts charged off in 2008.

Non-interest income for the first nine months of 2008 was $8.067 million, an increase of $6.344 million, compared to $1.723 million in the same period of 2007. The increase can be attributed to growth in our mortgage banking and wealth management businesses as well as gains on sales of assets. Wealth management income increased due to an increase in new products for which BNC is compensated to assemble documents and act as a custodial trustee. In the middle of 2008 we expanded our mortgage banking by adding loan origination offices. Gains on sales of assets boosted revenues by $1.041 million in the 2008 period; recurring gains of this magnitude are not anticipated.

In the first nine months of 2008, non-interest expense decreased by $892 thousand to $19.692 million, from $20.584 million in the same period of 2007. The 2008 period includes increases in compensation, professional services and real estate owned costs, as well as costs associated with expanded mortgage banking operations. The 2007 period includes costs to refinance or terminate certain liabilities, which were incurred to improve net interest income in future periods.

The effective tax rate of income taxes in 2008 was 29.1% while there was a tax benefit of $2.732 million in the first nine months 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 nine months of 2008 was $2.567 million, or $0.77 per diluted share, compared to a net loss of $(3.779) million, or $(1.09) 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. In the 2007 periods, the net loss from discontinued operations was $(74) thousand, or $(0.02) per diluted share for the third quarter, and net income was $5.026 million, or $1.45 per diluted share, for the first nine months. The sale of the insurance segment generated a significant gain. This gain subsidized losses on other transactions designed to fortify BNC’s continuing operations.

Assets, Liabilities, Equity and Regulatory Capital

Total assets were $838.3 million at September 30, 2008, increasing from $699.6 million at December 31, 2007. Loans held for investment rose $35.6 million, to $533.1 million, and investment securities increased $88.9 million to $211.8 million. Organic growth fueled the increase in loans, while investments increased as a result of leverage strategies intended to increase net interest income.

Total liabilities at September 30, 2008 were $782.4 million compared to $639.9 million at December 31, 2007. Deposit balances increased $101.8 million, to $643.7 million, due to organic growth and issuances of brokered deposits which were utilized to fund our leverage strategies. 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.

Core deposits aggregated $549.6 million at September 30, 2008 and $511.9 million at December 31, 2007, respectively, an increase of $37.7 million or 7.4%.

Total common stockholders' equity was $55.9 million at September 30, 2008, compared to $59.7 million at December 31, 2007. This decline can partially be attributed to unrealized losses on the investment portfolio aggregating ($4.541) million as of September 30, 2008 compared to unrealized gains of $2.278 million as of December 31, 2007. We currently believe the unrealized losses are temporary and will reverse as the investments mature. The book value per common share was $16.89 as of September 30, 2008, compared to $17.11 as of December 31, 2007. Excluding the impact of the unrealized gains and losses on investments, the book value per common share was $17.74 as of September 30, 2008, compared to $16.71 as of December 31, 2007.

The Company's tier 1 leverage ratio was 9.35% at September 30, 2008, compared with 12.01% at December 31, 2007. The tier 1 risk-based capital ratio was 11.49% at September 30, 2008, versus 12.58% at December 31, 2007. The total risk-based capital ratio was 13.25% at September 30, 2008, versus 14.26% at December 31, 2007. These ratios have declined because of asset growth in 2008.

At September 30, 2008, the Company's subsidiary, BNC National Bank, had a tier 1 leverage ratio of 9.70%, a tier 1 risk-based capital ratio of 11.92% and a total risk-based capital ratio of 13.17%. BNC National Bank's total risk-based capital of $88.2 million was $22.1 million greater than the $66.1 million that was required to meet the "well-capitalized" threshold. Our capital in excess of the risk-based requirements has increased by $2.4 million since June 30, 2008.

The United States Treasury recently announced an equity purchase program through which they have the authority to invest in banks. Although BNC National Bank exceeds "well-capitalized" regulatory standards, we believe it is prudent and responsible to evaluate whether the Treasury program would be of benefit to our future strategic plans. Should we elect to participate, an application will be filed by mid-November.

Trust assets under supervision declined to $331.3 million at September 30, 2008 from $358.6 million at December 31, 2007, mostly due to the effect of market conditions on investment portfolios.

Asset Quality

The Company is carefully monitoring asset quality due to present economic conditions and expects credit risk to remain elevated for the remainder of 2008, into 2009 and possibly periods beyond. Accordingly, provisions for credit and ORE losses are anticipated to be elevated for the foreseeable future.

The allowance for credit losses was $8.4 million and $6.6 million at September 30, 2008 and December 31, 2007, respectively. The allowance for credit losses as a percentage of total loans at September 30, 2008 was 1.48%, compared with 1.26% at December 31, 2007. The allowance for credit losses as a percentage of loans and leases held for investment at September 30, 2008 was 1.57%, compared with 1.33% at December 31, 2007. The ratio of total nonperforming assets to total assets was 3.13% at September 30, 2008, compared with 0.77% at December 31, 2007. The ratio of the allowance for credit losses to total nonperforming loans as of September 30, 2008 was 40% compared to 122% at December 31, 2007.

At September 30, 2008, BNC had $39.4 million of classified loans and $21.1 million of loans on non-accrual. At June 30, 2008 BNC had $18.4 million of classified loans and $7.2 million of loans on non-accrual. At December 31, 2007, BNC had $16.4 million of classified loans and $5.4 million of loans on non-accrual. The balances of classified loans and non-accrual loans are 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 September 30, 2008, the Company had construction loans of $34.3 million and land and land development loans aggregating $67.1 million. At June 30, 2008, the Company had construction loans of $34.1 million and land and land development loans aggregating $68.5 million. At December 31, 2007, the Company had construction loans of $68.8 million and land and land development loans aggregating $79.0 million.

Outlook

“While BNCCORP’s capital strength and profitability contrast with the recent performance of many financial institutions, we recognize that the current environment is extremely challenging, as a result, we expect earnings may be suppressed in the near term,” Mr. Cleveland noted. “The current economic hurricane is the most challenging force in the financial industry since the Great Depression. The recessionary trends looming on the horizon suggest that recovery is not yet in sight. Accordingly, we believe that maintaining strong capital, minimizing risk and positioning for the next cycle is the right course. As we confront these historic challenges, it is beneficial to be well-fortified. Most importantly, our people are highly professional, capable and up to the challenge, and I am confident they will respond favorably.”

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 four 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 September 30, 2008	For the Quarter Ended September 30, 2007	For the Nine Months Ended September 30, 2008	For the Nine Months Ended September 30, 2007
SELECTED INCOME STATEMENT DATA				
Interest income	$11,694	$10,988	$34,575	$32,996
Interest expense	4,884	5,047	14,728	16,896
Net interest income	6,810	5,941	19,847	16,100
Provision for credit losses	1,800	2,800	4,600	3,750
Non-interest income	2,409	310	8,067	1,723
Non-interest expense	6,875	6,859	19,692	20,584
Income (loss) from continuing operations before income taxes	544	(3,408)	3,622	(6,511)
Income tax provision (benefit)	39	(1,345)	1,055	(2,732)
Income (loss) from continuing operations	505	(2,063)	2,567	(3,779)
Discontinued operations:				
Income (loss) from discontinued insurance segment	-	(12)	-	8,142
Income tax provision	-	62	-	3,116
Income (loss) from discontinued operations	-	(74)	-	5,026
Net income (loss)	$505	$(2,137)	$2,567	$1,247

(In thousands, except per share data)	For the Quarter Ended September 30, 2008	For the Quarter Ended September 30, 2007	For the Nine Months Ended September 30, 2008	For the Nine Months Ended September 30, 2007
BASIC EARNINGS PER SHARE				
Income (loss) from continuing operations	$0.16	$(0.60)	$0.78	$ (1.09)
Income (loss) from discontinued insurance segment, net of income taxes	-	(0.02)	-	1.45
Basic earnings (loss) per common share	$0.16	$(0.62)	$0.78	$ 0.36
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	$0.15	$(0.60)	$0.77	$ (1.09)
Income (loss) from discontinued insurance segment, net of income taxes	-	(0.02)	-	1.45
Diluted earnings (loss) per common share	$0.15	$(0.62)	$0.77	$ 0.36

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands, except share, per share and full time equivalent data)	As of September 30, 2008	 December 31, 2007	 September 30, 2007
SELECTED BALANCE SHEET DATA*			
Total assets	$ 838,319	$ 699,580	$621,643
Participating interests in mortgage loans	28,246	24,357	21,817
Loans and leases held for investment	533,148	497,556	444,686
Total loans	567,784	521,913	466,503
Allowance for credit losses	(8,395)	(6,599)	(5,502)
Investment securities available for sale	211,763	122,899	104,624
Other real estate	5,098	-	-
Total deposits	643,748	541,874	520,937
Core deposits	549,618	511,874	520,937
Other borrowings	130,656	89,840	37,879
*From continuing operations			
OTHER SELECTED DATA			
Net unrealized gains (losses) in investment portfolio, pretax	$(4,541)	$ 2,278	$1,018
Trust assets under supervision	$331,293	$ 358,611	$361,536
Total common stockholders' equity	$55,890	$ 59,730	$57,856
Book value per common share	$16.89	$ 17.11	$16.56
Effect of net unrealized gains (losses) on securities available for sale, net of tax, on book value per common share	$(0.85)	$ 0.40	$0.18
Book value per common share, excluding effect of unrealized gains (losses) on securities	$17.74	$ 16.71	$16.38
Full time equivalent employees	240	169	169
Common shares outstanding	3,311,741	3,491,337	3,493,155
CAPITAL RATIOS			
Tier 1 leverage	9.35%	12.01%	12.44%
Tier 1 risk-based capital	11.49%	12.58%	13.53%
Total risk-based capital	13.25%	14.26%	15.16%

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands)	For the Quarter Ended September 30, 2008	For the Quarter Ended September 30, 2007	For the Nine Months Ended September 30, 2008	For the Nine Months Ended September 30, 2007
AVERAGE BALANCES*				
Total assets	$823,784	$609,822	$775,603	$ 636,776
Participating interests in mortgage loans	24,798	18,163	24,209	29,611
Loans and leases held for investment	526,548	414,588	518,037	384,687
Total loans	555,426	433,236	545,441	414,822
Earning assets	762,865	556,528	718,921	582,706
Deposits	628,794	514,072	592,828	519,576
Core Deposits	538,692	514,072	525,956	519,486
Common stockholders’ equity	56,008	58,692	58,542	58,149

*From continuing operations

	2008	2007	2008	2007
KEY RATIOS*				
Return on average common stockholders’ equity	3.58%	(13.94)%	5.86%	(8.69)%
Return on average assets	0.24%	(1.34)%	0.44%	(0.79)%
Net interest margin	3.55%	4.24%	3.69%	3.69%
Efficiency ratio	74.57%	109.72%	70.55%	115.49%

*From continuing operations

	2008	2007	2008	2007
KEY RATIOS **				
Return on average common stockholders’ equity	3.58%	(14.45)%	5.86%	2.87%
Return on average assets	0.24%	(1.39)%	0.44%	0.25%

** Based on net income

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

(In thousands)	As of September 30, 2008	As of December 31, 2007	As of September 30, 2007
ASSET QUALITY*			
Loans 90 days or more delinquent and still accruing interest	$ 26	$ -	$ 12
Non-accrual loans	21,120	5,399	5,851
Total nonperforming loans	21,146	$ 5,399	$ 5,863
Other real estate	5,098	-	-
Total nonperforming assets	$ 26,244	$ 5,399	$ 5,863
Allowance for credit losses	$ 8,395	$ 6,599	$ 5,502
Ratio of total nonperforming loans to total loans	3.72%	1.03%	1.26%
Ratio of total nonperforming assets to total assets	3.13%	0.77%	0.94%
Ratio of allowance for credit losses to loans and leases held for investment	1.57%	1.33%	1.24%
Ratio of allowance for credit losses to total loans	1.48%	1.26%	1.18%
Ratio of allowance for credit losses to nonperforming loans	40%	122%	94%

*From continuing operations

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
Changes in Allowance for Credit Losses:*				
Balance, beginning of period	$7,065	$4,308	$6,599	$3,370
Provision charged to operations expense	1,800	2,800	4,600	3,750
Loans charged off	(674)	(1,609)	(3,051)	(1,623)
Loan recoveries	204	3	247	5
Balance, end of period	$8,395	$5,502	$8,395	$5,502
Ratio of net charge-offs to average total loans	(0.085)%	(0.371)%	(0.514)%	(0.390)%
Ratio of net charge-offs to average total loans, annualized	(0.338)%	(1.483)%	(0.685)%	(0.520)%

*From continuing operations

BNCCORP, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
(In thousands, except share data)	2008	2007	2008	2007
ANALYSIS OF NON-INTEREST INCOME*				
Bank charges and service fees	$511	$432	$1,520	$1,531
Wealth management revenues	691	536	2,215	1,339
Mortgage banking revenues	722	34	1,472	146
Gains on sales of commercial real estate loans	36	280	1,075	1,219
Gain (loss) on sale of premises and equipment	(18)	-	776	
Net gain (loss) on sales of securities	247	(1,251)	247	(3,277)
Other	220	279	762	765
Total non-interest income	$2,409	$310	$8,067	$1,723
*From continuing operations				
ANALYSIS OF NON-INTEREST EXPENSE*				
Salaries and employee benefits	$3,725	$ 3,140	$11,086	$ 10,254
Occupancy	605	498	1,594	1,572
Data processing fees	560	673	1,491	1,838
Professional services	411	160	893	540
Depreciation and amortization	346	413	1,015	1,303
Marketing and promotion	311	151	773	500
Office supplies, telephone and postage	134	118	510	372
FDIC and other assessments	117	58	227	174
ORE expenses	29	-	431	-
Debt extinguishment costs	-	1,189	-	2,724
Other	637	459	1,672	1,307
Total non-interest expense	$6,875	$ 6,859	$19,692	$ 20,584
*From continuing operations				
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,243,388	3,414,670	3,308,747	3,472,126
Incremental shares from assumed conversion of options and contingent shares	18,557	62,469	29,373	63,093
Adjusted weighted average shares (b)	3,261,945	3,477,139	3,338,120	3,535,219

(a) Denominator for Basic Earnings Per Common Share
(b) Denominator for Diluted Earnings Per Common Share