BNCCORP

NEWS RELEASE

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BNCCORP, INC. REPORTS SECOND QUARTER NET INCOME OF $2.7 MILLION, OR $0.75 PER DILUTED SHARE

Highlights

- **Net income in the second quarter of 2019 was $2.7 million, or $0.75 per diluted share, compared to $2.1 million, or $0.60 per diluted share, in the second quarter of 2018, an increase of $509 thousand, or 23.7%**
- **Return on assets was 1.05% and return on equity was 12.18% for the quarter ended June 30, 2019**
- **Increase in earnings was driven by improved mortgage banking performance and steady results from banking operations**
- **Loans and leases held for investment increased to $487.2 million, rising $18.8 million, or 4.0%, since December 31, 2018**
- **Core deposits increased to $871.2 million, rising $11.1 million, or 1.3%, since December 31, 2018**
- **Nonperforming assets to total assets were 0.20% at June 30, 2019, compared to 0.17% at December 31, 2018**
- **Net income in the first half of 2019 was $4.1 million, compared to $4.5 million in the first half of 2018**
- **Year to date earnings per diluted share were $1.15 in 2019, compared to $1.28 in the first half of 2018**
- **Tangible book value per share increased to $25.59 at June 30, 2019 from $22.26 at December 31, 2018, an increase of $3.33 per common share**

BISMARCK, ND, July 31, 2019 – 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 second quarter ended June 30, 2019.

Net income in the second quarter of 2019 was $2.654 million, compared to $2.145 million in the same period of 2018. Second quarter 2019 diluted earnings per share rose to $0.75, compared to $0.60 in the second quarter of 2018. The increase in net income from the year-ago period primarily reflected relatively flat net interest income, significantly increased non-interest income driven by higher mortgage revenues, modestly higher non-interest expense, and a higher effective tax rate.

Net interest income in the second quarter decreased by $39 thousand, or 0.6%, from the same quarter in 2018. Interest income increases from loan growth and higher yields on interest earning assets were offset by deposit growth and increased cost of deposits.

Non-interest income in the second quarter of 2019 increased by $1.330 million, or 23.2%, from the same period in 2018. In the second quarter of 2019, mortgage banking revenues were $2.592 million higher, while other income was $1.170 million lower due to revenues from a SBIC investment recognized in the second quarter of 2018.

Non-interest expense in the second quarter of 2019 increased by $395 thousand, or 3.9%, when compared to the second quarter of 2018, as professional services and data processing expenses increased.

The provision for credit losses was $200 thousand in the second quarter of 2019 and $0 in the second quarter of 2018. The ratio of nonperforming assets to total assets was 0.20% at June 30, 2019, compared to 0.17% at December 31, 2018. The allowance for loan losses was 1.62% of loans and leases held for investment at June 30, 2019, compared to 1.64% at December 31, 2018.

Tangible book value per common share at June 30, 2019 was $25.59, compared to $22.26 at December 31, 2018, an increase of $3.33 per common share. Excluding accumulated other comprehensive income (loss), tangible book value per common share at June 30, 2019 was $25.29, compared to $24.24 at December 31, 2018 and $23.64 at June 30, 2018.

Management Comments

Timothy J. Franz, BNC President and Chief Executive Officer, said, “Results for the second quarter improved as earnings per diluted share increased to $0.75 and the return on equity increased to 12.18%. Our mortgage banking operations were positively impacted by lower interest rates, which triggered a significant increase in mortgage origination activity, and importantly, our margins in mortgage banking improved notably compared to the very compressed margins experienced by the industry in 2018 and early 2019. Economic conditions currently appear to be favorable for mortgage banking as unemployment is low and interest rates have trended lower. Historically, our mortgage team has been able to create value in these conditions and we are pleased with their results in the second quarter of 2019.”

Mr. Franz continued, “From a banking perspective, our credit quality metrics remain good and we continue to focus on growing loans held for investment and core deposits. Overall, the $3.33 increase in tangible book value per share in the first half of 2019 was positive for shareholders and we look forward to increasing shareholder value further as 2019 continues.”

Second Quarter 2019 Comparison to Second Quarter 2018

Net interest income for the second quarter of 2019 was $7.023 million, a decrease of $39 thousand, or 0.6%, from $7.062 million in the same period of 2018. The decrease reflects the benefit of higher balances of loans held for investment and loans held for sale, offset by increased deposit balances and costs. Overall, the net interest margin decreased to 2.96% in the second quarter of 2019 from 3.07% in the second quarter of 2018.

Interest income increased $879 thousand, or 10.3%, to $9.399 million in the second quarter of 2019, compared to $8.520 million in the second quarter of 2018, due to higher average balances of loans held for investment and loans held for sale, combined with higher yields on earning assets. The yield on average interest earning assets was 3.94% in the second quarter of 2019 compared to 3.69% in the second quarter of 2018. BNC has approximately $238.6 million of indexed rate book value assets that primarily re-price within the current quarter if prime rate changes. The average balance of interest earning assets in the second quarter of 2019 increased by $28.7 million compared to the same period of 2018. The average balance of loans and leases held for investment increased by $22.6 million, yielding $619 thousand of additional interest income, while the average balance of mortgage loans held for sale was higher by $25.0

million than the same period of 2018, resulting in $209 thousand of additional interest income. The average balance of investment securities was $18.6 million lower in the second quarter of 2019 than in the second quarter of 2018, while the interest income thereon was up $30 thousand.

Interest expense in the second quarter of 2019 was $2.376 million, an increase of $918 thousand from the same period in 2018. The cost of interest-bearing liabilities was 1.20% in the current quarter compared to 0.80% in the same period of 2018. Interest expense increased on deposits as a result of higher balances and market-driven cost increases for consumer certificates of deposit and money market accounts. The cost of core deposits in the second quarter of 2019 and 2018 was 0.90% and 0.48%, respectively.

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

Non-interest income for the second quarter of 2019 was $7.057 million, an increase of $1.330 million, or 23.2%, from $5.727 million in the second quarter of 2018. Mortgage banking revenues were $5.228 million in the second quarter of 2019, an increase of $2.592 million, or 98.3%, compared to $2.636 million in the second quarter of 2018, as lower interest rates ignited loan origination activity and margins on loan production improved. Gains on sales of assets were $109 thousand lower in the second quarter of 2019 compared to the same period of 2018. Other income was lower in the second quarter of 2019, as the year-ago period included $1.467 million of earnings related to the sale of a portfolio company by a SBIC fund, compared to $297 thousand in the second quarter of 2019. Gains on sales of assets and earnings from certain investments can vary significantly from period to period.

Non-interest expense for the second quarter of 2019 increased $395 thousand, or 3.9%, to $10.409 million, from $10.014 million in the second quarter of 2018. Professional services expense increased $326 thousand, or 37.5%, due to increased mortgage banking activity and legal costs. Data processing fees increased by $124 thousand, or 13.2%. Salaries and employee benefits expenses increased by only $5 thousand compared to the second quarter of 2018.

In the second quarter of 2019, income tax expense was $817 thousand, compared to $630 thousand in the second quarter of 2018. The effective tax rate was 23.5% in the second quarter of 2019, compared to 22.7% in the same period of 2018.

Net income was $2.654 million, or $0.75 per diluted share, in the second quarter of 2019. Net income in the second quarter of 2018 was $2.145 million, or $0.60 per diluted share.

Six Months Ended 2019 Comparison to Six Months Ended 2018

Net interest income in the first half of 2019 was $13.978 million, an increase of $56 thousand, or 0.4%, from $13.922 million in the same period of 2018. Overall, the net interest margin decreased to 2.98% in the first six months of 2019 from 3.09% in the first six months of 2018.

Interest income increased $1.991 million, or 12.0%, to $18.527 million in the six-month period ended June 30, 2019, compared to $16.536 million in the six-month period ended June 30, 2018. This increase is the result of higher average balances and yields on cash and cash equivalents, loans and leases held for investment, taxable investments, and higher average balances of loans held for sale. The yield on average interest earning assets was 3.94% in the six-month period ended June 30, 2019 and 3.66% in the same period of 2018. The average balance of interest earning assets increased by $38.6 million. The average balance of loans and leases held for investment increased by $29.4 million during the first half of 2019, yielding $1.432 million of additional interest income year-to-date 2019, while the average balance of mortgage loans held for sale was $12.1 million higher, generating $222 thousand of additional interest income when compared to year-to-date 2018. The average balance of investment securities was $12.0 million lower in the first half of 2019 than in the first half of 2018, but investments generated $135 thousand more interest income as yields on investments increased. The average balance of cash and cash equivalent balances increased by $8.8 million, equating to $192 thousand of additional interest income, when comparing the two periods.

Interest expense in the first half of 2019 was $4.549 million, an increase of $1.935 million from the same period in 2018. The cost of interest-bearing liabilities was 1.16% in the first six months, compared to 0.73% in the same period of 2018. Interest expense increased on deposits, driven largely by increased balances and costs of consumer certificates of deposit and money market accounts. The cost of core deposits in the first half of 2019 and 2018 was 0.87% and 0.44%, respectively.

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

Non-interest income for the first six months of 2019 was $11.559 million, a decrease of $49 thousand, or 0.4%, from $11.608 million in the first six months of 2018. Mortgage banking revenues were $8.315

million in the first half of 2019, an increase of $3.178 million when compared to $5.137 million in the first half of 2018. Gains on sales of assets were $2.025 million lower in the first six months of 2019 compared to the same period of 2018. Gains on sales of assets can vary significantly from period to period.

Non-interest expense for the first six months of 2019 increased $309 thousand, or 1.6%, to $20.091 million, from $19.782 million in the first six months of 2018. Professional services expense increased compared to the first six months of 2018 by $290 thousand, or 17.5%, primarily due to higher mortgage banking volumes and increased legal fees. Marketing and promotion expenses increased $184 thousand, or 9.8%, due to the increased mortgage lead volume. Salary and employee benefit expenses were $107 thousand lower in the first half of 2019, compared to the same period in 2018.

During the six-month period ended June 30, 2019, income tax expense was $1.154 million, compared to $1.207 million in the first half of 2018. The effective tax rate was 22.0% in the first half of 2019, compared to 21.0% in the same period of 2018. The increase in the effective tax rate is due to increased pre-tax mortgage banking revenues and lower non-taxable pre-tax interest income from municipal securities.

Net income was $4.092 million, or $1.15 per diluted share, for the six months ended June 30, 2019. Net income in the first six months of 2018 was $4.541 million, or $1.28 per diluted share.

Assets, Liabilities and Equity

Total assets were $1.0 billion at June 30, 2019, an increase of $32.2 million, or 3.3%, compared to $971.0 million at December 31, 2018. Loans and leases held for investment aggregated $487.2 million at June 30, 2019, an increase of $18.8 million, or 4.0%, since December 31, 2018. Loans held for sale as of June 30, 2019 were higher by $33.6 million when compared to December 31, 2018. Investment securities decreased $8.6 million from year-end 2018, while cash balances decreased $14.4 million.

Total deposits increased $18.7 million to $867.3 million at June 30, 2019, from $848.6 million at December 31, 2018. At June 30, 2019, core deposits, which include recurring customer repurchase agreement balances, increased $11.1 million to $871.2 million, or 1.3%, from $860.1 million as of December 31, 2018.

The table below shows total deposits since 2015:

(In Thousands)	June 30, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
ND Bakken Branches	$ 191,548	$ 185,713	$ 168,981	$ 178,677	$ 190,670
ND Non-Bakken Branches	449,551	431,246	435,255	384,476	388,630
Total ND Branches	641,099	616,959	604,236	563,153	579,300
Brokered Deposits	-	-	-	-	33,363
Other	226,190	231,646	213,570	189,474	167,786
Total Deposits	$ 867,289	$ 848,605	$ 817,806	$ 752,627	$ 780,449

Trust assets under management or administration increased 9.7%, or $31.0 million, to $351.4 million at June 30, 2019, compared to $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 $103.0 million, or 41.5%.

Capital and Contingent Liabilities

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

At June 30, 2019, our capital ratios exceeded all regulatory capital thresholds, including the capital conservation buffer.

A summary of our capital ratios at June 30, 2019 and December 31, 2018 is presented below:

	June 30, 2019	December 31, 2018
BNCCORP, INC (Consolidated)		
Tier 1 leverage	10.18%	9.97%
Total risk based capital	19.13%	20.26%
Common equity tier 1 risk based capital	13.95%	14.67%
Tier 1 risk based capital	16.31%	17.28%
Tangible common equity	8.92%	7.99%
BNC National Bank		
Tier 1 leverage	10.20%	9.92%
Total risk based capital	17.59%	18.44%
Common equity tier 1 risk based capital	16.34%	17.19%
Tier 1 risk based capital	16.34%	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 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.

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. We manage 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 $25.59 as of June 30, 2019, compared to $22.26 at December 31, 2018. Tangible book value per common share, excluding accumulated other comprehensive income or (loss), was $25.29 as of June 30, 2019, compared to $24.24 at December 31, 2018 and $23.64 at June 30, 2018.

BNC is subject to an arbitration proceeding with 20 former mortgage loan originators in which the claimant loan originators have asserted overtime claims under the Fair Labor Standards Act. We are defending ourselves aggressively, have denied all claims and have asserted counterclaims against each and every claimant. We have concluded that a loss accrual is not currently required based upon our evaluation of the likelihood of loss related to this employment matter. We will continue to evaluate the need for a loss accrual as arbitration proceedings continue.

Asset Quality

The allowance for credit losses was $7.9 million at June 30, 2019, compared to $7.7 million at December 31, 2018. The allowance for credit losses as a percentage of total loans at June 30, 2019 decreased to 1.45%, from 1.57% at December 31, 2018. The allowance as a percentage of loans and leases held for investment at June 30, 2019 decreased to 1.62% from 1.64% at December 31, 2018.

Nonperforming assets were $2.0 million at June 30, 2019 and $1.7 million at December 31, 2018. The ratio of nonperforming assets to total assets was 0.20% at June 30, 2019 and 0.17% at December 31, 2018.

Nonperforming loans were $2.0 million at June 30, 2019 and $1.7 million at December 31, 2018.

At June 30, 2019, BNC had $10.2 million of classified loans, $2.0 million of loans on non-accrual, no other real estate owned, and no repossessed assets. At December 31, 2018, BNC had $10.7 million of classified loans, $1.7 million of loans on non-accrual, no other real estate owned, and no repossessed assets. BNC had $5.9 million of potentially problematic loans, which are risk rated "watch list", at June 30, 2019, compared with $5.2 million as of December 31, 2018.

In recent periods, economic activity in western North Dakota, 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. The region is driven by the commodity-based industries of energy and agriculture, which can be volatile and impacted by a variety of influences. For example, the impact of recent increases in global tariffs and lower commodity prices on North Dakota farmers adds a measure of uncertainty to the region's agriculture sector. Prolonged periods of lower commodity prices or market disruption could have an adverse impact on our loan portfolio and our operating results.

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 13 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", "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 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 June 30, 2019	For the Quarter Ended June 30, 2018	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
SELECTED INCOME STATEMENT DATA				
Interest income	$ 9,399	$ 8,520	$ 18,527	$ 16,536
Interest expense	2,376	1,458	4,549	2,614
Net interest income	7,023	7,062	13,978	13,922
Provision for credit losses	200	-	200	-
Non-interest income	7,057	5,727	11,559	11,608
Non-interest expense	10,409	10,014	20,091	19,782
Income before income taxes	3,471	2,775	5,246	5,748
Income tax expense	817	630	1,154	1,207
Net income	$ 2,654	$ 2,145	$ 4,092	$ 4,541
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.75	$ 0.61	$ 1.16	$ 1.30
Diluted earnings per common share	$ 0.75	$ 0.60	$ 1.15	$ 1.28

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended June 30, 2019	For the Quarter Ended June 30, 2018	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 679	$ 675	$ 1,325	$ 1,327
Wealth management revenues	432	459	875	936
Mortgage banking revenues	5,228	2,636	8,315	5,137
Gains on sales of loans, net	4	175	106	178
Gains on sales of investments, net	256	194	320	2,273
Other	458	1,588	618	1,757
Total non-interest income	$ 7,057	$ 5,727	$ 11,559	$ 11,608
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 5,375	$ 5,370	$ 10,493	$ 10,600
Professional services	1,195	869	1,949	1,659
Data processing fees	1,061	937	2,100	1,934
Marketing and promotion	1,043	994	2,053	1,869
Occupancy	534	580	1,093	1,165
Regulatory costs	125	135	257	275
Depreciation and amortization	361	392	722	798
Office supplies and postage	128	144	264	308
Other	587	593	1,160	1,174
Total non-interest expense	$ 10,409	$ 10,014	$ 20,091	$ 19,782
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,519,478	3,496,135	3,518,937	3,491,670
Incremental shares from assumed conversion of options and contingent shares	37,364	52,215	37,443	56,243
Adjusted weighted average shares (b)	3,556,842	3,548,350	3,556,380	3,547,913

(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, 2019	As of December 31, 2018	As of June 30, 2018
SELECTED BALANCE SHEET DATA			
Total assets	$ 1,003,221	$ 971,027	$ 987,691
Loans held for sale-mortgage banking	56,346	22,788	29,459
Loans and leases held for investment	487,239	468,468	467,678
Total loans	543,585	491,256	497,137
Allowance for credit losses	(7,891)	(7,692)	(7,788)
Investment securities available for sale	402,865	411,509	425,443
Earning assets	942,403	910,051	929,398
Total deposits	867,289	848,605	861,512
Core deposits (1)	871,185	860,099	849,090
Other borrowings	33,403	36,503	42,588
Cash and cash equivalents	10,766	25,185	20,604
OTHER SELECTED DATA			
Net unrealized gains (losses) in accumulated other comprehensive income (loss)	$ 1,017	$ (6,928)	$ (6,098)
Trust assets under administration	$ 351,385	$ 320,414	$ 336,952
Total common stockholders' equity	$ 89,607	$ 77,753	$ 76,096
Tangible book value per common share (2)	$ 25.59	$ 22.26	$ 21.88
Tangible book value per common share excluding accumulated other comprehensive income (loss), net	$ 25.29	$ 24.24	$ 23.64
Full time equivalent employees	267	252	258
Common shares outstanding	3,502,298	3,493,298	3,477,426
CAPITAL RATIOS			
Common equity Tier 1 risk-based capital (Consolidated)	13.95%	14.67%	14.17%
Tier 1 leverage (Consolidated)	10.18%	9.97%	9.89%
Tier 1 risk-based capital (Consolidated)	16.31%	17.28%	16.76%
Total risk-based capital (Consolidated)	19.13%	20.26%	19.74%
Tangible common equity (Consolidated)	8.92%	7.99%	7.69%
Common equity Tier 1 risk-based capital (Bank)	16.34%	17.19%	17.02%
Tier 1 leverage (Bank)	10.20%	9.92%	10.05%
Tier 1 risk-based capital (Bank)	16.34%	17.19%	17.02%
Total risk-based capital (Bank)	17.59%	18.44%	18.27%
Tangible common equity (Bank)	10.48%	9.53%	9.41%

(1) Core deposits consist of all deposits and repurchase agreements with customers and exclude certain brokered certificates of deposit.
(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 June 30, 2019	For the Quarter Ended June 30, 2018	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
AVERAGE BALANCES				
Total assets	$ 1,013,022	$ 980,746	$ 1,006,461	$ 966,258
Loans held for sale-mortgage banking	48,295	23,288	35,664	23,514
Loans and leases held for investment	472,511	449,899	469,461	440,028
Total loans	520,806	473,187	505,125	463,542
Investment securities available for sale	419,508	438,091	422,638	434,679
Earning assets	951,417	922,679	947,136	908,530
Total deposits	873,922	850,780	876,792	835,445
Core deposits	877,827	839,135	882,939	830,812
Total equity	84,237	76,005	81,496	76,683
Cash and cash equivalents	24,105	24,641	33,081	23,722
KEY RATIOS				
Return on average common stockholders' equity (a)	12.18%	10.55%	9.56%	11.38%
Return on average assets (b)	1.05%	0.88%	0.82%	0.95%
Net interest margin	2.96%	3.07%	2.98%	3.09%
Efficiency ratio	73.93%	78.31%	78.67%	77.49%
Efficiency ratio (BNC National Bank)	70.82%	75.03%	75.25%	74.22%

(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 June 30, 2019	As of December 31, 2018	As of June 30, 2018
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	$ -	$ -	$ -
Non-accrual loans	2,043	1,686	1,769
Total nonperforming loans	$ 2,043	$ 1,686	$ 1,769
Repossessed assets, net	-	-	-
Total nonperforming assets	$ 2,043	$ 1,686	$ 1,769
Allowance for credit losses	$ 7,891	$ 7,692	$ 7,788
Troubled debt restructured loans	$ 3,291	$ 3,348	$ 3,381
Ratio of total nonperforming loans to total loans	0.38%	0.34%	0.36%
Ratio of total nonperforming assets to total assets	0.20%	0.17%	0.18%
Ratio of nonperforming loans to total assets	0.20%	0.17%	0.18%
Ratio of allowance for credit losses to loans and leases held for investment	1.62%	1.64%	1.67%
Ratio of allowance for credit losses to total loans	1.45%	1.57%	1.57%
Ratio of allowance for credit losses to nonperforming loans	386%	456%	440%

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
(In thousands)	2019	2018	2019	2018
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 2,155	$ 1,950	$ 1,686	$ 1,978
Additions to nonperforming	226	91	763	157
Charge-offs	(9)	(62)	(21)	(93)
Reclassified back to performing	(242)	-	(242)	(26)
Principal payments received	(87)	(210)	(138)	(247)
Transferred to repossessed assets	-	-	(5)	-
Balance, end of period	$ 2,043	$ 1,769	$ 2,043	$ 1,769

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended June 30, 2019	For the Quarter Ended June 30, 2018	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 7,677	$ 7,811	$ 7,692	$ 7,861
Provision	200	-	200	-
Loans charged off	(17)	(86)	(39)	(143)
Loan recoveries	31	63	38	70
Balance, end of period	$ 7,891	$ 7,788	$ 7,891	$ 7,788
Ratio of net recoveries (charge-offs) to average total loans	0.003%	(0.005)%	(0.000)%	(0.016)%
Ratio of net recoveries (charge-offs) to average total loans, annualized	0.011%	(0.019)%	(0.000)%	(0.031)%

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of June 30, 2019	As of December 31, 2018	As of June 30, 2018
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 46,955	$ 45,241	$ 49,332
Construction	2,601	4,439	6,662
Agricultural	28,575	25,525	26,049
Land and land development	7,489	7,932	9,111
Owner-occupied commercial real estate	37,602	42,591	42,798
Commercial real estate	107,277	109,829	110,213
Small business administration	5,270	5,044	6,507
Consumer	64,868	62,212	60,416
Subtotal loans held for investment	$ 300,637	$ 302,813	$ 311,088
Consolidated			
Commercial and industrial	$ 73,814	$ 66,544	$ 68,370
Construction	18,785	21,257	17,027
Agricultural	28,831	26,426	26,951
Land and land development	11,318	11,398	14,480
Owner-occupied commercial real estate	54,052	56,916	52,587
Commercial real estate	175,986	174,868	180,581
Small business administration	43,025	32,505	31,171
Consumer	80,986	78,055	75,963
Total loans held for investment	$ 486,797	$ 467,969	$ 467,130