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 FOURTH QUARTER NET INCOME OF $1.2 MILLION, OR $0.35 PER DILUTED SHARE

Highlights

- **Net income in the fourth quarter of 2018 was $1.2 million compared to $329 thousand in the fourth quarter of 2017, which included the impact of tax reform**
- **Net income in 2018 increased by $1.9 million, or 40.1%, to $6.8 million, or $1.93 per diluted share, compared to $4.9 million, or $1.38 per diluted share, in 2017**
- **Loans and leases held for investment increased to $468.5 million, rising $40.1 million, or 9.4%, since December 31, 2017**
- **Core deposits increased to $860.1 million, rising $24.2 million, or 2.9%, since December 31, 2017 and surged in early 2019**
- **Nonperforming assets to total assets improved to 0.17% at December 31, 2018, from 0.21% at December 31, 2017**

BISMARCK, ND, January 30, 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, Arizona, and North Dakota, today reported financial results for the fourth quarter and year ended December 31, 2018.

Net income in the fourth quarter of 2018 was $1.228 million, compared to $329 thousand in the same period of 2017. Fourth quarter 2018 diluted earnings per share was $0.35 compared to $0.09 in the fourth quarter of 2017. The increase in net income from the year-ago period primarily reflected higher net interest income, lower non-interest income, reduced non-interest expense, and lower tax expense in 2018 resulting from the enactment of the federal Tax and Job Cuts Act.

Net interest income in the 2018 fourth quarter increased $234 thousand, or 3.3%, from the same quarter in 2017. Interest income increases from loan growth were partially offset by deposit growth and increased cost of funds.

Non-interest income in the fourth quarter of 2018 decreased by $985 thousand, or 22.3%, from the same period in 2017. The decrease was primarily due to lower mortgage banking revenue of $522 thousand and a non-recurring gain in 2017 from the sale of a bank branch, partially offset by sales of investment securities in 2018. In the fourth quarter of 2017, a gain on the sale of a branch was partially offset by losses on the sale of securities timed to take advantage of recently enacted tax reform legislation.

Non-interest expense in the fourth quarter of 2018 decreased by $126 thousand, or 1.3%, when compared to the fourth quarter of 2017, as lower salaries and employee benefit costs were partially offset by higher marketing and promotion costs in our mortgage banking operations.

The provision for credit losses was $0 in the fourth quarter of 2018 and $100 thousand in the fourth quarter of 2017. The ratio of nonperforming assets to total assets improved to 0.17% at December 31, 2018, from 0.21% at December 31, 2017. The allowance for loan losses was 1.64% of loans and leases held for investment at December 31, 2018, compared to 1.84% at December 31, 2017.

Book value per common share at December 31, 2018 was $22.26 compared to $22.40 at December 31, 2017. Excluding accumulated other comprehensive loss or income, book value per common share at December 31, 2018 was $24.24, compared to $22.38 at December 31, 2017 and $23.95 at September 30, 2018.

Impact of 2017 Tax Reform

In addition to reported results prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company is providing adjusted earnings, a non-GAAP measure in order to present financial information without the impact of actions linked to the new tax law. The following table reconciles the net income as prepared in accordance with GAAP to the Company's determination of adjusted earnings (non-GAAP):

	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
(In thousands, except per share data)	2018	2017	2018	2017
Net income (GAAP)	$ 1,228	$ 329	$ 6,836	$ 4,878
Revaluation of net deferred tax assets	-	1,208	-	1,208
Losses on sales of securities sold, net of tax	-	307	-	307
Adjusted earnings (non-GAAP)	$ 1,228	$ 1,844	$ 6,836	$ 6,393
ADJUSTED EARNINGS PER SHARE DATA				
Basic earnings per common share (non-GAAP)	$ 0.35	$ 0.53	$ 1.96	$ 1.84
Diluted earnings per common share (non-GAAP)	$ 0.35	$ 0.52	$ 1.93	$ 1.81
ADJUSTED KEY RATIOS (1)				
Return on average common stockholders' equity (non-GAAP)	5.77%	9.33%	8.33%	8.46%
Return on average assets (non-GAAP)	0.49%	0.75%	0.70%	0.66%

(1) See calculation method of key ratios on page 14 of this document

Management Comments

Timothy J. Franz, BNC President and Chief Executive Officer, said, "In 2018 our earnings of $1.93 per share were the result of several achievements despite a difficult environment for our mortgage banking operations. We grew loans held for investment by 9.4%, a stronger pace than similarly sized community banks, continued to improve our credit quality metrics, and grew core deposits. We are also pleased to report our deposits surged by more than $50.0 million in early 2019. These achievements reflected the strength of our core banking operations and created value for shareholders."

Mr. Franz continued, "The successes of 2018 were achieved in a rising rate environment that presented challenges for the mortgage banking industry. As we turn to 2019, we look to increase shareholder value by improving our mortgage banking operations, emphasizing loan and deposit growth, and enhancing our sustainable core earnings. I would like to thank the people of BNC for their hard work in 2018, and their dedication to BNC, the clients we serve and the communities in which we live and work."

<u>Fourth Quarter 2018 Comparison to Fourth Quarter 2017</u>

Net interest income for the fourth quarter of 2018 was $7.270 million, an increase of $234 thousand, or 3.3%, from $7.036 million in the same period of 2017. The increase reflects the benefit of higher balances of loans held for investment, and yields thereon, offset by increased deposit costs. Overall, the net interest margin increased to 3.07% in the fourth quarter of 2018 from 3.06% in the fourth quarter of 2017.

Interest income increased $1.097 million, or 13.7%, to $9.106 million in the fourth quarter of 2018, compared to $8.009 million in the fourth quarter of 2017, as a result of higher balances and yields on loans held for investment. The yield on average interest earning assets was 3.81% in the fourth quarter of 2018 compared to 3.46% in the fourth quarter of 2017. While the yield on earning assets has increased, we anticipate our assets will continue to reprice upward in future periods assuming sustained current interest rate levels. The average balance of interest earning assets in the fourth quarter of 2018 increased by $28.3 million compared to the same period of 2017. The average balance of loans and leases held for investment increased by $41.5 million, yielding $901 thousand of additional interest income, while the average balance of mortgage loans held for sale was higher by $3.0 million than the same period of 2017. The average balance of investment securities was $22.1 million lower in the fourth quarter of 2018 than in the fourth quarter of 2017. Average cash balances increased $6.0 million quarter to quarter.

Interest expense in the fourth quarter of 2018 was $1.836 million, an increase of $863 thousand from the same period in 2017. The cost of interest-bearing liabilities was 0.96% in the current quarter compared to 0.54% in the same period of 2017. 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 fourth quarter of 2018 and 2017 was 0.67% and 0.33%, respectively. Through our focus on building strong customer relationships, BNC has successfully retained and grown its deposit base over many years in an environment where rate competition has been increasing.

Provision for credit losses was $0 in the fourth quarter of 2018 and $100 thousand in the fourth quarter of 2017.

Non-interest income for the fourth quarter of 2018 was $3.430 million, a decrease of $985 thousand, or 22.3%, from $4.415 million in the fourth quarter of 2017. Gains on sales of investments were $515 thousand higher in the fourth quarter of 2018 compared to the same period of 2017, as BNC sold securities at a loss to take advantage of favorable tax rates. Mortgage banking revenue was $2.141 million in the fourth quarter of 2018, a decrease of $522 thousand when compared to $2.663 million in the fourth quarter of 2017, due to continued macro-economic challenges facing the mortgage industry. Gains on sales of assets and earnings from certain investments can vary significantly from period to period.

Non-interest expense for the fourth quarter of 2018 decreased $126 thousand, or 1.3%, to $9.425 million, from $9.551 million in the fourth quarter of 2017. Salaries and employee benefits expense decreased $520 thousand when compared to fourth quarter of 2017. Marketing and promotion expenses increased $202 thousand, or 22.8%, due to increased market cost of quality mortgage loan leads.

In the fourth quarter of 2018, income tax expense was $47 thousand, compared to $1.471 million in the fourth quarter of 2017. The effective tax rate was 3.7% in the fourth quarter of 2018, compared to 81.7% in the same period of 2017. The effective tax rate in the fourth quarter of 2018 was lower than previous quarters as we refined our full year estimate of income tax expense. The higher effective tax rate in the fourth quarter of 2017 was primarily due to the enactment of federal tax legislation in late 2017.

Net income was $1.228 million, or $0.35 per diluted share, in the fourth quarter of 2018. Net income in the fourth quarter of 2017 was $329 thousand, or $0.09 per diluted share.

Year Ended 2018 Comparison to Year Ended 2017

Net interest income in 2018 was $28.370 million, an increase of $505 thousand, or 1.8%, from $27.865 million in the same period of 2017. Overall, the net interest margin increased to 3.08% in 2018 from 3.05% in 2017.

Interest income increased $3.035 million, or 9.7%, to $34.478 million in 2018, compared to $31.443 million in 2017. This increase was the result of higher balances and yields on loans and leases held for investment and taxable investments. The yield on average interest earning assets was 3.72% in 2018 and 3.42% in the same period of 2017. The average balance of interest earning assets increased by $6.9 million, comparing 2018 to 2017. The average balance of loans and leases held for investment increased by $33.3 million, yielding $2.440 million of additional interest income, while the average balance of mortgage loans held for sale decreased $1.5 million from the same period of 2017. The average balance of investment securities decreased $1.9 million in 2018 compared with 2017, while yielding $661 thousand in additional interest income due to increased yields on taxable investment securities. The average balance of cash held at the Federal Reserve Bank decreased by $23.4 million when comparing the two periods.

Interest expense in 2018 was $6.108 million, an increase of $2.530 million from the same period in 2017. The cost of interest-bearing liabilities was 0.82% in 2018 compared to 0.50% in the same period of 2017. Interest expense increased on deposits, driven largely by increased cost of consumer certificates of deposit and certain money market accounts. The cost of core deposits in 2018 and 2017 was 0.53% and 0.30%, respectively.

Provision for credit losses was $0 in 2018 and $350 thousand in 2017.

Non-interest income in 2018 was $19.017 million, a decrease of $482 thousand, or 2.5%, from $19.499 million in 2017. Gains on sales of loans and investment securities were $999 thousand higher in 2018 compared to 2017. Mortgage banking revenues were $10.032 million in 2018, a decrease of $1.269 million, or 11.2%, when compared to $11.301 million in 2017. Other income in 2018 included $1.442 million of income resulting from the divestiture of a portfolio company by one of our SBIC Fund investments. Other income in 2017 included funds associated with a legal settlement, as well as a gain on the sale of a bank branch. Gains on sales of assets and earnings from certain investments can vary significantly from period to period.

Non-interest expense in 2018 was $39.013 million, a decrease of $103 thousand from the same period in 2017. Salaries and employee benefits expense decreased $420 thousand, or 2.0% from the prior period. Professional services expense decreased compared to 2017 by $550 thousand, or 14.0%, primarily due to reduced mortgage banking volumes and lower legal fees. Marketing and promotion expenses increased $765 thousand, or 22.2%, largely attributed to increased competition for mortgage banking leads.

During 2018, income tax expense was $1.538 million, compared to $3.020 million in 2017. The effective tax rate was 18.4% in 2018, compared to 38.2% in the same period of 2017. The decrease in the effective tax rate is primarily due to the enactment of federal tax legislation in late 2017 that reduced the statutory federal tax rate effective beginning January 1, 2018 and a one-time revaluation of the Company's deferred tax asset in 2017, which increased tax expense in the prior year.

Net income increased $1.958 million to $6.836 million, or $1.93 per diluted share, in 2018, compared to $4.878 million, or $1.38 per diluted share, for the same period of 2017.

Assets, Liabilities and Equity

Total assets were $971.0 million at December 31, 2018, an increase of $24.9 million, or 2.6%, compared to $946.1 million at December 31, 2017. Loans and leases held for investment aggregated $468.5 million at December 31, 2018, an increase of $40.1 million, or 9.4%, since December 31, 2017. Loans held for sale as of December 31, 2018 decreased $13.8 million from December 31, 2017. Investment securities decreased $408 thousand from year-end 2017, while cash balances decreased $645 thousand.

Total deposits increased $30.8 million to $848.6 million at December 31, 2018, compared to $817.8 million at December 31, 2017. At December 31, 2018, core deposits, which include recurring customer repurchase agreement balances, increased $24.2 million to $860.1 million, or 2.9%, from $835.9 million as of December 31, 2017. In early 2019, our core deposits surged by more than $50.0 million. We anticipate this surge will be partially abated as 2019 continues and that our customers may deploy these deposits for tax liabilities and other business purposes.

The table below shows total deposits since 2014:

(In Thousands)	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
ND Bakken Branches	$ 185,713	$ 168,981	$ 178,677	$ 190,670	$ 178,565
ND Non-Bakken Branches	431,246	435,255	384,476	388,630	433,129
Total ND Branches	616,959	604,236	563,153	579,300	611,694
Brokered Deposits	-	-	-	33,363	53,955
Other	231,646	213,570	189,474	167,786	145,582
Total Deposits	$ 848,605	$ 817,806	$ 752,627	$ 780,449	$ 811,231

Trust assets under management or administration decreased 0.3%, or $860 thousand, to $320.4 million at December 31, 2018, compared to $321.3 million at December 31, 2017, 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 $72 million, or 29%.

Capital

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

At December 31, 2018, our capital ratios exceeded all regulatory capital thresholds, including thresholds that incorporate fully phased-in conservation buffers.

A summary of our capital ratios at December 31, 2018 and December 31, 2017 is presented below:

	December 31, 2018	December 31, 2017
BNCCORP, INC (Consolidated)		
Tier 1 leverage	9.97%	9.53%
Total risk based capital	20.26%	19.98%
Common equity tier 1 risk based capital	14.67%	14.15%
Tier 1 risk based capital	17.28%	16.90%
Tangible common equity	7.99%	8.18%
BNC National Bank		
Tier 1 leverage	9.92%	9.62%
Total risk based capital	18.44%	18.31%
Common equity tier 1 risk based capital	17.19%	17.06%
Tier 1 risk based capital	17.19%	17.06%

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.

Book value per common share of the Company was $22.26 as of December 31, 2018, compared to $22.40

at December 31, 2017. Book value per common share, excluding accumulated other comprehensive income was $24.24 at December 31, 2018 compared to $22.38 at December 31, 2017.

Asset Quality

The allowance for credit losses was $7.7 million at December 31, 2018, compared to $7.9 million at December 31, 2017. The allowance for credit losses as a percentage of total loans at December 31, 2018 decreased to 1.57%, from 1.69% at December 31, 2017. The allowance as a percentage of loans and leases held for investment at December 31, 2018 decreased to 1.64% from 1.84% at December 31, 2017 as a result of loan growth and continuing strong credit ratios in 2018.
Nonperforming assets were $1.7 million at December 31, 2018 and $2.0 million at December 31, 2017. The ratio of nonperforming assets to total assets was 0.17% at December 31, 2018 and 0.21% at December 31, 2017. Nonperforming loans were $1.7 million at December 31, 2018 and $2.0 million at December 31, 2017.

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. At December 31, 2017, BNC had $11.0 million of classified loans, $2.0 million of loans on non-accrual, no other real estate owned, and no repossessed assets. BNC had $5.2 million of potentially problematic loans, which are risk rated "watch list", at December 31, 2018, compared with $1.7 million as of December 31, 2017.

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. Commodity based industries can be volatile and impacted by a variety of influences. For example, the impact, if any, of recent increases in global tariffs 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.

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 12 locations in Illinois, Kansas, Missouri, 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 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 December 31, 2018	For the Quarter Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
SELECTED INCOME STATEMENT DATA				
Interest income	$ 9,106	$ 8,009	$ 34,478	$ 31,443
Interest expense	1,836	973	6,108	3,578
Net interest income	7,270	7,036	28,370	27,865
Provision for credit losses	-	100	-	350
Non-interest income	3,430	4,415	19,017	19,499
Non-interest expense	9,425	9,551	39,013	39,116
Income before income taxes	1,275	1,800	8,374	7,898
Income tax expense	47	1,471	1,538	3,020
Net income	$ 1,228	$ 329	$ 6,836	$ 4,878
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.35	$ 0.09	$ 1.96	$ 1.40
Diluted earnings per common share	$ 0.35	$ 0.09	$ 1.93	$ 1.38

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended December 31, 2018	For the Quarter Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 742	$ 683	$ 2,687	$ 2,719
Wealth management revenues	412	421	1,810	1,717
Mortgage banking revenues	2,141	2,663	10,032	11,301
Gains on sales of loans, net	9	41	187	736
Gains (losses) on sales of investments, net	20	(495)	2,293	745
Other	106	1,102	2,008	2,281
Total non-interest income	$ 3,430	$ 4,415	$ 19,017	$ 19,499
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 4,571	$ 5,091	$ 20,074	$ 20,494
Professional services	879	799	3,378	3,928
Data processing fees	1,050	926	4,027	3,716
Marketing and promotion	1,087	885	4,212	3,447
Occupancy	663	649	2,408	2,436
Regulatory costs	135	157	540	556
Depreciation and amortization	366	412	1,545	1,627
Office supplies and postage	138	147	574	629
Other real estate costs	-	(10)	-	(31)
Other	536	495	2,255	2,314
Total non-interest expense	$ 9,425	$ 9,551	$ 39,013	$ 39,116
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,507,426	3,482,527	3,487,846	3,474,988
Incremental shares from assumed conversion of options and contingent shares	42,781	61,682	51,909	65,710
Adjusted weighted average shares (b)	3,550,207	3,544,209	3,569,755	3,540,698

(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 December 31, 2018	As of September 30, 2018	As of December 31, 2017
SELECTED BALANCE SHEET DATA			
Total assets	$ 971,027	$ 990,556	$ 946,150
Loans held for sale-mortgage banking	22,788	30,701	36,601
Loans and leases held for investment	468,468	474,652	428,325
Total loans	491,256	505,353	464,926
Allowance for credit losses	(7,692)	(7,728)	(7,861)
Investment securities available for sale	411,509	432,294	411,917
Earning assets	910,051	934,072	886,212
Total deposits	848,605	863,900	817,806
Core deposits (1)	860,099	860,293	835,849
Other borrowings	36,503	44,702	43,054
Cash and cash equivalents	25,185	8,922	25,830
OTHER SELECTED DATA			
Net unrealized (losses) gains in accumulated other comprehensive (loss) income	$ (6,928)	$ (9,093)	$ 54
Trust assets under administration	$ 320,414	$ 344,226	$ 321,274
Total common stockholders' equity	$ 77,753	$ 74,191	$ 77,626
Book value per common share	$ 22.26	$ 21.34	$ 22.40
Book value per common share excluding accumulated other comprehensive (loss) income, net	$ 24.24	$ 23.95	$ 22.38
Full time equivalent employees	252	255	252
Common shares outstanding	3,493,298	3,477,426	3,465,992
CAPITAL RATIOS			
Common equity Tier 1 risk-based capital (Consolidated)	14.67%	14.15%	14.15%
Tier 1 leverage (Consolidated)	9.97%	9.95%	9.53%
Tier 1 risk-based capital (Consolidated)	17.28%	16.71%	16.90%
Total risk-based capital (Consolidated)	20.26%	19.66%	19.98%
Tangible common equity (Consolidated)	7.99%	7.47%	8.18%
Common equity Tier 1 risk-based capital (Bank)	17.19%	17.03%	17.06%
Tier 1 leverage (Bank)	9.92%	10.14%	9.62%
Tier 1 risk-based capital (Bank)	17.19%	17.03%	17.06%
Total risk-based capital (Bank)	18.44%	18.28%	18.31%
Tangible common equity (Bank)	9.53%	9.22%	9.91%

(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 December 31, 2018	For the Quarter Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
AVERAGE BALANCES				
Total assets	$ 998,422	$ 968,969	$ 979,346	$ 971,032
Loans held for sale-mortgage banking	29,555	26,595	25,772	27,271
Loans and leases held for investment	468,440	426,892	454,215	420,906
Total loans	497,995	453,487	479,987	448,177
Investment securities available for sale	422,215	444,266	431,109	432,973
Earning assets	940,035	911,715	921,414	914,540
Total deposits	873,723	835,861	848,544	843,999
Core deposits	884,253	854,739	848,265	858,731
Total equity	74,269	81,221	75,932	78,419
Cash and cash equivalents	34,206	28,214	23,953	47,268
KEY RATIOS				
Return on average common stockholders’ equity (a)	5.77%	1.67%	8.33%	6.45%
Return on average assets (b)	0.49%	0.13%	0.70%	0.50%
Net interest margin	3.07%	3.06%	3.08%	3.05%
Efficiency ratio	88.08%	83.41%	82.33%	82.59%
Efficiency ratio (BNC National Bank)	84.54%	79.87%	78.94%	79.38%

(a) Return on average common stockholders’ equity is calculated by using net income as the numerator and average common equity (less accumulated other comprehensive (loss) 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 December 31, 2018	As of September 30, 2018	As of December 31, 2017
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	$ -	$ -	$ 26
Non-accrual loans	1,686	1,724	1,952
Total nonperforming loans	$ 1,686	$ 1,724	$ 1.978
Total nonperforming assets	$ 1,686	$ 1,724	$ 1,978
Allowance for credit losses	$ 7,692	$ 7,728	$ 7,861
Troubled debt restructured loans	$ 3,348	$ 3,360	$ 1,908
Ratio of total nonperforming loans to total loans	0.34%	0.34%	0.43%
Ratio of total nonperforming assets to total assets	0.17%	0.17%	0.21%
Ratio of nonperforming loans to total assets	0.17%	0.17%	0.21%
Ratio of allowance for credit losses to loans and leases held for investment	1.64%	1.63%	1.84%
Ratio of allowance for credit losses to total loans	1.57%	1.53%	1.69%
Ratio of allowance for credit losses to nonperforming loans	456%	448%	397%

(In thousands)	For the Quarter Ended December 31, 2018	For the Quarter Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 1,724	$ 2,058	$ 1,978	$ 2,445
Additions to nonperforming	121	93	349	938
Charge-offs	(44)	(91)	(194)	(790)
Reclassified back to performing	-	-	(26)	-
Principal payments received	(115)	(58)	(409)	(551)
Transferred to repossessed assets	-	(24)	(12)	(24)
Transferred to other real estate owned	-	-	-	(40)
Balance, end of period	$ 1,686	$ 1,978	$ 1,686	$ 1,978

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2018	For the Quarter Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 7,728	$ 7,847	$ 7,861	$ 8,285
Provision	-	100	-	350
Loans charged off	(46)	(108)	(260)	(876)
Loan recoveries	10	22	91	102
Balance, end of period	$ 7,692	$ 7,861	$ 7,692	$ 7,861
Ratio of net charge-offs to average total loans	(0.007)%	(0.019)%	(0.035)%	(0.173)%
Ratio of net charge-offs to average total loans, annualized	(0.029)%	(0.076)%	(0.035)%	(0.173)%

(In thousands)	For the Quarter Ended December 31, 2018	For the Quarter Ended December 31, 2017	For the Twelve Months Ended December 31, 2018	For the Twelve Months Ended December 31, 2017
Changes in Other Real Estate:				
Balance, beginning of period	$ -	$ -	$ -	$ 214
Transfers from nonperforming loans	-	-	-	40
Real estate sold	-	-	-	(264)
Net gains on sale of assets	-	-	-	-
Reduction (Provision)	-	-	-	10
Balance, end of period	$ -	$ -	$ -	$ -

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of December 31, 2018	As of September 30, 2018	As of December 31, 2017
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 45,241	$ 49,271	$ 36,590
Construction	4,439	6,054	4,747
Agricultural	25,525	27,216	23,004
Land and land development	7,932	8,323	8,494
Owner-occupied commercial real estate	42,591	42,647	44,173
Commercial real estate	109,829	110,274	108,191
Small business administration	5,044	4,884	4,558
Consumer	62,212	61,759	56,318
Subtotal loans held for investment	$ 302,813	$ 310,428	$ 286,075
Consolidated			
Commercial and industrial	$ 66,544	$ 68,169	$ 51,524
Construction	21,257	17,029	13,167
Agricultural	26,426	28,118	23,773
Land and land development	11,398	11,376	14,168
Owner-occupied commercial real estate	56,916	55,788	50,872
Commercial real estate	174,868	184,462	177,429
Small business administration	32,505	31,223	25,064
Consumer	78,055	77,953	71,876
Total loans held for investment	$ 467,969	$ 474,118	$ 427,873