

BNCCORP, INC.

COMPENSATION COMMITTEE CHARTER

I. Committee Purpose

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of BNCCORP, INC. (the “Company”) oversees the Company’s compensation and benefit programs, and certain Company policies related to employment practices.

The Committee establishes the Company’s overall philosophy and policies governing compensation and benefit programs, including those pertaining to management salaries, incentive compensation, benefits and perquisites.

The Committee appoints and monitors outside advisors on compensation and benefit matters and any other service providers to the Committee.

The Committee fulfills any other duties set forth in this Charter, assigned to the Committee by the Board from time to time, or to comply with any laws, rules, regulations or listing standards applicable to the Company with respect compensation.

II. Committee Membership and Leadership

The Committee shall consist of three or more directors. Each member of the Committee should be independent in accordance with the rules of the Nasdaq Stock Market, Inc., the OTCQX Market Rules for U.S. Banks eligibility requirements and any other applicable law, rule, regulation, or policy of the Company governing independence and otherwise qualified to serve on the Committee.

The members of the Committee and its Chair shall be appointed annually by the Board based upon the recommendations of the Chair of the Board and the Nominating and Corporate Governance Committee. The members of the Committee and its Chair shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee or change its Chair at any time with or without cause.

III. Duties and Responsibilities

The Committee shall have the following authority and responsibilities:

- To establish and periodically review and update:
 - (a) an appropriate peer group of companies for the purpose of comparing compensation levels and practices; and
 - (b) corporate goals, objectives and other key measures for assessing executive performance, as the Committee deems appropriate.

- To discuss with and make recommendations to the Board regarding the corporate goals and objectives applicable to the compensation of the chief executive officer (“CEO”), to facilitate a review by the Board of the CEO’s performance of those goals and objectives, and the CEO’s compensation level based on this evaluation.
- To approve all employment and compensation actions pertaining to the executive officers who report directly to the CEO including base salary, annual incentive compensation, long term incentive compensation, benefits, and perquisites.
- To review and, when appropriate, recommend to the Board for approval, incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the stockholders of the Company, which includes the ability to adopt, amend and terminate such plans, subject to the terms of such plans.
- To administer the timing and determination of the level of any incentive awards to be issued under the Company's equity-based and incentive plans, interpret the Company's equity-based and incentive plans, set performance goals in connection with such equity-based and incentive plans, certify the achievement of such performance goals when applicable and, as appropriate, execute or delegate to an appropriate officer of the Company the execution of plan award agreements with the award recipients.
- To review and recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers.
- To review and recommend to the Board for approval all employee benefit plans for the CEO.
- To review and approve all employee benefit plans for executive officers who report directly to the CEO.
- To establish the Company’s overall philosophy and policies regarding the compensation of salaried and commissioned employees and the employee benefit programs for hourly, salaried, and commissioned employees.
- To review and approve changes to the design of the Company’s salaried and commissioned employees bonus plan.
- To review the Company’s overall merit increase plan for salaried employees.
- To periodically review and appoint the members of the committee serving as the Administrator of the Company’s Nonqualified Deferred Compensation Plan.
- To review and adopt, or recommend to the Board for adoption as appropriate, changes to the design of the Company’s pension, savings and severance pay plans as recommended by management or any committee of management established by the Committee to oversee such plans.

- To review the Company’s incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.
- To review all director compensation and benefits for service on the Board and Board committees at least once a year and to recommend any changes to the Board, as necessary.
- To review and discuss with management the compensation disclosure contained in the Company’s annual proxy statement.
- To develop and recommend to the Board for approval a CEO succession plan (the “Succession Plan”), to review the Succession Plan periodically with the Board, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan.
- To review and approve policies regarding management perquisites.

IV. Outside Advisors

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors.

In retaining or seeking advice from compensation consultants, outside counsel and other advisors (other than the Company’s in-house counsel), the Committee should take into consideration the factors specified in NASDAQ Stock Market Rule 5605(d)(3) regarding the independence of such advisors. The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

V. Structure and Operations

The Committee shall meet at least three times a year and otherwise as frequently and at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as

appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

VI. Delegation of Authority

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

VII. Performance Evaluation

The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.