



BNCCORP

NEWS RELEASE

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**BNCCORP, INC. REPORTS FOURTH QUARTER NET INCOME OF \$1.8 MILLION, OR
\$0.46 PER DILUTED SHARE
FULL YEAR DILUTED EARNINGS PER SHARE WAS \$2.16**

2015 Fourth Quarter Highlights and Full Year Overview

- **Redemption of Preferred Stock, higher mortgage banking revenue and steady credit quality metrics mark 2015 results**
- **Full year diluted earnings per share increases to \$2.16, or 13.1%, compared to \$1.91 per diluted share in 2014**
- **Return on average assets was 1.01% and return on average common stockholders' equity was 12.21% for 2015**
- **Net income available to common shareholders increased \$890 thousand to \$7.6 million for full-year 2015; decreased \$403 thousand to \$1.6 million for the fourth quarter 2015.**
- **Book value per common share was \$20.12 at December 31, 2015**
- **Total assets were \$904 million at December 31, 2015**
- **Loans held for investment increased to \$380 million at December 31, 2015 compared to \$361 million at year-end 2014**
- **Nonperforming assets were 0.09% of total assets as of December 31, 2015**

BISMARCK, ND, February 1, 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 fourth quarter and full year ended December 31, 2015.

Net income for the 2015 fourth quarter was \$1.830 million, or \$0.46 per diluted share, compared to net income of \$2.476 million, or \$0.57 per diluted share, in the fourth quarter of 2014. Earnings for the fourth quarter of 2015 reflected lower net interest income and higher non-interest expenses than the same period of 2014. Non-interest income declined in the 2015 fourth quarter as revenue on Small Business Investment Company (SBIC) investments declined by \$858 thousand. The provision for credit losses was \$0 in the fourth quarters of 2015 and 2014. The ratio of nonperforming assets to total assets was 0.09% at December 31, 2015 compared to 0.03% at December 31, 2014. Book value per common share rose to \$20.12 at December 31, 2015 from \$18.28 a year earlier. Excluding accumulated other comprehensive income, book value per common share at December 31, 2015 was \$18.93, compared to \$16.72 at December 31, 2014.

The Company significantly reduced its cost of capital during 2015. On November 19, 2015, BNC redeemed its 20,093 shares of 9% Series A Preferred Stock at par. On December 21, 2015, BNC redeemed its 1,005 shares of 9% Series B Preferred Stock at par. Preferred stock costs were \$232 thousand in the fourth quarter of 2015 compared with \$475 thousand in the fourth quarter of 2014.

Redemption of the Preferred Stock was funded from cash available and new subordinated debt. BNC National Bank (the "Bank"), a wholly owned subsidiary of the Company, paid an \$11.0 million dividend to the Company in November of 2015. On October 19, 2015, the Company issued \$10.0 million of subordinated debt that qualifies as Tier 2 capital. The subordinated debt matures October 19, 2025 and carries a fixed interest rate of 6.35%. The subordinated debt is eligible for prepayment at par after five years.

Annual dividends paid on the Company's Series A and B Preferred Stock prior to redemption aggregated approximately \$1.656 million. The annual interest cost of the Company's new subordinated debt is estimated to be approximately \$445 thousand after tax.

Timothy J. Franz, BNC President and Chief Executive Officer, said, "A good fourth quarter completed a strong year. Our progress for the year was marked by solid earnings growth and the redemption of our

most expensive capital, as we capitalized on an environment favorable to mortgage banking and maintained exceptional credit quality metrics, despite subdued economic activity in energy and agriculture in North Dakota. These successes delivered value for BNC's shareholders as evidenced by our return on equity of 12.2% and a return on average assets of more than 1.0%."

Mr. Franz continued, "As 2016 begins, interest rates and strength in the housing market continue to favor mortgage banking and we look forward to improving net interest income by growing loans held for investment. In this regard, we are encouraged by the fourth quarter 2015 increase in these loans and our pipeline of new opportunities. At the same time, we will continue to closely monitor the energy segment, interest rates and macro economic conditions, which are less than robust. With our strong capital position, our proven ability to manage capital and a newly de-levered balance sheet, BNC has a solid base from which to move forward."

Fourth Quarter Results

Net interest income for the fourth quarter of 2015 was \$6.217 million, a decrease of \$462 thousand, or 6.9%, from \$6.679 million in the same period of 2014. Interest income decreased by \$426 thousand, or 5.8%, as the average balance of interest earning assets decreased by \$56.1 million while yields on interest earning assets increased to 3.30% in the fourth quarter of 2015 from 3.28% in the fourth quarter of 2014. Average loans held for investment increased \$7.7 million, or 2.2%, compared to the prior year fourth quarter. On average, loans held for sale decreased by only 3.8% when compared to the fourth quarter of 2014, as the lower interest rate environment continued to support mortgage activity in 2015. The average balance of investment securities decreased by \$18.7 million in the fourth quarter of 2015 compared to the same period a year ago, while the yields decreased to 2.08% in 2015 compared to 2.22% in 2014. The lower yield on investments is the result of interest rate declines in recent periods and the changing composition of our investment portfolio. As of December 31, 2015, the balance of variable rate securities was \$121.1 million compared to \$61.6 million at December 31, 2014. These defensive investments have lower yields than investments that have repaid, or were sold, over the past year. In recent periods, we have also increased our investment in tax exempt municipal securities, which aggregated \$93 million at December 31, 2015, due to the relatively attractive yields and value provided via reduced income tax expense.

Overall, the net interest margin declined to 2.96% in the fourth quarter of 2015 from 2.98% in the fourth

quarter of 2014. On a taxable equivalent basis, the net interest margin increased to 3.15% in the fourth quarter of 2015 from 3.12% in the fourth quarter of 2014.

Interest expense in the fourth quarter of 2015 increased \$36 thousand from the same period in 2014. Average interest bearing deposits decreased \$36.0 million, or 5.7%. The cost of core deposits was 0.17% in the fourth quarter of 2015 and 0.16% in the fourth quarter of 2014. In aggregate, the cost of interest bearing liabilities increased to 0.44% in the current quarter from 0.40% in the same period of 2014, primarily due to the new issuance of subordinated debt in the fourth quarter of 2015.

Non-interest income for the fourth quarter of 2015 was \$5.327 million, a decrease of \$668 thousand, or 11.1% from \$5.995 million in the fourth quarter of 2014. Excluding the impact of SBIC revenue, which was \$858 thousand lower in the fourth quarter of 2015, non-interest income increased \$189 thousand in the fourth quarter of 2015 compared to the same period in 2014. Bank service charges declined from \$848 thousand to \$716 thousand as a result of lower deposit activity. Mortgage banking revenue declined slightly to \$3.067 million, in the fourth quarter of 2015, from \$3.363 million in the fourth quarter of 2014. During the fourth quarter of 2015, we recorded a net loss on sales of investments of \$77 thousand, compared to a \$475 thousand net loss on sales of investments in the same period of 2014. The 2015 fourth quarter included gains on sales of loans of \$433 thousand, compared to \$227 thousand in the same period of 2014. Gains and losses on sales of investments, gains on sales of loans, and SBIC revenue can vary significantly from period to period.

Non-interest expense for the fourth quarter of 2015 was \$9.240 million, an increase of \$299 thousand, or 3.3%, from \$8.941 million in the fourth quarter of 2014. This increase is primarily related to compensation for producers and expenses associated with mortgage banking activity.

In the fourth quarter of 2015, we recorded a tax expense of \$474 thousand, a decrease from the \$1.257 million income tax expense in the fourth quarter of 2014. The effective tax rate was 20.57% in the fourth quarter of 2015 compared to 33.67% in the same period of 2014. The lower tax expense in the fourth quarter of 2015 is due to a decrease in the annual estimated effective tax rate to attain a full year tax rate of 30.0% as the current estimated taxable income was lower than previous estimates. The higher effective tax rate in the fourth quarter 2014 reflected the relatively lower level of tax-exempt securities in the investment portfolio and the higher level of taxable SBIC investment revenue in the fourth quarter of 2014.

Net income available to common shareholders was \$1.598 million, or \$0.46 per diluted share, for the fourth quarter of 2015 after accounting for dividends paid on preferred stock prior to redemption. The preferred stock costs, which are lower due to the redemption of preferred stock at the end of 2015, aggregated \$232 thousand and \$475 thousand in the fourth quarters of 2015 and 2014, respectively. Net income available to common shareholders in the fourth quarter of 2014 was \$2.001 million, or \$0.57 per diluted share.

Year Ended December 31, 2015

Net interest income in 2015 was \$25.345 million, a decrease of \$611 thousand, or 2.4%, from \$25.956 million in 2014. Interest income decreased by \$1.349 million, as the \$12.4 million increase in the average balance of interest earning assets was more than offset by lower yields on earning assets, which decreased to 3.26% in 2015 compared to 3.47% in 2014. Average loans held for investment increased \$18.9 million, or 5.7%, compared to the prior year, while the yield on loans held for investment decreased by 11 basis points in 2015 when compared to the same period of 2014. On average, loans held for sale increased by \$16.3 million when compared to 2014, as lower interest rates have continued to bolster our mortgage banking operations. The average balance of investment securities decreased by \$4.3 million in 2015 compared to the same period a year ago, while yields declined to 2.08% in 2015 from 2.57% in 2014 due to the lower interest rate environment and the shift of investments to more defensive securities. Overall, the net interest margin declined to 2.96% in 2015 from 3.07% in 2014. On a taxable equivalent basis, the net interest margin declined to 3.13% in 2015 from 3.21% in 2014.

Interest expense in 2015 decreased to \$2.570 million in 2015 from \$3.308 million in 2014. Average interest bearing deposits decreased to \$613.7 million from \$625.3 million in 2014, or 1.9%. The cost of core deposits declined to 0.16% in 2015 from to 0.17% in 2014. In aggregate, the cost of interest bearing liabilities declined to 0.40% in 2015, compared to 0.50% in 2014. This decrease in interest expense relates primarily to the redemption of brokered deposits in 2014 and 2015 and prepayment of subordinated debentures in 2014, which was partially offset by interest expense on the recently issued \$10.0 million subordinated note.

A reversal of previous provisions for credit losses increased pre-tax earnings by \$400 thousand in 2015. This compared to 2014, when a reversal of previous provisions for credit losses increased pre-tax

earnings by \$800 thousand.

Non-interest income in 2015 was \$24.950 million, an increase of \$4.496 million, or 22.0% from \$20.454 million in 2014. Excluding the impact of SBIC revenue, which was \$790 thousand lower in 2015, non-interest income increased to \$24.022 million from \$18.736 million, or 28.2%. The increase primarily relates to a \$4.396 million, or 37.2%, increase in mortgage banking revenues, which aggregated \$16.214 million in 2015, compared to \$11.818 million in 2014. Mortgage banking revenues benefited from lower interest rates throughout 2015. During 2015, we recorded a net gain on sales of investments of \$1.655 million, compared to a \$53 thousand net gain on sales of investments in 2014. Gains on sales of loans were \$1.138 million in 2015, compared to \$1.915 million in 2014. Gains and losses on sales of investments, gains on sale of loans, and SBIC revenue can vary significantly from period to period.

Non-interest expense in 2015 was \$37.544 million, an increase of \$2.861 million, or 8.2%, from \$34.683 million in 2014. This increase is primarily related to compensation for producers and expenses associated with higher mortgage banking activity.

During 2015, we recorded a tax expense of \$3.945 million, equating to an effective tax rate of 30.0%. We recorded tax expense of \$4.071 million during 2014, which resulted in an effective tax rate of 32.50%. The change in effective tax rate from 2015 to 2014 is primarily due to the increased tax-exempt investment income.

Net income available to common shareholders was \$7.550 million, or \$2.16 per diluted share, in 2015 after accounting for dividends paid on preferred stock. These costs aggregated \$1.656 million in 2015 and \$1.796 million in the same period of 2014. Net income available to common shareholders in 2014 was \$6.660 million, or \$1.91 per diluted share.

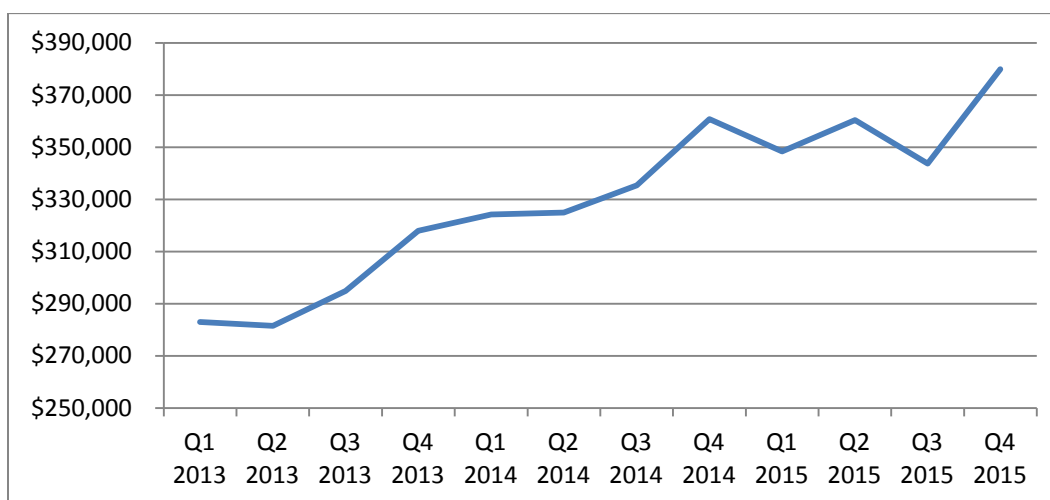
Assets, Liabilities and Equity

Total assets were \$904.2 million at December 31, 2015, a decrease of \$30.2 million, or 3.2%, compared to \$934.4 million at December 31, 2014. In 2015, BNC's assets grew from the beginning of the year until mid-to-late second quarter and then decreased significantly until late in the year when modest growth occurred. Since the end of 2011 and through mid 2015, we have experienced asset growth resulting from an increase in deposits as our North Dakota clients profited from the robust regional

economy. As noted in previous press releases, during 2015 some of these North Dakota customers deployed funds previously deposited with us. In addition, we redeemed brokered deposits aggregating \$20 million this year. The decrease in total assets during 2015, in combination with our earnings, increased our regulatory capital and contributed to our ability to redeem preferred stock as discussed above.

Loans held for investment aggregated \$379.9 million at December 31, 2015, an increase of \$19.1 million since December 31, 2014 and \$36.2 million from the third quarter of 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 regions. As the year ended, we funded several loan held for investment. Our pipeline of loans held for investment is strong and we anticipate continued growth in future periods.

In recent years we have continued to increase our loans held for investment. The chart below depicts quarter end balances beginning in the first quarter of 2013 (in thousands):



Total deposits were \$780.4 million at December 31, 2015, a decrease of \$30.8 million from \$811.2 million at 2014 year-end. Core deposit balances were \$760.9 million at December 31, 2015 and \$773.3 million at December 31, 2014. This decrease was anticipated, as discussed in prior earnings releases. In addition to the decrease in core deposits, we exercised our right to call \$20 million of brokered deposits in the second quarter of 2015.

The table below shows changes in total deposits since 2011:

(In thousands)	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
ND Bakken Branches	\$ 190,670	\$ 178,565	\$ 166,904	\$ 144,662	\$ 125,884
ND Non-Bakken Branches	<u>388,630</u>	<u>433,129</u>	<u>382,225</u>	<u>335,452</u>	<u>285,488</u>
Total ND Branches	579,300	611,694	549,129	480,114	411,372
Other	<u>201,149</u>	<u>199,537</u>	<u>174,100</u>	<u>169,490</u>	<u>164,883</u>
Total Deposits	<u>\$ 780,449</u>	<u>\$ 811,231</u>	<u>\$ 723,229</u>	<u>\$ 649,604</u>	<u>\$ 576,255</u>

Trust assets under management or administration decreased to \$248.4 million at December 31, 2015, compared to \$257.4 million at December 31, 2014.

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 December 31, 2015, our capital ratios exceeded all regulatory capital thresholds.

A summary of our capital ratios at December 31, 2015 and a comparison of new and prior regulatory capital requirements are presented below:

	Actual	Current BASEL III Risk Based Capital Standards		Former General Risk Based Capital Standard	
		For Capital Adequacy Purposes	To be Well Capitalized	For Capital Adequacy Purposes	To be Well Capitalized
December 31, 2015					
Total Risk Based Capital Ratio					
Consolidated	20.07	≥8.0 %	N/A %	≥8.0 %	N/A %
BNC National Bank	18.71	≥8.0	10.0	≥8.0	10.0
Tier 1 Risk Based Capital Ratio					
Consolidated	16.72	≥6.0	N/A	≥4.0	N/A
BNC National Bank	17.45	≥6.0	8.0	≥4.0	6.0
Common Equity Tier 1 Risk Based Capital Ratio					
Consolidated	13.57	≥4.5	N/A	N/A	N/A
BNC National Bank	17.45	≥4.5	6.5	N/A	N/A
Tier 1 Leverage Capital Ratio					
Consolidated	9.00	≥4.0	N/A	≥4.0	N/A
BNC National Bank	9.45	≥4.0	5.0	≥4.0	5.0
Tangible Common Equity					
Consolidated	7.62	N/A	N/A	N/A	N/A
BNC National Bank	9.71	N/A	N/A	N/A	N/A
December 31, 2014					
Total Risk Based Capital Ratio					
Consolidated	21.10 %	≥8.0 %	N/A %	≥8.0 %	N/A %
BNC National Bank	19.73	≥8.0	10.0	≥8.0	10.0
Tier 1 Risk Based Capital Ratio					
Consolidated	19.85	≥6.0	N/A	≥4.0	N/A
BNC National Bank	18.48	≥6.0	8.0	≥4.0	6.0
Common Equity Tier 1 Risk Based Capital Ratio					
Consolidated	N/A	≥4.5	N/A	N/A	N/A
BNC National Bank	N/A	≥4.5	6.5	N/A	N/A
Tier 1 Leverage Capital Ratio					
Consolidated	9.94	≥4.0	N/A	≥4.0	N/A
BNC National Bank	9.13	≥4.0	5.0	≥4.0	5.0
Tangible Common Equity					
Consolidated	6.67	N/A	N/A	N/A	N/A
BNC National Bank	9.83	N/A	N/A	N/A	N/A

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 \$20.12 as of December 31, 2015, compared to \$18.28 at December 31, 2014. Book value per common share, excluding accumulated other comprehensive income, was \$18.93 as of December 31, 2015, compared to \$16.72 at December 31, 2014.

Asset Quality

The allowance for credit losses was \$8.6 million at December 31, 2015 and December 31, 2014. The allowance for credit losses as a percentage of total loans at December 31, 2015 was 2.00%, compared to 2.11% at December 31, 2014. The allowance as a percentage of loans and leases held for investment at December 31, 2015 was 2.27% and at December 31, 2014 was 2.38%.

Nonperforming assets were \$807 thousand at December 31, 2015, up from \$317 thousand at December 31, 2014. The ratio of nonperforming assets to total assets was 0.09% at December 31, 2015 and 0.03% at December 31, 2014. Nonperforming loans were \$565 thousand at December 31, 2015, up from \$61 thousand at December 31, 2014.

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. At December 31, 2014, BNC had \$9.1 million of classified loans, \$56 thousand of loans on non-accrual and \$256 thousand of other real estate owned. BNC had \$7.9 million of potentially problematic loans, which are risk rated "watch list", at December 31, 2015 compared with \$2.1 million as of December 31, 2014.

As evidenced by our nonperforming asset ratios and delinquency rates, as of December 31, 2015, the decrease in oil and agricultural commodity prices have yet to have a significant negative effect on our credit quality. However, prolonged declines in oil prices could have an adverse economic impact on the North Dakota economy and our loan portfolio. Oil prices have a direct impact on the underlying collateral for our oil exploration and production (E&P) loans. E&P loans in North Dakota were \$11.7 million, or 3.1% of total loans held for investment at year-end 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. As of December 31, 2015, no E&P loans were considered classified and \$196 thousand were considered watch list loans.

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 15 locations. BNC also conducts mortgage banking from 14 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)	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
	2015	2014	2015	2014
SELECTED INCOME STATEMENT DATA				
Interest income	\$ 6,923	\$ 7,349	\$ 27,915	\$ 29,264
Interest expense	706	670	2,570	3,308
Net interest income	6,217	6,679	25,345	25,956
Provision (reduction) for credit losses	-	-	(400)	(800)
Non-interest income	5,327	5,995	24,950	20,454
Non-interest expense	9,240	8,941	37,544	34,683
Income before income taxes	2,304	3,733	13,151	12,527
Income tax expense	474	1,257	3,945	4,071
Net income	1,830	2,476	9,206	8,456
Preferred stock costs	232	475	1,656	1,796
Net income available to common shareholders	\$ 1,598	\$ 2,001	\$ 7,550	\$ 6,660
EARNINGS PER SHARE DATA				
Basic earnings per common share	\$ 0.47	\$ 0.59	\$ 2.23	\$ 1.98
Diluted earnings per common share	\$ 0.46	\$ 0.57	\$ 2.16	\$ 1.91

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
	2015	2014	2015	2014
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	\$ 716	\$ 848	\$ 2,901	\$ 2,962
Wealth management revenues	349	318	1,476	1,384
Mortgage banking revenues	3,067	3,363	16,214	11,818
Gains on sales of loans, net	433	227	1,138	1,915
Gains (losses) on sales of investments, net	(77)	(475)	1,655	53
Other	839	1,714	1,566	2,322
Total non-interest income	\$ 5,327	\$ 5,995	\$ 24,950	\$ 20,454
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	\$ 4,696	\$ 4,566	\$ 19,692	\$ 17,783
Professional services	1,032	795	3,923	3,032
Data processing fees	769	749	3,059	2,932
Marketing and promotion	923	853	3,523	2,974
Occupancy	524	503	1,981	2,064
Regulatory costs	173	174	696	640
Depreciation and amortization	353	346	1,415	1,268
Office supplies and postage	156	192	648	687
Other real estate costs	2	13	18	72
Other	612	750	2,589	3,231
Total non-interest expense	\$ 9,240	\$ 8,941	\$ 37,544	\$ 34,683
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,390,864	3,386,187	3,386,600	3,369,021
Incremental shares from assumed conversion of options and contingent shares	105,474	117,785	111,140	122,233
Adjusted weighted average shares (b)	3,496,340	3,503,972	3,497,740	3,491,254

(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, 2015	September 30, 2015	December 31, 2014
SELECTED BALANCE SHEET DATA			
Total assets	\$ 904,246	\$ 875,524	\$ 934,419
Loans held for sale-mortgage banking	50,445	43,795	47,109
Loans and leases held for investment	379,903	343,687	360,789
Total loans	430,348	387,482	407,898
Allowance for credit losses	(8,611)	(8,599)	(8,601)
Investment securities available for sale	419,346	436,680	449,333
Other real estate, net	242	242	256
Earning assets	848,075	824,067	880,988
Total deposits	780,449	745,804	811,231
Core deposits (1)	760,937	727,878	773,279
Other borrowings	46,166	30,460	31,020
Cash and cash equivalents	15,189	13,696	41,124
OTHER SELECTED DATA			
Net unrealized gains in accumulated other comprehensive income	\$ 4,081	\$ 5,488	\$ 5,324
Trust assets under supervision	\$ 248,371	\$ 249,627	\$ 257,400
Total common stockholders' equity	\$ 68,988	\$ 68,559	\$ 62,390
Book value per common share	\$ 20.12	\$ 20.09	\$ 18.28
Book value per common share excluding accumulated other comprehensive income, net	\$ 18.93	\$ 18.49	\$ 16.72
Full time equivalent employees	263	272	249
Common shares outstanding	3,428,416	3,411,984	3,413,854
CAPITAL RATIOS			
Common equity Tier 1 risk-based capital (Consolidated)	13.57%	13.95%	N/A
Tier 1 leverage (Consolidated)	9.00%	11.20%	9.94%
Tier 1 risk-based capital (Consolidated)	16.72%	21.96%	19.85%
Total risk-based capital (Consolidated)	20.07%	23.21%	21.10%
Tangible common equity (Consolidated)	7.62%	7.82%	6.67%
Common equity Tier 1 risk-based capital (Bank)	17.45%	20.85%	N/A
Tier 1 leverage (Bank)	9.45%	10.67%	9.13%
Tier 1 risk-based capital (Bank)	17.45%	20.85%	18.48%
Total risk-based capital (Bank)	18.71%	22.11%	19.73%
Tangible capital (Bank)	9.71%	11.45%	9.83%

(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,		For the Twelve Months Ended December 31,	
	2015	2014	2015	2014
AVERAGE BALANCES				
Total assets	\$ 886,934	\$ 943,689	\$ 909,351	\$ 899,409
Loans held for sale-mortgage banking	35,981	37,408	46,829	30,513
Loans and leases held for investment	350,216	342,536	350,840	331,982
Total loans	386,197	379,944	397,669	362,495
Investment securities available for sale	433,927	452,583	442,243	446,535
Earning assets	832,693	888,828	856,987	844,558
Total deposits	755,884	813,763	777,484	773,233
Core deposits	738,420	781,747	752,309	735,701
Total equity	80,924	81,972	85,750	76,995
Cash and cash equivalents	27,345	74,125	31,842	52,890
KEY RATIOS				
Return on average common stockholders' equity (a)	9.89%	14.11%	12.21%	12.37%
Return on average assets (b)	0.82%	1.04%	1.01%	0.94%
Net interest margin	2.96%	2.98%	2.96%	3.07%
Efficiency ratio	80.04%	70.52%	74.65%	74.73%
Efficiency ratio (BNC Bank)	77.41%	70.23%	72.33%	70.73%

- (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		
	December 31, 2015	September 30, 2015	December 31, 2014
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	\$ 175	\$ -	\$ 5
Non-accrual loans	390	341	56
Total nonperforming loans	\$ 565	\$ 341	\$ 61
Other real estate, net	242	242	256
Total nonperforming assets	\$ 807	\$ 583	\$ 317
Allowance for credit losses	\$ 8,611	\$ 8,599	\$ 8,601
Troubled debt restructured loans	\$ 2,197	\$ 2,209	\$ 5,105
Ratio of total nonperforming loans to total loans	0.13%	0.09%	0.01%
Ratio of total nonperforming assets to total assets	0.09%	0.07%	0.03%
Ratio of nonperforming loans to total assets	0.06%	0.04%	0.01%
Ratio of allowance for credit losses to loans and leases held for investment	2.27%	2.50%	2.38%
Ratio of allowance for credit losses to total loans	2.00%	2.22%	2.11%
Ratio of allowance for credit losses to nonperforming loans	1,524%	2,522%	14,100%

(In thousands)	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
	2015	2014	2015	2014
Changes in Nonperforming Loans:				
Balance, beginning of period	\$ 341	\$ 130	\$ 61	\$ 5,617
Additions to nonperforming	241	5	1,178	203
Charge-offs	-	(12)	(168)	(692)
Reclassified back to performing	-	(58)	(455)	(3,235)
Principal payments received	(17)	(4)	(51)	(1,135)
Transferred to repossessed assets	-	-	-	-
Transferred to other real estate owned	-	-	-	(697)
Balance, end of period	\$ 565	\$ 61	\$ 565	\$ 61

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
	2015	2014	2015	2014
Changes in Allowance for Credit Losses:				
Balance, beginning of period	\$ 8,599	\$ 8,675	\$ 8,601	\$ 9,847
Provision (reduction)	-	-	(400)	(800)
Loans charged off	(5)	(77)	(235)	(782)
Loan recoveries	17	3	645	336
Balance, end of period	\$ 8,611	\$ 8,601	\$ 8,611	\$ 8,601
Ratio of net charge-offs to average total loans	0.003%	(0.019)%	0.103%	(0.123)%
Ratio of net charge-offs to average total loans, annualized	0.012%	(0.078)%	0.103%	(0.123)%

(In thousands)	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
	2015	2014	2015	2014
Changes in Other Real Estate:				
Balance, beginning of period	\$ 242	\$ 1,056	\$ 256	\$ 1,056
Transfers from nonperforming loans	-	-	-	697
Real estate sold	-	(838)	-	(1,587)
Net gains (losses) on sale of assets	-	38	-	90
Provision	-	-	(14)	-
Balance, end of period	\$ 242	\$ 256	\$ 242	\$ 256

(In thousands)	As of		
	December 31, 2015	September 30, 2015	December 31, 2014
Other Real Estate:			
Other real estate	\$ 954	\$ 954	\$ 954
Valuation allowance	(712)	(712)	(698)
Other real estate, net	\$ 242	\$ 242	\$ 256

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	As of		
	December 31, 2015	September 30, 2015	December 31, 2014
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	\$ 46,311	\$ 44,647	\$ 56,681
Construction	11,937	13,372	20,894
Agricultural	16,159	12,936	16,732
Land and land development	11,549	10,451	10,468
Owner-occupied commercial real estate	37,832	37,871	38,035
Commercial real estate	79,119	75,838	55,349
Small business administration	2,662	1,241	1,247
Consumer	39,228	37,307	33,127
Subtotal loans held for investment	\$ 244,797	\$ 233,663	\$ 232,533
Consolidated			
Commercial and industrial	\$ 62,940	\$ 55,577	\$ 67,533
Construction	15,187	20,915	24,916
Agricultural	18,003	13,540	17,478
Land and land development	17,627	17,206	28,220
Owner-occupied commercial real estate	44,066	44,717	47,218
Commercial real estate	149,099	121,205	108,122
Small business administration	25,860	25,128	26,972
Consumer	47,073	45,352	40,470
Total loans held for investment	\$ 379,855	\$ 343,640	\$ 360,929