



# BNCCORP

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## NEWS RELEASE

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FOR FURTHER INFORMATION:

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### **BNCCORP, INC. REPORTS FIRST QUARTER NET INCOME OF \$1.4 MILLION, OR \$0.40 PER DILUTED SHARE**

#### **2016 First Quarter Highlights**

- **Book value per common share was \$21.31 at March 31, 2016**
- **Nonperforming assets were 0.10% of total assets as of March 31, 2016**
- **Loans held for investment increased in first quarter by 5% to \$399 million**
- **Net income available to common shareholders in the 2016 first quarter was \$1.4 million compared to \$1.6 million and \$2.7 million in the fourth and first quarters of 2015, respectively**

**BISMARCK, ND, April 28, 2016 – 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 Arkansas, Illinois, Kansas, Missouri, Minnesota, Arizona and North Dakota, today reported financial results for the first quarter ended March 31, 2016.

Net income available to common shareholders in the 2016 first quarter was \$1.415 million, or \$0.40 per diluted share, compared to \$2.739 million, or \$0.78 per diluted share, in the first quarter of 2015. The decrease in earnings is primarily attributable to lower noninterest income.

Noninterest income in the first quarter of 2016 was \$2.0 million less in the same period in 2015 as gains on asset sales decreased by \$866 thousand and mortgage banking revenues receded from extraordinary levels experienced in early 2015. Non-interest expenses increased by 1.9% in the first three months of 2016 compared to the same period of 2015 as decreases in compensation expense were offset by increases in other operating costs. Net interest income in the 2016 first quarter was \$331 thousand less than the same quarter in 2015 due to \$140 thousand of costs incurred to prepay \$18.8 million of brokered deposits and new interest on subordinated debt issued in late 2015 to redeem preferred stock.

The provision for credit losses was \$0 in the first quarter of 2016 and 2015. The ratio of nonperforming assets to total assets was 0.10% at March 31, 2016 compared to 0.09% at December 31, 2015.

Book value per common share at March 31, 2016 was \$21.31 compared to \$20.12 and \$19.62 at December 31, 2015 and March 31, 2015, respectively. Excluding accumulated other comprehensive income, book value per common share at March 31, 2016 was \$19.26 compared to \$18.93 and \$17.52 at December 31, 2015 and March 31, 2015, respectively.

### **First Quarter 2016 comparison to Fourth Quarter 2015**

Net interest income in the 2016 first quarter was \$59 thousand higher than the 2015 fourth quarter. Interest income in 2016 first quarter increased \$252 thousand or 3.6% primarily due to increased loans held for investment. As noted above, interest expense was higher in the first quarter of 2016 due to a \$140 thousand charge for costs to redeem higher rate callable brokered certificates of deposit and new interest on subordinated debt issued in late 2015 to redeem preferred stock. Excluding the charge to redeem brokered deposits, net interest income increased \$199 thousand or 3.2% from the fourth quarter of 2015.

Non-interest income increased \$324 thousand, or 6.1%, in the 2016 first quarter compared to the 2015 fourth quarter driven by higher mortgage revenue in early 2016. Non-interest expense rose from the fourth quarter of 2015 by \$606 thousand due to compensation costs related to increases in loans held for investment which began late in the fourth quarter of 2015 and continued in the first quarter of 2016.

Income tax expense in the first quarter of 2016 was \$192 thousand higher than the last quarter of 2015 as an adjustment to the estimated effective tax rate was recorded late in 2015. Preferred stock costs were \$0 in the first quarter of 2016 due to the redemption of preferred stock in late 2015.

Timothy J. Franz, BNC President and Chief Executive Officer, said, “We continued to create value this quarter as demonstrated by the increase in book value per share to \$21.31 per share. We maintained exceptional credit quality metrics despite headwinds in the energy and agricultural industries in North Dakota while mortgage banking revenues continue to be elevated. We believe the resiliency of our balance sheet is improving as we have increased tangible common equity to 7.93% and maintained healthy total risk weighted regulatory ratios of 19.03% at the holding company and 17.81% at BNC Bank.”

Mr. Franz continued, “In recent months, we have generated solid growth in our loans held for investment which we expect to be a fundamental driver of value in future periods. We remain focused on meeting the financial needs of our customers and being active in the communities we serve. Our strong balance sheet, improving capital structure and dedicated employees provide a solid foundation as we look forward.”

### **First Quarter Results**

Net interest income for the first quarter of 2016 was \$6.276 million, a decrease of \$331 thousand, or 5%, from \$6.607 million in the same period of 2015. Interest income was \$7.175 million for the quarter ended March 31, 2016 compared to \$7.218 million in the first quarter of 2015. The average balance of interest earning assets decreased by \$46.2 million while yields on interest earning assets increased to 3.44% in the first quarter of 2016 from 3.31% in the first quarter of 2015. Average loans held for investment increased \$33.2 million, or 9.5%, compared to the prior year first quarter. On average, loans held for sale decreased by 20.9% when compared to the first quarter of 2015. The average balance of investment securities decreased by \$33.1 million in the first quarter of 2016 compared to the same period a year ago, while the yields decreased to 2.23% in 2016 compared to 2.32% in 2015. The lower yield on investments is the result of interest rate declines in recent periods and the changing composition of our investment portfolio. In recent periods, we have increased our investment in tax exempt municipal securities, which aggregated \$94.1 million at March 31, 2016, due to the relatively attractive yields and value provided via reduced income tax expense.

Interest expense in the first quarter of 2016 increased \$288 thousand, or 47.1%, from the same period in 2015. As discussed above, this increase reflects the cost of redeeming callable brokered certificates of deposit. The cost of core deposits was 0.19% in the first quarter of 2016 and 0.15% in the first quarter of 2015 due largely to higher balances of retail certificates of deposits which generally have higher rates than non-maturity deposits. Excluding the \$140 thousand cost of redeeming brokered certificates of deposit, the cost of interest bearing liabilities increased to 0.46% in the current quarter from 0.37% in the same period of 2015, primarily due to the new issuance of subordinated debt in the fourth quarter of 2015. Average interest bearing deposits decreased \$21.8 million, or 3.4%, during the first quarter of 2016, primarily due to the redemption of brokered certificates of deposits.

Overall, the net interest margin declined to 3.01% in the first quarter of 2016 from 3.03% in the first quarter of 2015. Excluding the impact of incurring a \$140 thousand brokered certificate of deposit redemption charge, interest margin increased to 3.06%. On a taxable equivalent basis, the net interest margin was unchanged at 3.17% in the first quarters of 2016 and 2015.

Non-interest income for the first quarter of 2016 was \$5.651 million, a decrease of \$2 million, or 26.1%, from \$7.651 million in the first quarter of 2015. The decline relates to lower gains on the sales of investment securities and SBA loans and the exceptionally high volume of mortgage production in January 2015 that did not recur in 2016. Mortgage banking production resulted in revenues of \$4.375 million in the first quarter of 2016 compared to \$5.469 million in the first quarter of 2015. During the first quarter of 2016, we recorded gains on sales of investments and SBA loan sales of \$45 thousand compared to \$911 thousand of net gains on sales of these assets in the same period of 2015. Gains and losses on sales of investments and loans can vary significantly from period to period.

Non-interest expense for the first quarter of 2016 increased \$180 thousand, or 1.9%, to \$9.846 million from \$9.666 million in the first quarter of 2015. This increase is primarily related to marketing efforts to support our mortgage banking activities.

In the first quarter of 2016, income tax expense was \$666 thousand compared to \$1.378 million in the first quarter of 2015. The effective tax rate was 32.0% in the first quarter of 2016 compared to 30.0% in the same period of 2015. The increased tax expense in the first quarter of 2016 is due to an increase in the annual estimated effective tax rate. The effective tax rate for full year 2015 was 30.0%.

Net income available to common shareholders was \$1.415 million, or \$0.40 per diluted share, for the first quarter of 2016. Net income available to common shareholders in the first quarter of 2015 was \$2.739 million, or \$0.78 per diluted share after accounting for dividends paid on preferred stock. The preferred stock costs were \$0 in the first quarter of 2016 due to the redemption of the preferred stock in the fourth quarter of 2015, and \$475 thousand in the first quarter of 2015.

### **Assets, Liabilities and Equity**

Total assets were \$925.3 million at March 31, 2016, an increase of \$21.1 million, or 2.3%, compared to \$904.2 million at December 31, 2015. In 2015, BNC's assets grew from the beginning of the year until mid-to-late second quarter and then decreased until late in the year when growth regenerated. As noted in previous press releases, during 2015 some North Dakota customers deployed funds previously deposited with us. In addition, we redeemed brokered deposits aggregating \$20.0 million in 2015 and an additional \$18.8 million in the first quarter of 2016 carrying a 2.63% interest cost. The Company has utilized Federal Home Loan Bank short term advances averaging 0.43% in the quarter to fund loan growth.

Loans held for investment aggregated \$398.7 million at March 31, 2016, an increase of \$18.8 million, or 5%, since December 31, 2015. Throughout most of 2015, we experienced a decrease in loans held for investment as some North Dakota clients deferred investment decisions and repaid loans in response to softer economic conditions in the region. As 2015 ended, we returned to growth and this trend continued in early 2016.

Total deposits were \$748.4 million at March 31, 2016, a decrease of \$32.1 million from \$780.4 million at 2015 year-end. Core deposit balances were \$750.7 million at March 31, 2016 and \$760.9 million at December 31, 2015. This decrease was anticipated as business customers in Bismarck deployed funds deposited at the end of 2015. In addition to the decrease in core deposits, we exercised our right to call \$20.0 million of brokered deposits in the second quarter of 2015 and an additional \$18.8 million in the first quarter of 2016.

The table below shows changes in total deposits since 2012:

(In thousands)	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
ND Bakken Branches	\$ 187,049	\$ 190,670	\$ 178,565	\$ 166,904	\$ 144,662
ND Non-Bakken Branches	366,606	388,630	433,129	382,225	335,452
Total ND Branches	553,655	579,300	611,694	549,129	480,114
Other	194,719	201,149	199,537	174,100	169,490
Total Deposits	<u>\$ 748,374</u>	<u>\$ 780,449</u>	<u>\$ 811,231</u>	<u>\$ 723,229</u>	<u>\$ 649,604</u>

Trust assets under management or administration increased to \$255.5 million at March 31, 2016, compared to \$248.4 million at December 31, 2015.

## **Capital**

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

In the first quarter of 2015, regulatory capital requirements for community banks changed to incorporate certain of the capital requirements addressed in the Basel III framework. These standards introduced a new requirement, Common Equity Tier 1 (“CET 1”), and increased certain previously existing capital requirements. At March 31, 2016, our capital ratios exceeded all regulatory capital thresholds and maintained sufficient capital conservation buffers to avoid limitations on certain types of capital distributions.

A summary of our capital ratios at March 31, 2016 and December 31, 2015 are presented below:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
<b>BNCCORP, INC (Consolidated)</b>		
Tier 1 leverage	9.11%	9.00%
Total risk based capital	19.03%	20.07%
Common equity tier 1 risk based capital	12.90%	13.57%
Tier 1 risk based capital	15.83%	16.72%
Tangible common equity	7.93%	7.62%
<b>BNC National Bank</b>		
Tier 1 leverage	9.53%	9.45%
Total risk based capital	17.81%	18.71%
Common equity tier 1 risk based capital	16.56%	17.45%
Tier 1 risk based capital	16.56%	17.45%

The CET 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.

In addition to regulatory risk based capital standards, we believe that regulators and investors also monitor the capital ratio of tangible common equity to total period end assets.

Book value per common share of the Company was \$21.31 as of March 31, 2016, compared to \$20.12 at December 31, 2015. Book value per common share, excluding accumulated other comprehensive income, was 19.26 as of March 31, 2016, compared to \$18.93 at December 31, 2015.

### **Asset Quality**

The allowance for credit losses was \$8.5 million at March 31, 2016, compared to \$8.6 million at December 31, 2015. The allowance for credit losses as a percentage of total loans at March 31, 2016 was 1.85%, compared to 2.00% at December 31, 2015. The allowance as a percentage of loans and leases held for investment at March 31, 2016 was 2.13% and at December 31, 2015 was 2.27%.

Nonperforming assets were \$914 thousand at March 31, 2016, up from \$807 thousand at December 31, 2015. The ratio of nonperforming assets to total assets was 0.10% at March 31, 2016 and 0.09% at December 31, 2015. Nonperforming loans were \$672 thousand at March 31, 2016, up from \$565 thousand at December 31, 2015.

At March 31, 2016, BNC had \$10.0 million of classified loans, \$497 thousand of loans on non-accrual and \$242 thousand of other real estate owned. At December 31, 2015, BNC had \$9.8 million of classified loans, \$390 thousand of loans on non-accrual and \$242 thousand of other real estate owned. BNC had \$8.7 million of potentially problematic loans, which are risk rated "watch list", at March 31, 2016 compared with \$7.9 million as of December 31, 2015.

As evidenced by our nonperforming asset ratios and delinquency rates, as of March 31, 2016, the decrease in oil and agricultural commodity prices have yet to have a significant negative effect on our credit quality. However, prolonged depressed oil prices could have an adverse economic impact on the North Dakota economy, commodity dependent businesses, and our loan portfolio. Oil prices most directly impact the underlying collateral for our oil exploration and production (E&P) loans. Loans outstanding for the purpose of and secured by E&P in North Dakota were approximately \$12.1 million, or 3.0% of total loans held for investment at March 31, 2016 compared to \$11.7 million, or 3.1%, of loans held for investment at December 31, 2015. Advances on E&P lines are generally limited to 50% of the value of proven, developed and producing oil reserves with valuations generally being performed on a semi-annual basis. In addition to E&P loans, loans to customers serving the energy industries will be impacted by protracted low energy prices.

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 16 locations. BNC also conducts mortgage banking from 17 offices in Arkansas, Illinois, Kansas, Missouri, Minnesota, 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, the effect of the redemption of our Series A and Series B Preferred Stock 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 generally accepted accounting principles ("GAAP"). Such non-GAAP financial measures include the Company's tangible equity to assets ratio and information presented excluding nonrecurring transactions. 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)	<b>For the Quarter Ended,</b>		
	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>March 31, 2015</b>
<b>SELECTED INCOME STATEMENT DATA</b>			
Interest income	\$ 7,175	\$ 6,923	\$ 7,218
Interest expense	899	706	611
Net interest income	6,276	6,217	6,607
Provision (reduction) for credit losses	-	-	-
Non-interest income	5,651	5,327	7,651
Non-interest expense	9,846	9,240	9,666
Income before income taxes	2,081	2,304	4,592
Income tax expense	666	474	1,378
Net income	1,415	1,830	3,214
Preferred stock costs	-	232	475
Net income available to common shareholders	\$ 1,415	\$ 1,598	\$ 2,739
<b>EARNINGS PER SHARE DATA</b>			
Basic earnings per common share	\$ 0.41	\$ 0.47	\$ 0.81
Diluted earnings per common share	\$ 0.40	\$ 0.46	\$ 0.78

**BNCCORP, INC.**  
**CONSOLIDATED FINANCIAL DATA**  
(Unaudited)

(In thousands, except share data)	<b>For the Quarter Ended</b>		
	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>March 31, 2015</b>
<b>ANALYSIS OF NON-INTEREST INCOME</b>			
Bank charges and service fees	\$ 674	\$ 716	\$ 692
Wealth management revenues	388	349	378
Mortgage banking revenues	4,375	3,067	5,469
Gains on sales of loans, net	45	433	315
Gains (losses) on sales of investments, net	-	(77)	596
Other	169	839	201
Total non-interest income	\$ 5,651	\$ 5,327	\$ 7,651
<b>ANALYSIS OF NON-INTEREST EXPENSE</b>			
Salaries and employee benefits	\$ 5,252	4,696	\$ 5,592
Professional services	958	1,032	794
Data processing fees	860	769	760
Marketing and promotion	923	923	661
Occupancy	524	524	507
Regulatory costs	167	173	169
Depreciation and amortization	343	353	349
Office supplies and postage	176	156	163
Other real estate costs	2	2	15
Other	641	612	656
Total non-interest expense	\$ 9,846	\$ 9,240	\$ 9,666
<b>WEIGHTED AVERAGE SHARES</b>			
Common shares outstanding (a)	3,444,797	3,390,864	3,386,175
Incremental shares from assumed conversion of options and contingent shares	75,058	105,476	114,098
Adjusted weighted average shares (b)	3,519,855	3,496,340	3,500,273

- (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		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>SELECTED BALANCE SHEET DATA</b>			
Total assets	\$ 925,336	\$ 904,246	\$ 979,709
Loans held for sale-mortgage banking	60,240	50,445	80,100
Loans and leases held for investment	398,711	379,903	348,328
Total loans	458,951	430,348	428,428
Allowance for credit losses	(8,479)	(8,611)	(8,736)
Investment securities available for sale	415,370	419,346	458,642
Other real estate, net	242	242	242
Earning assets	871,726	848,075	928,392
Total deposits	748,374	780,449	851,003
Core deposits <sup>(1)</sup>	750,721	760,937	812,634
Other borrowings	94,916	46,166	30,519
Cash and cash equivalents	9,045	15,189	56,194
<b>OTHER SELECTED DATA</b>			
Net unrealized gains in accumulated other comprehensive income	\$ 7,079	\$ 4,081	\$ 7,160
Trust assets under supervision	\$ 255,517	\$ 248,371	\$ 265,415
Total common stockholders' equity	\$ 73,480	\$ 68,988	\$ 66,983
Book value per common share	\$ 21.31	\$ 20.12	\$ 19.62
Book value per common share excluding accumulated other comprehensive income, net	\$ 19.26	\$ 18.93	\$ 17.52
Full time equivalent employees	278	263	262
Common shares outstanding	3,447,715	3,428,416	3,414,764
<b>CAPITAL RATIOS</b>			
Common equity Tier 1 risk-based capital (Consolidated)	12.90%	13.57%	12.54%
Tier 1 leverage (Consolidated)	9.11%	9.00%	10.22%
Tier 1 risk-based capital (Consolidated)	15.83%	16.72%	20.13%
Total risk-based capital (Consolidated)	19.03%	20.07%	21.38%
Tangible common equity (Consolidated)	7.93%	7.62%	6.84%
Common equity Tier 1 risk-based capital (BNC Bank)	16.56%	17.45%	18.83%
Tier 1 leverage (BNC Bank)	9.53%	9.45%	9.60%
Tier 1 risk-based capital (BNC Bank)	16.56%	17.45%	18.83%
Total risk-based capital (BNC Bank)	17.81%	18.71%	20.08%
Tangible capital (BNC Bank)	10.01%	9.71%	9.96%

(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)	<b>For the Quarter Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>AVERAGE BALANCES</b>		
Total assets	\$ 892,345	\$ 937,541
Loans held for sale-mortgage banking	37,172	47,015
Loans and leases held for investment	383,795	350,614
Total loans	420,967	397,629
Investment securities available for sale	418,934	452,078
Earning assets	838,864	885,040
Total deposits	761,110	811,006
Core deposits	746,400	774,148
Total equity	72,167	85,563
Cash and cash equivalents	12,925	51,120
<b>KEY RATIOS</b>		
Return on average common stockholders' equity (a)	8.63%	18.85%
Return on average assets (b)	0.64%	1.39%
Net interest margin	3.01%	3.03%
Efficiency ratio	82.55%	67.79%
Efficiency ratio (BNC Bank)	78.30%	65.03%

(a) Return on average common stockholders' equity is calculated by using the net income available to common shareholders as the numerator and average common equity (less preferred stock and accumulated other comprehensive 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		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>ASSET QUALITY</b>			
Loans 90 days or more delinquent and still accruing interest	\$ 175	\$ 175	\$ 5
Non-accrual loans	497	390	282
Total nonperforming loans	\$ 672	\$ 565	\$ 287
Other real estate, net	242	242	242
Total nonperforming assets	\$ 914	\$ 807	\$ 529
Allowance for credit losses	\$ 8,479	\$ 8,611	\$ 8,736
Troubled debt restructured loans	\$ 2,188	\$ 2,197	\$ 1,888
Ratio of total nonperforming loans to total loans	0.15%	0.13%	0.07%
Ratio of total nonperforming assets to total assets	0.10%	0.09%	0.05%
Ratio of nonperforming loans to total assets	0.07%	0.06%	0.03%
Ratio of allowance for credit losses to loans and leases held for investment	2.13%	2.27%	2.51%
Ratio of allowance for credit losses to total loans	1.85%	2.00%	2.04%
Ratio of allowance for credit losses to nonperforming loans	1,262%	1,524%	3,044%

(In thousands)	For the Quarter Ended March 31,	
	2016	2015
<b>Changes in Nonperforming Loans:</b>		
Balance, beginning of period	\$ 565	\$ 61
Additions to nonperforming	155	235
Charge-offs	(31)	-
Reclassified back to performing	-	(6)
Principal payments received	(17)	(3)
Balance, end of period	\$ 672	\$ 287

**BNCCORP, INC.**  
**CONSOLIDATED FINANCIAL DATA**  
(Unaudited)

(In thousands)	<b>For the Quarter Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Changes in Allowance for Credit Losses:</b>		
Balance, beginning of period	\$ 8,611	\$ 8,601
Provision (reduction)	-	-
Loans charged off	(139)	(44)
Loan recoveries	7	179
Balance, end of period	\$ 8,479	\$ 8,736
Ratio of net charge-offs to average total loans	(0.031)%	0.034%
Ratio of net charge-offs to average total loans, annualized	(0.125)%	0.136%

(In thousands)	<b>For the Quarter Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Changes in Other Real Estate:</b>		
Balance, beginning of period	\$ 242	\$ 256
Transfers from nonperforming loans	-	-
Real estate sold	(4)	-
Net gains (losses) on sale of assets	4	-
Provision	-	(14)
Balance, end of period	\$ 242	\$ 242

(In thousands)	<b>As of</b>		
	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>March 31, 2015</b>
<b>Other Real Estate:</b>			
Other real estate	\$ 954	\$ 954	\$ 954
Valuation allowance	(712)	(712)	(712)
Other real estate, net	\$ 242	\$ 242	\$ 242

**BNCCORP, INC.**  
**CONSOLIDATED FINANCIAL DATA**  
(Unaudited)

(In thousands)	As of		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>CREDIT CONCENTRATIONS</b>			
<b>North Dakota</b>			
Commercial and industrial	\$ 42,777	\$ 46,311	\$ 45,082
Construction	8,649	11,937	19,266
Agricultural	13,435	16,159	10,728
Land and land development	10,650	11,549	10,471
Owner-occupied commercial real estate	42,662	37,832	37,702
Commercial real estate	87,924	79,119	61,926
Small business administration	4,143	2,662	1,329
Consumer	39,613	39,228	34,264
Subtotal loans held for investment	\$ 249,853	\$ 244,797	\$ 220,768
<b>Consolidated</b>			
Commercial and industrial	\$ 60,816	\$ 62,940	\$ 62,826
Construction	11,547	15,187	24,594
Agricultural	13,980	18,003	11,320
Land and land development	21,800	17,627	19,364
Owner-occupied commercial real estate	53,940	44,066	46,169
Commercial real estate	162,324	149,099	117,273
Small business administration	27,232	25,860	25,051
Consumer	47,051	47,073	41,785
Total loans held for investment	\$ 398,690	\$ 379,855	\$ 348,382