



**BOK FINANCIAL®**

Fourth Quarter 2017  
Earnings Conference Call  
January 24, 2018

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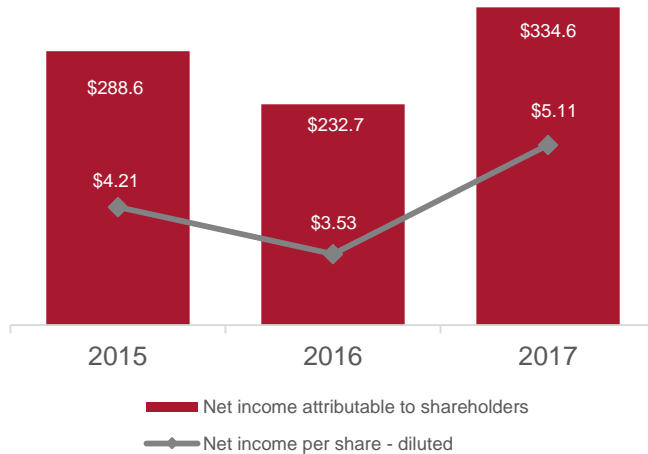
**Non-GAAP Financial Measures:** This presentation may refer to non-GAAP financial measures. Additional information on these financial measures is available in BOK Financial's 10-Q and 10-K filings with the Securities and Exchange Commission which can be accessed at [www.BOKF.com](http://www.BOKF.com).

All data is presented as of December 31, 2017 unless otherwise noted.

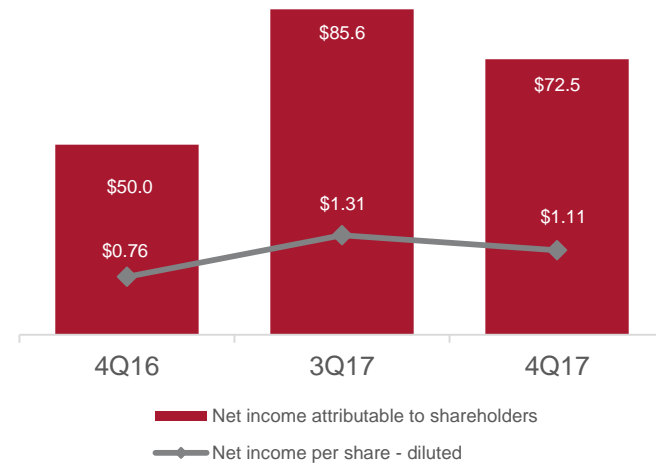
**Steven G. Bradshaw**  
**Chief Executive Officer**

# Fourth Quarter and FY2017 Summary:

### Net Income - Annual



### Net Income - Quarterly



- Noteworthy items impacting FY2017 profitability:
  - Strong growth in net interest margin and net interest income
  - Outstanding results from Wealth Management division
  - Careful expense management
  - Benign credit environment
  - Better results from MSR hedging

- Noteworthy items impacting Q4 profitability:
  - Deferred tax asset writedown of \$12 million
  - \$7 million release of loan loss provision
  - \$2 million charitable contribution

# Loan Growth

(\$B)	Q4 2017	Quarterly Growth	Annualized Quarterly Growth	Year over Year Growth
Period-End Loans	\$17.2	(0.3%)	(1.2%)	1.0%
Average Loans	\$17.2	(0.4%)	(1.8%)	2.7%

- Low single digit year-over-year loan growth despite multiple headwinds – CRE paydowns due to flattening of yield curve and uncertainty over healthcare and tax reform.

Scott Grauer  
EVP-Wealth Management

# Wealth Management Preliminary 2017 Results

	FY 2017	Year over Year Growth
Total Revenue (\$M)	\$384.8	11.4%
Net Direct Contribution (\$M) (1)	\$138.9	46.1%
Total Loans (\$B)	\$1.3	16.0%
Total Deposits (\$B)	\$5.5	13.3%
Fiduciary Assets (\$B)	\$48.8	15.1%
Assets Under Management or in Custody (\$B)	\$81.8	8.5%

- Revenue growth driven by Connecticut Trading Desk lift-out, loan growth, net interest margin growth, increase in trust fees (AUMA and market performance).
- Wealth management surpasses \$80 billion in Assets Under Management for the first time in company history. Very strong Q4 growth in AUM and fiduciary assets – 60% new money inflows, 40% market movement.
- Careful expense controls and earnings leverage – total expenses down 1.7% for the full year

(1) Excludes corporate allocations of \$40.6 million

Steven Nell  
Chief Financial Officer  
Financial Overview



# Net Interest Revenue

## Net Interest Margin

(\$mil)	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net Interest Revenue	\$216.9	\$218.5	\$205.2	\$201.2	\$194.2
Provision For Credit Losses	(\$7.0)	\$ --	\$ --	\$ --	\$ --
Net Interest Revenue After Provision	\$223.9	\$218.5	\$205.2	\$201.2	\$194.2
Net Interest Margin	2.97%	3.01%	2.89%	2.81%	2.69%

- Interest recoveries impacted Q3 2017 NIR by \$4.7 million and NIM by 6 basis points and did not recur in Q4
- Yield on investment securities up 12 basis points
- Loan yields down 2 basis points sequentially; normalized for non-accrual interest recoveries Q4 loan yields would be up 2 basis points.
- Modest 3 basis point increase in deposit costs
- Continued benign credit environment and declines in non-accrual and potential problem loans led to provision release in Q4

# Fees and Commissions

	Revenue, \$mil	Change:		
	Q4 17	Quarterly, Sequential	Quarterly, Year over Year	12 Months
Brokerage and Trading	\$33.0	(0.4%)	15.9%	(4.9%)
Transaction Card	29.5	(10.1%)	(0.5%)	3.0%
Fiduciary and Asset Management	41.8	2.7%	20.9%	20.2%
Deposit Service Charges and Fees	27.7	(1.8%)	(1.8%)	0.5%
Mortgage Banking	24.4	(2.1%)	(14.3%)	(21.8%)
Other Revenue	11.8	(14.0%)	(7.3%)	2.2%
<b>Total Fees and Commissions</b>	<b>\$168.2</b>	<b>(3.1%)</b>	<b>3.8%</b>	<b>(0.5%)</b>

## Fee and commission revenue drivers:

- Strong 12 month year over year growth in transaction card, fiduciary and asset management largely offset significant decline in mortgage banking due to high rates/lower refi volume.
- Other Revenue down sequentially due to sale of merchant banking portfolio company in Q3 (partially offset by corresponding decrease in other expense).
- Note reclassification of approximately \$5 million of quarterly revenue from Transaction Card to Deposit Service Charges and Fees.

# Expenses

(\$mil)	Q4 2017	Q3 2017	Q4 2016	%Incr. Seq.	%Incr. YOY
Personnel Expense	\$145.3	\$147.9	\$141.1	(1.7%)	3.0%
Other Operating Expense	\$118.7	\$118.0	\$124.4	0.5%	(4.6%)
Total Operating Expense	\$264.0	\$265.9	\$265.5	(0.7%)	(0.7%)
(\$mil)	12 mos. 2017	12 Mos 2016			%Incr. YOY
Personnel Expense	\$573.4	\$553.1			3.7%
Other Operating Expense	\$452.1	\$464.5			(2.7%)
Total Operating Expense	\$1,025.5	\$1,017.6			0.8%

- Full year total expenses up 0.8%, essentially flat from 2016
- Q4 expenses in 2016 and 2017 included a \$2 million charitable contribution to BOKF Foundation
- Higher professional fees and services in Q4 due to completion and launch of new products

## 2018 Expectations

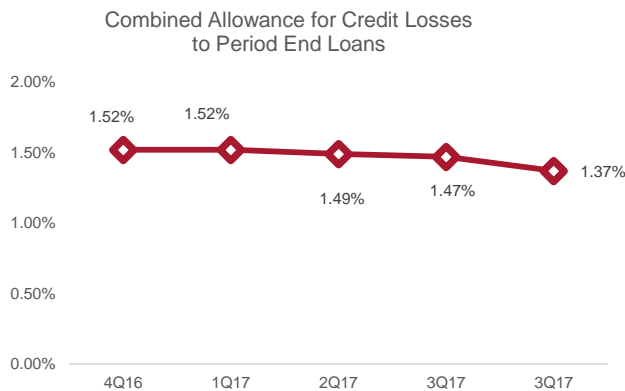
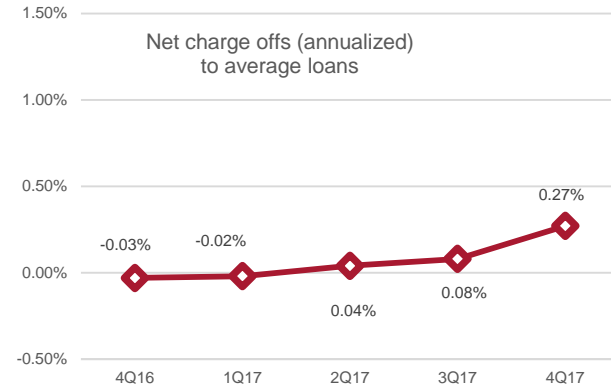
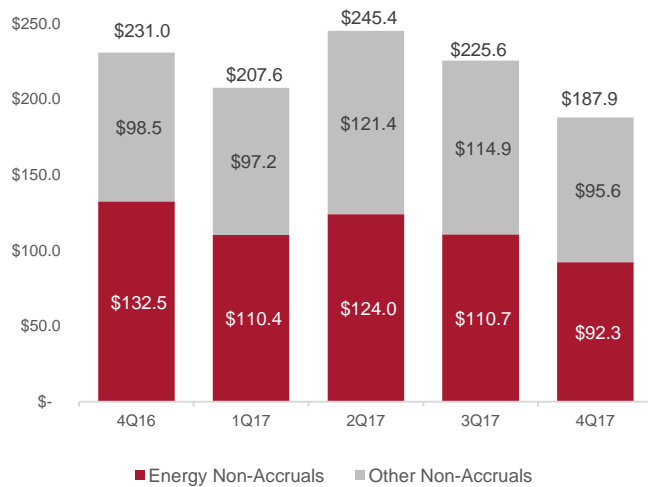
- Mid-single-digit loan growth
- Available-for-sale securities flat to slightly down
- Modest growth in net interest margin
  - Assuming two Fed rate hikes (March and September) with assumed active management and control of deposit pricing
- Mid-single-digit growth in net interest income
- Low-single-digit revenue growth from fee-generating businesses
- Low-single-digit expense growth
- Bias toward additional loan loss reserve releases in 2018
- Blended federal and state effective tax rate 22-23% going forward

Stacy Kymes  
EVP-Corporate Banking

(\$mil)	Dec 31 2017	Sept. 30 2017	Dec 31 2016		Seq. Loan Growth	YOY Loan Growth
Energy	\$2,930.2	\$2,868.0	\$2,497.9		2.2%	17.3%
Services	2,986.9	2,967.5	3,109.0		0.7%	3.9%
Healthcare	2,314.8	2,239.5	2,201.9		3.4%	5.1%
Wholesale/retail	1,471.3	1,658.1	1,576.8		(11.3%)	(6.7%)
Manufacturing	496.8	519.4	515.0		(4.4%)	(3.5%)
Other	534.1	543.4	490.3		(1.7%)	8.9%
<b>Total C&amp;I</b>	<b>\$10,734.0</b>	<b>\$10,795.9</b>	<b>\$10,390.8</b>		<b>(0.6%)</b>	<b>3.3%</b>
Commercial Real Estate	3,480.0	3,518.1	3,809.0		(1.1%)	(8.6%)
Residential Mortgage	1,973.7	1,945.8	1,949.8		1.4%	1.2%
Personal	965.8	947.0	840.0		2.0%	15.0%
<b>Total Loans</b>	<b>\$17,153.4</b>	<b>\$17,206.8</b>	<b>\$16,989.7</b>		<b>(0.3%)</b>	<b>1.0%</b>

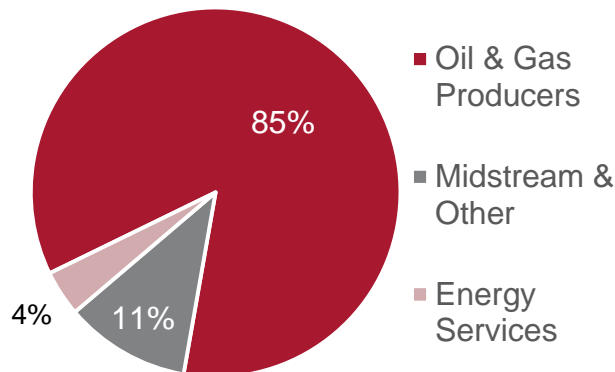
- Strong year over year loan growth in energy and personal (private banking) offset decreases in wholesale/retail, manufacturing, and CRE.
- Healthcare, energy, and personal delivered strong sequential growth in Q4 but were offset by decreases in wholesale/retail, manufacturing, and CRE.

# Key Credit Quality Metrics



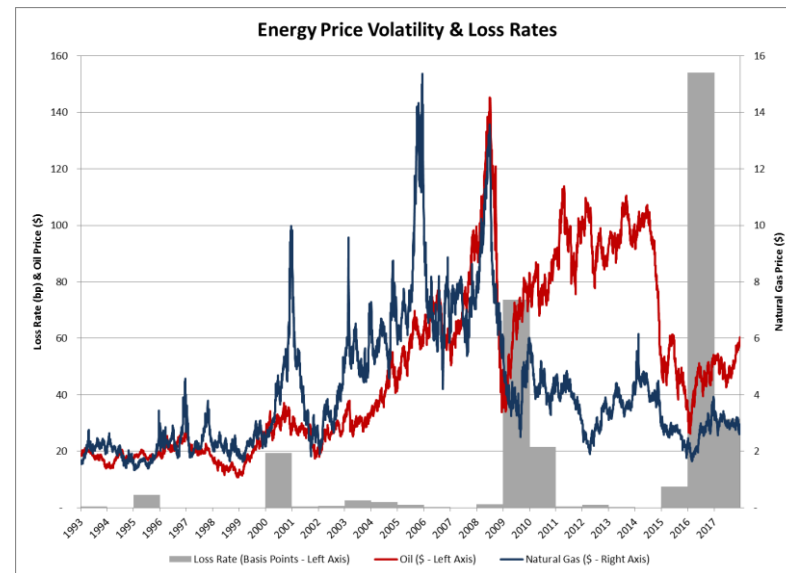
- ✓ No material signs of stress in any loan portfolio
- ✓ Nonaccrual loans down 17% sequentially
- ✓ Net charge-offs of 27 basis points for the fourth quarter, 9 basis points for the full year.
- ✓ Appropriately reserved for any potential issues with a combined allowance of 1.37%

# Energy Lending Update



## At 12/31/17:

- \$2.9 billion unfunded commitments
- \$2.9 billion outstanding
- E&P line utilization 53%
- Q4 energy net chargeoffs \$0.5 million
- Seventh consecutive quarterly reduction in criticized/classified energy loan outstandings



20 year average gross loss rate on E&P loans (gross chargeoffs as a percent of period average loans) is 16 bps

Net Charge-Offs	2013	2014	2015	2016	2017
E&P	0.00%	0.00%	0.07%	1.42%	0.23%
Total Energy	-0.01%	-0.15%	0.17%	1.16%	0.18%



Steven G. Bradshaw  
Chief Executive Officer  
Closing Remarks

# Question and Answer Session