



## **Investor Presentation**

**NASDAQ: BOKF**

## **FORWARD LOOKING STATEMENTS**

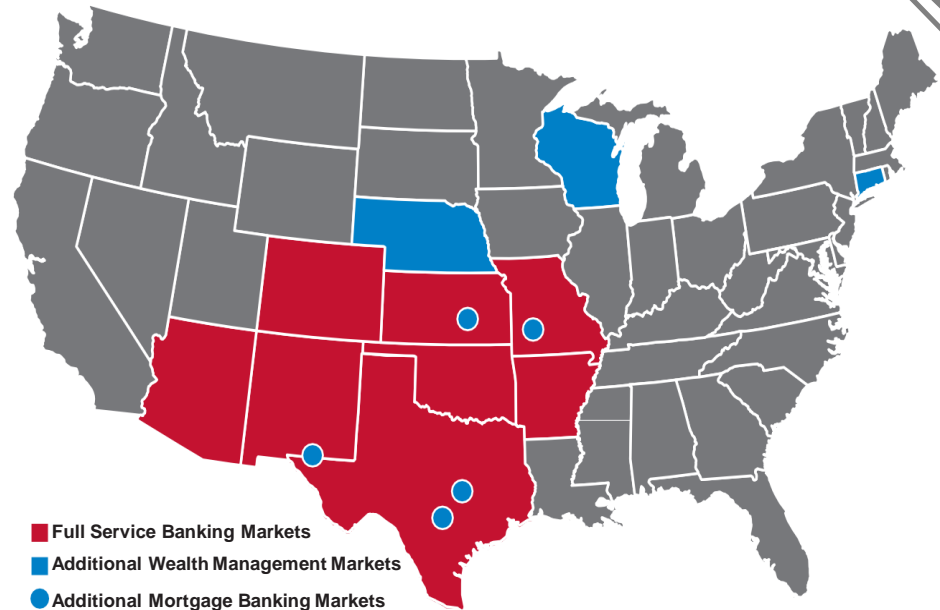
This presentation contains statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections about BOK Financial Corporation, the financial services industry, and the economy generally. These remarks constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "anticipates", "believes", "estimates", "expects", "forecasts", "plans", "projects", variations of such words, and similar expressions are intended to identify such forward-looking statements. Management judgments relating to, and discussion of the provision and allowance for credit losses involve judgments as to future events and are inherently forward-looking statements. Assessments that BOK Financial's acquisitions, including its latest acquisition of CoBiz Financial, Inc., and other growth endeavors will be profitable are necessary statements of belief as to the outcome of future events, based in part on information provided by others which BOKF has not independently verified. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions which are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what is expressed, implied or forecasted in such forward-looking statements. Internal and external factors that might cause such a difference include, but are not limited to, changes in interest rates and interest rate relationships, inflation, demand for products and services, the degree of competition by traditional and non-traditional competitors, changes in banking regulations, tax laws, prices, levies, and assessments, the impact of technological advances, and trends in customer behavior as well as their ability to repay loans. There may also be difficulties and delays in integrating CoBiz Financial Inc.'s business or fully realizing cost savings and other benefits including, but not limited to, business disruption and customer acceptance of BOK Financial Corporation's products and services.

For a discussion of risk factors that may cause actual results to differ from expectations, please refer to BOK Financial Corporation's most recent annual and quarterly reports. BOK Financial Corporation and its affiliates undertake no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events, or otherwise.

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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).

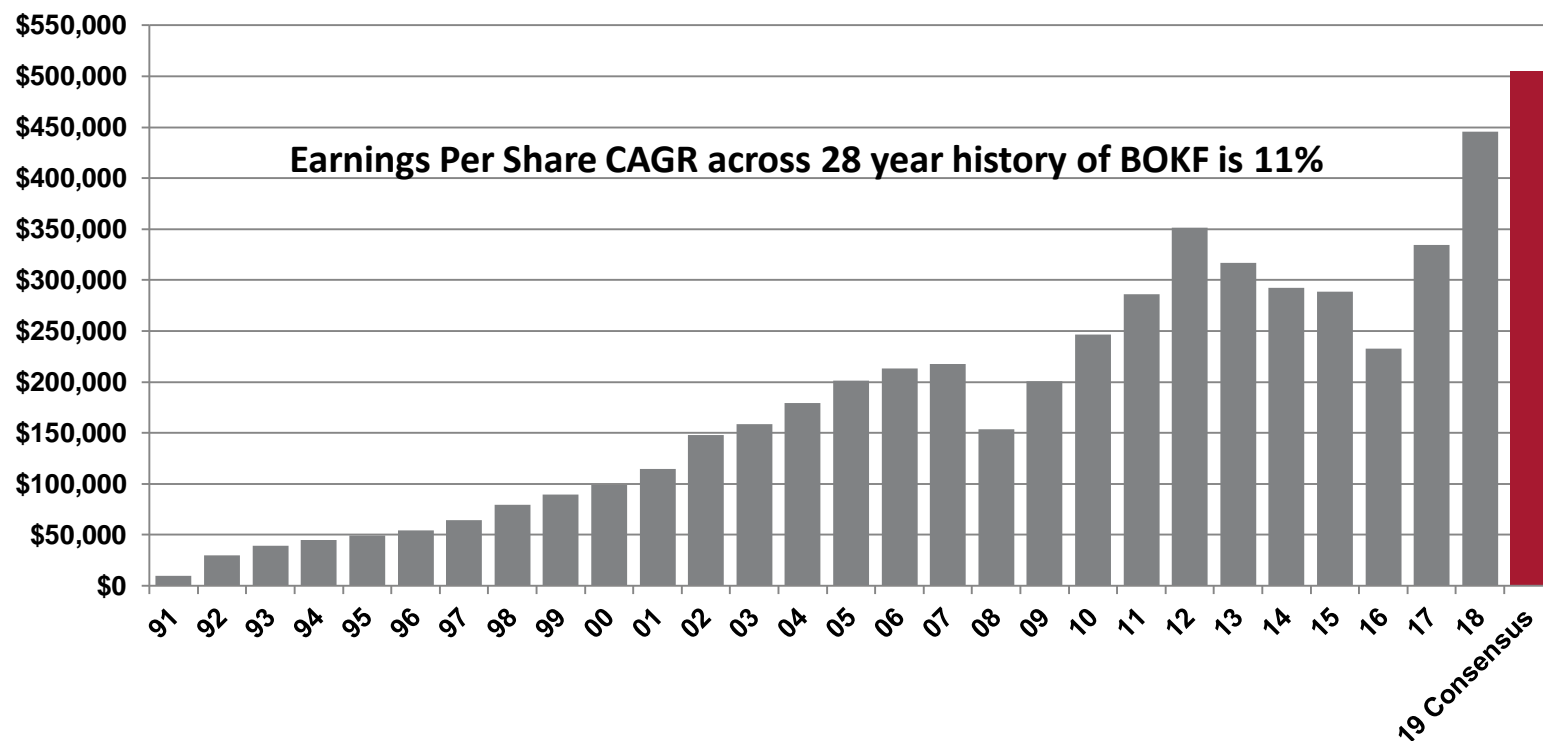
- Top 30 national/regional bank\*
- Long-term focused Midwest/Southwest franchise with market cap over \$5 billion.
- Seasoned management team
- Proven ability to deliver organic growth
- Consistent execution
- Consistent strategy



Assets	\$42 billion
Loans	\$22 billion
Deposits	\$25 billion
Fiduciary Assets	\$49 billion
Assets Under Management & Custody	\$82 billion

\* Total assets at 06/30/2019

Build a recession-proof bank that will outperform peers across the economic cycle

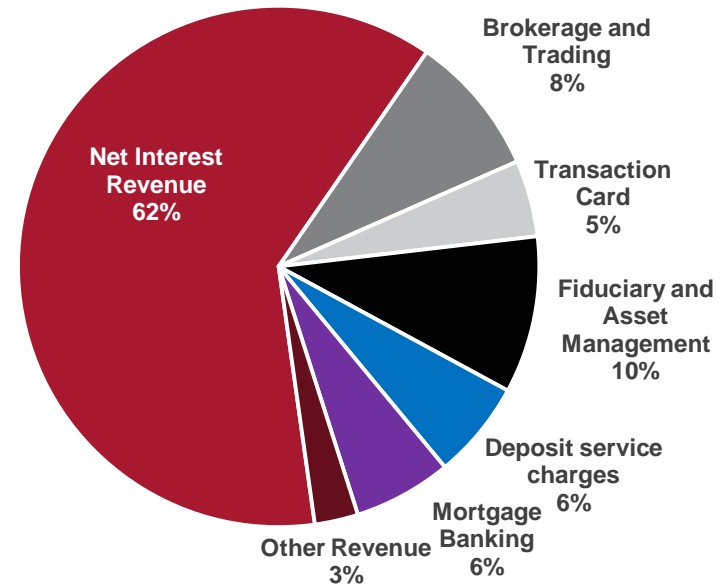


*"There is no principle more emphasized in our organization than managing for long-term value rather than short-term results."*

*– George Kaiser, Chairman*

# Diverse Revenue Sources

- 38% fee income is a differentiator for BOKF compared to other midsized regional banks
- Well diversified: no single component of fee income accounts for more than 10% of total revenue
- Further diversity within the fee income categories:
  - Brokerage and trading: institutional trading, retail brokerage, investment banking, and financial risk management
  - Transaction card: ATM network and merchant services
  - Fiduciary and asset management: Mutual funds; corporate, foundation, and personal trust; 401(k) services; and professional services including mineral management
  - Mortgage banking: direct and online mortgage originations, mortgage servicing



**Sources of Revenue:  
06/30/2019 YTD**

# Strong Balance Sheet

<b>Metric:</b>		<b>06/30/2019</b>
Period End Loans		\$22.3 billion
Period End Deposits		\$25.3 billion
Loan to Deposit Ratio		88%
<b>Capital Ratios:</b>	<b>Regulatory minimum for well-capitalized:</b>	<b>06/30/2019</b>
Common Equity Tier 1	7%	10.84%
Tier 1 Capital Ratio	8.5%	10.84%
Total Capital Ratio	10.5%	12.34%
Leverage Ratio	4%	8.75%

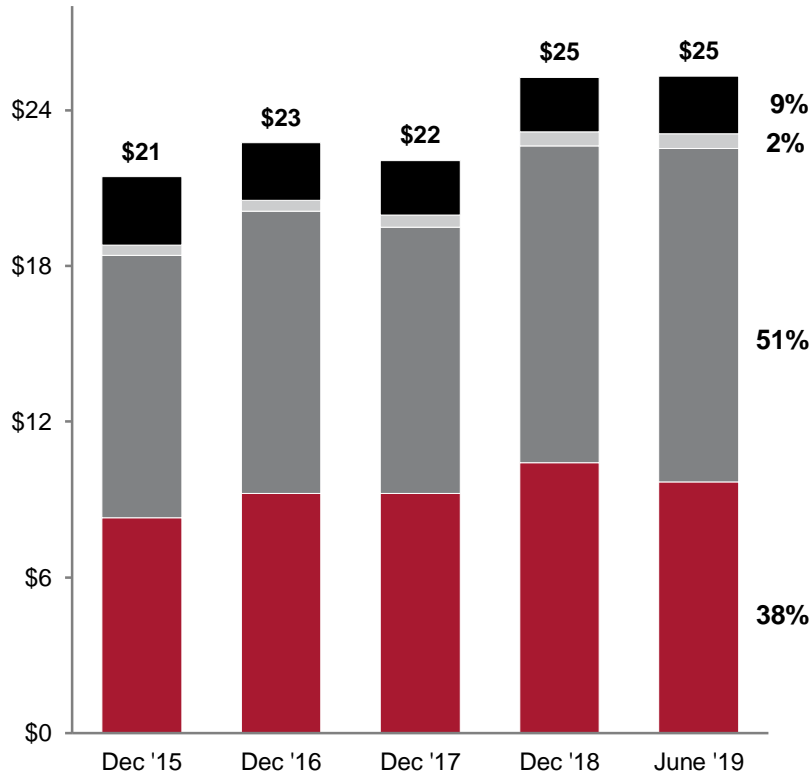
## Capital Deployment

- Primary use is for organic growth and regular quarterly dividends
- Growing capital ratios back to pre-CoBiz levels
- Opportunistic share re-purchases
- Disciplined M&A of targeted firms that add to the quality, scale and scope of client offerings

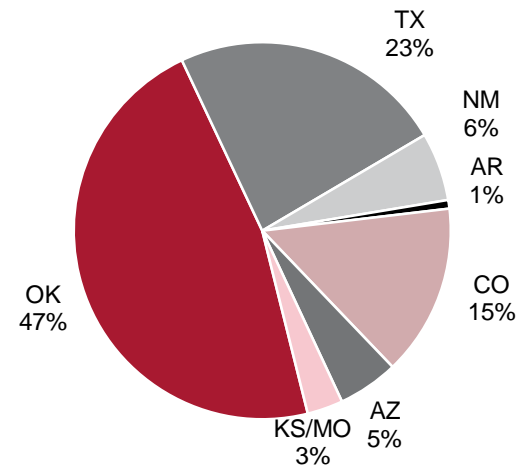
# Strong Core Deposit Franchise

## Deposit mix and cost (\$bn)

■ Demand ■ Interest-bearing transaction ■ Savings ■ Time



## Geographic deposit mix

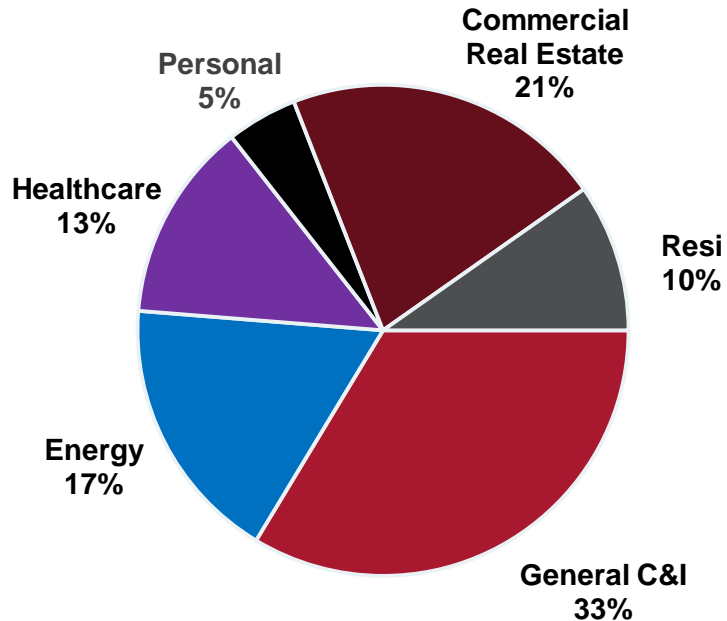


MSA	Branches	Deposit share
Tulsa, OK	24	32%
Dallas-Fort Worth-Arlington, TX	20	2%
Oklahoma City, OK	20	10%
Albuquerque, NM	15	11%
Houston-The Woodlands-Sugar Land, TX	11	1%
Denver-Aurora-Lakewood, CO	14	4%
Kansas City, MO-KS	7	2%
Phoenix-Mesa-Scottsdale, AZ	5	1%
Fayetteville-Springdale-Rogers, AR-MO	2	2%
Other MSAs	16	
<b>Total Branches</b>	<b>134</b>	

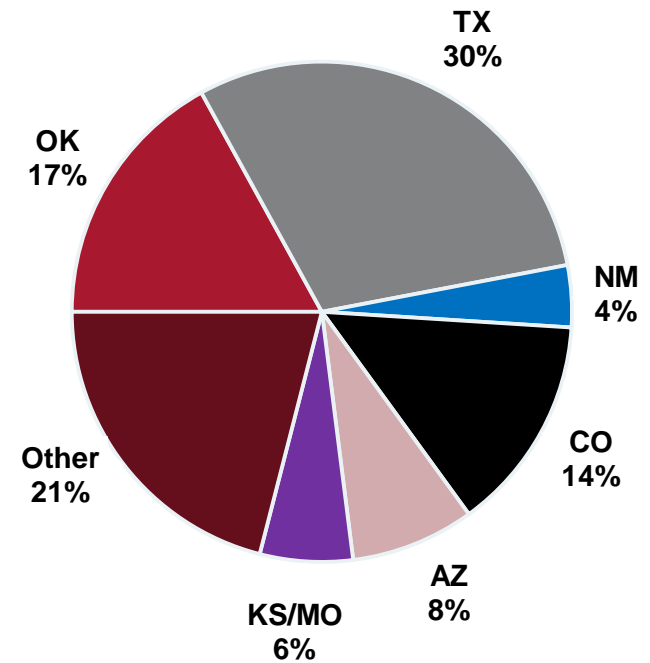
Source: SNL

# Diversified Loan Portfolio

**Loan Portfolio Segmentation**



**Loan Portfolio by Collateral Location**



Disciplined concentration management  
Diversified by sector and geography



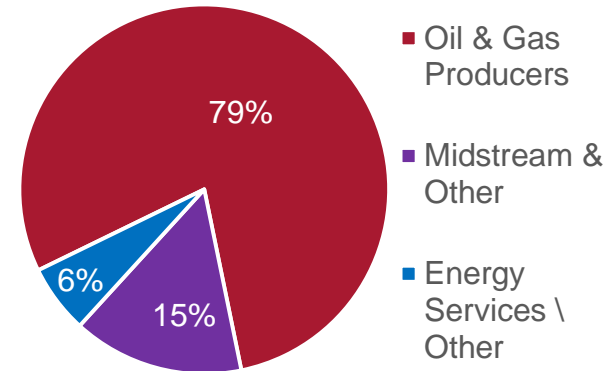
## Over 100 year history in energy lending and a playbook that works:

- Focus on first lien, senior secured E&P lending – the “sweet spot” in energy lending
- Internal staff of 16 petroleum engineers and engineering techs to confirm property values – a material investment that is a key to strong credit performance across the cycle.
- Focus on on-shore “lower 48” property sets with no deep-water offshore exposure
- Minimal exposure to second liens, undeveloped reserves, or other higher-risk components of the capital stack
- 50-60% loan to value on proved producing reserves
- Actual forward markets are the value determinant for borrowing bases
- Extraction and transportation costs are deducted from collateral values

## At 06/30/2019:

- \$3.9 billion outstanding and \$3.2 billion unfunded commitments
- E&P line utilization 57%

## Portfolio Composition at 06/30/2019

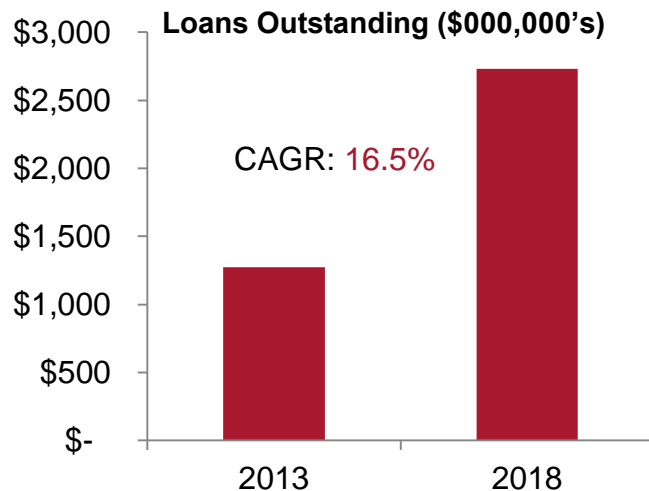
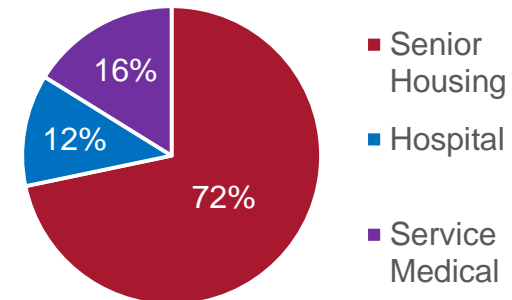
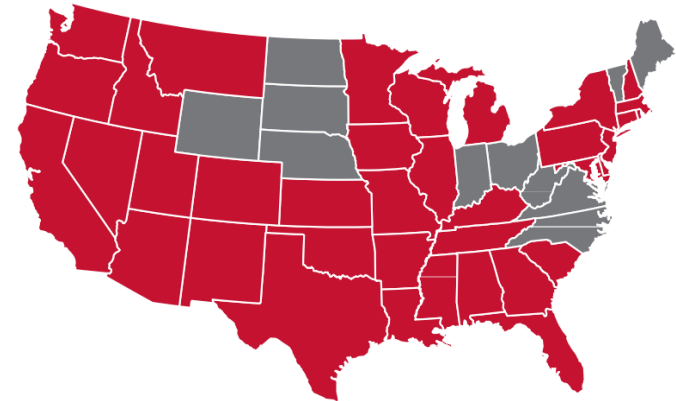


## Strong through-the-cycle credit performance:

Net Charge -Offs	2013	2014	2015	2016	2017	2018	2019 YTD
E&P	0.00%	0.00%	0.07%	1.43%	0.23%	0.61%	0.99%
Total Energy	-0.01%	-0.15%	0.17%	1.17%	0.18%	0.50%	0.80%

# Healthcare Banking Expertise

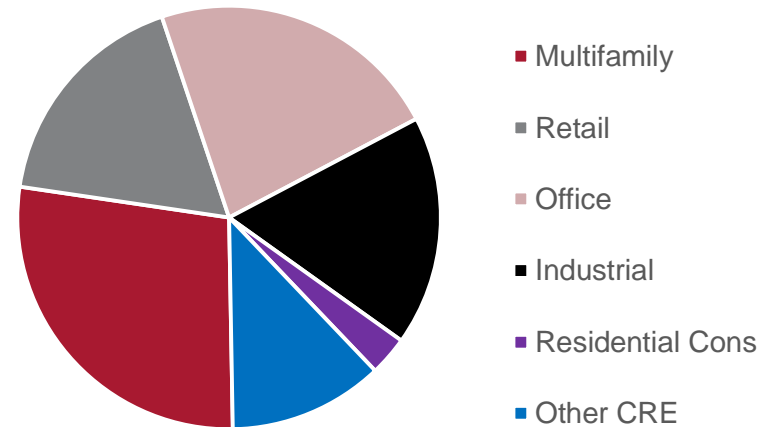
- Growing line of business within commercial banking
- As of June 30, 2019, outstandings totaled \$2.9 billion across 31 states
- Healthcare portfolio characteristics:
  - Favorable LIBOR spreads
  - Above-average loan utilization rates
  - Predominately BOK Financial originated commitments - less than 12% of commitments from broadly syndicated transactions
  - Senior Housing commitments real-estate collateralized and secured
  - Favorable credit metrics - No senior housing charge-offs (net of recoveries) since 2003



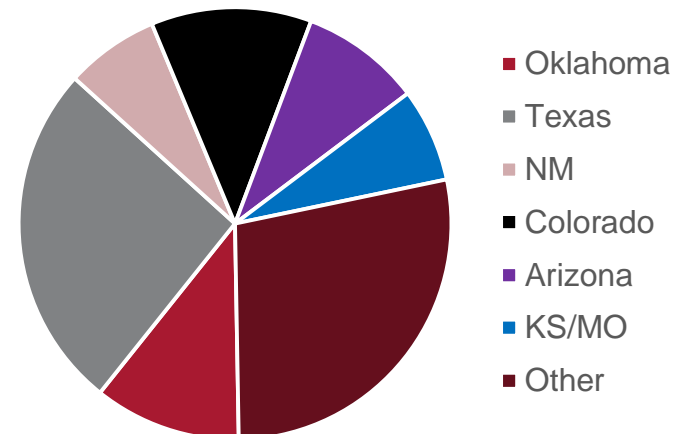
Net Charge-Offs	2013	2014	2015	2016	2017	2018
Senior Housing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hospital	-1.10%	0.00%	0.00%	0.00%	1.93%	2.05%
Medical	0.02%	-0.03%	-0.12%	-0.02%	1.31%	-0.32%

- \$4.7 billion outstanding and \$1.6 billion unfunded commitments at June 30, 2019.
- BOKF allocates 175% of Tier 1 capital plus reserves to CRE.
- Further controls and limitations by product type and geography. Concentration guidelines are analyzed and adjusted quarterly as needed.
- Extensive, granular loan underwriting guideline standards reviewed and adjusted semi-annually.
- Strong relationship between the front line production/bankers and credit concurrence officers. Bi-weekly vetting and discussion of potential opportunities in loan pipeline.
- Minimal exposure to residential construction and land development (highest risk, most cyclical sector in CRE)

CRE Portfolio by Product Type



CRE Portfolio by Collateral Location

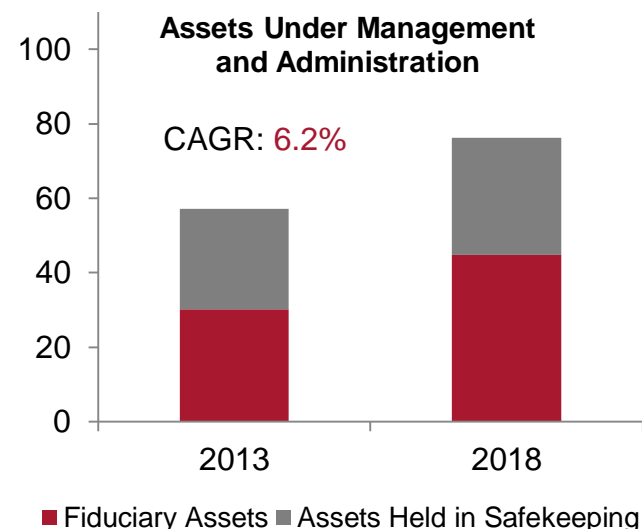
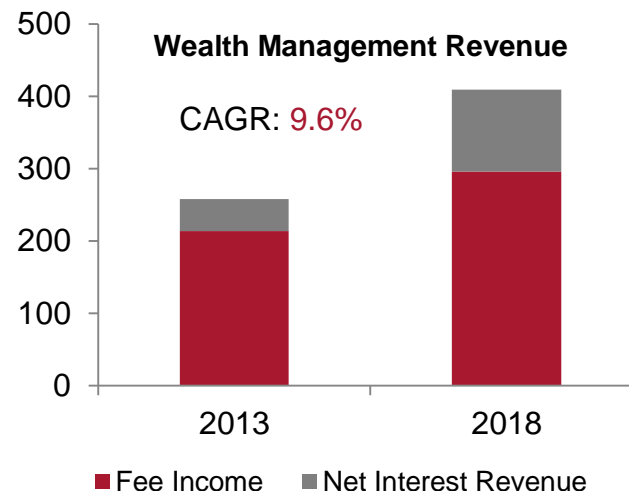


# Wealth Management

- Four primary lines of business:
  - The Private Bank
  - BOK Financial Advisors
  - Institutional Wealth Management
  - Cavanal Hill Investment Management
- Clients include high net worth individuals, corporations, pensions, foundations, government entities, etc.
- Wealth Management by the numbers:
  - Assets under management or custody: **\$82 billion**
  - Fiduciary assets: **\$49 billion**
  - Loans: **Over \$1.6 billion**
  - Deposits: **Over \$6.2 billion**
  - More than **\$1 trillion** in traded securities annually

## **Awards, Recognition, and Rankings:**

- 19 “Best in Class” awards for Retirement Plans group
- Seventh largest corporate trustee bank ranked by number of issues and dollar amount
- Two five-star ratings from Morningstar for Cavanal Hill
- Three #1 Lipper awards in 2016 for Cavanal Hill
- Five top-ten rankings for investment banking underwriting services
- One of the top 25 firms that fulfills the hedging needs of the mortgage banking industry.



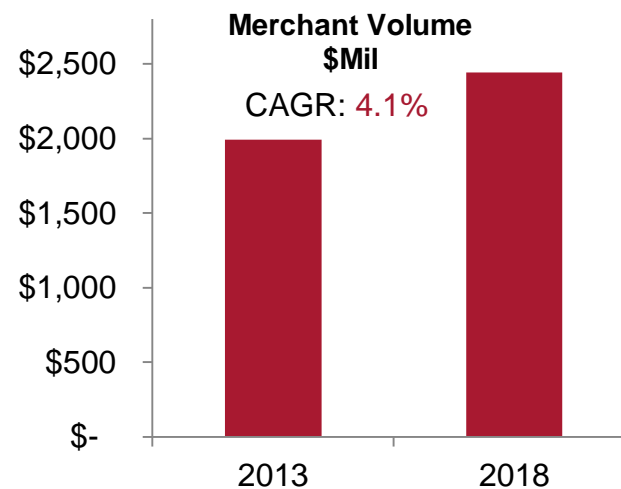
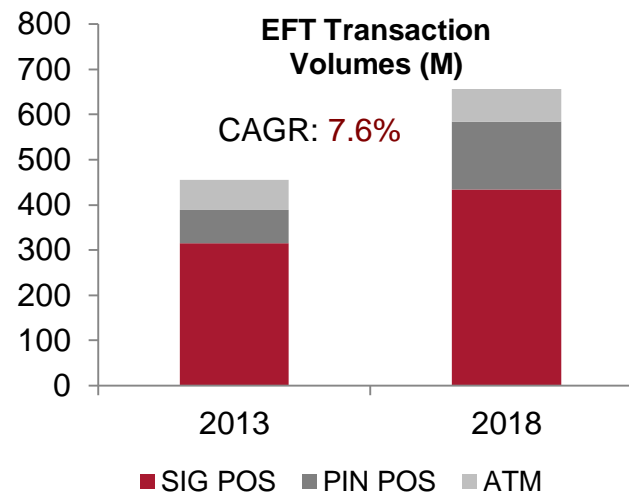
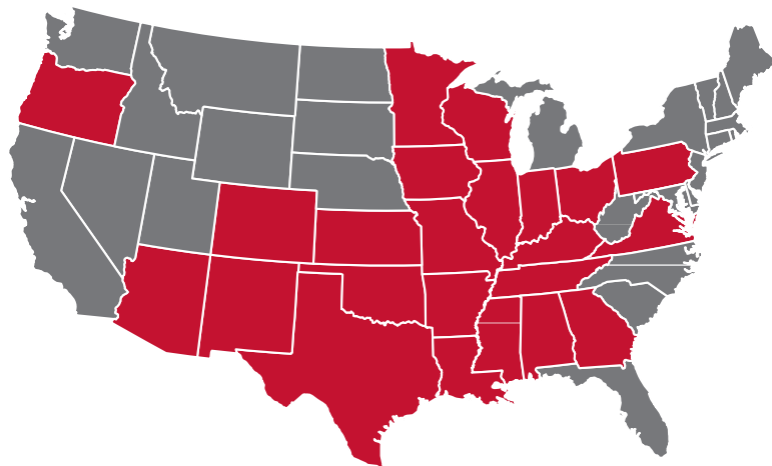
# Transaction Processing

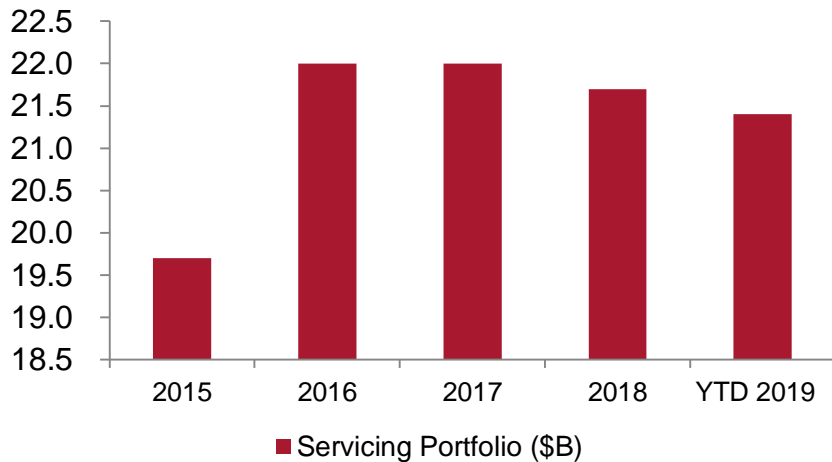
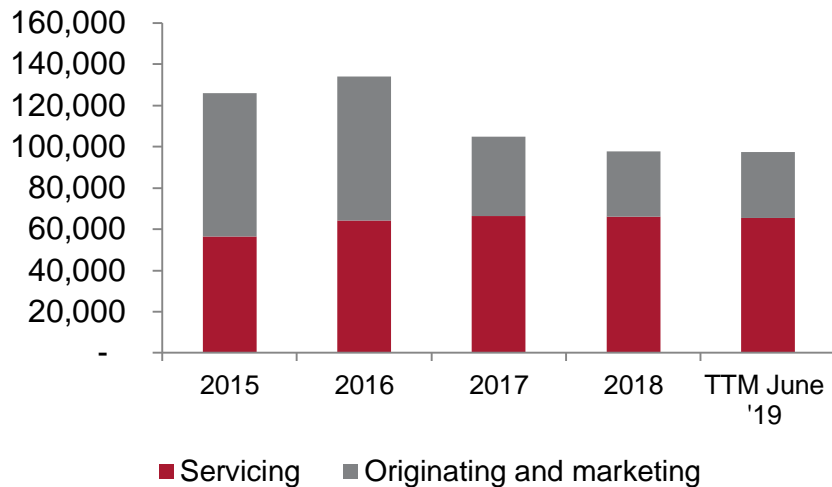
## Debit Processing & ATM Network

- Among the top 10 networks in the US
- Operates nationally with customers based in 26 states and the Virgin Islands; more than 65% of clients outside Oklahoma
- Clients: Banks / Credit Unions / C-Store Chains
- In 2018, processed 657 million EFT transactions

## Merchant Payment Processing

- Process payments for 6,042 merchant and cash advance locations
- In 2018, processed \$2.4 billion in merchant sales



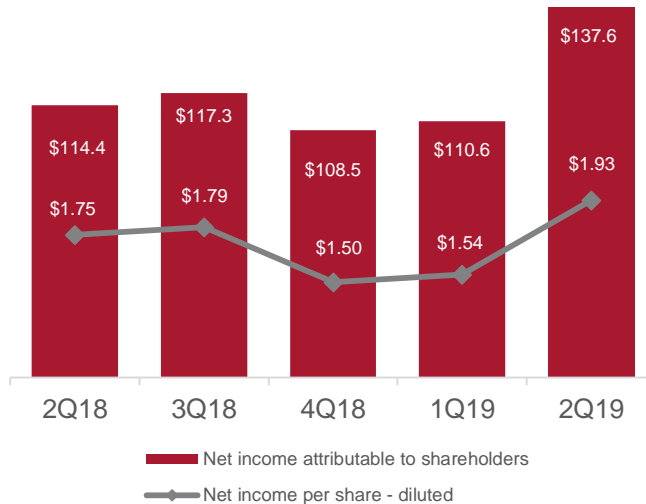


- Top 50 U.S. mortgage originator
- Two lines of business:
  - Direct mortgage origination through BOKF retail network
  - Mortgage Servicing
- Annual origination volume in 2018 ~ \$2.5 billion
- Servicing over \$21 billion of mortgages at June 30, 2019

## **2Q 2019 Financial Results**

# Second Quarter Summary

## Net Income



	Q2 2019	Q1 2019	Q2 2018
Diluted EPS	\$1.93	\$1.54	\$1.75
Net income before taxes	\$175.4	\$140.2	\$148.5
Net income attributable to BOKF shareholders	\$137.6	\$110.6	\$114.4

## Noteworthy items impacting second quarter profitability

- Continued, broad-based loan growth.
- Added \$1.2 billion to securities portfolio to help support net interest income in a falling rate environment.
- Fee income driven by strong performance in Brokerage & Trading and Mortgage.
- Diligent expense management with realization of acquisition expense synergies.
- \$5 million in loan loss provision due to continued loan growth.



# Loan Portfolio

(\$mil)	Jun 30, 2019	Mar 31, 2019	Seq. Loan Growth
Energy	\$3,921.4	\$3,705.1	5.8%
Services	3,309.5	3,287.6	0.7%
Healthcare	2,926.5	2,915.9	0.4%
Wholesale/retail	1,793.1	1,706.9	5.1%
Manufacturing	761.4	742.4	2.6%
Public Finance	795.7	803.1	(0.9)%
Other	829.5	801.1	3.5%
<b>Total C&amp;I</b>	<b>\$14,336.9</b>	<b>\$13,962.0</b>	<b>2.7%</b>
Commercial Real Estate	4,710.0	4,600.7	2.4%
Residential Mortgage	2,170.8	2,192.6	(1.0)%
Personal	1,037.9	1,003.7	3.4%
<b>Total Loans</b>	<b>\$22,255.7</b>	<b>\$21,759.0</b>	<b>2.3%</b>

- Strong growth in energy and retail the primary drivers of overall C&I growth.
- Commercial Real Estate portfolio growth following wave of paydowns in the first quarter.

# Net Interest Revenue and Margin

(\$millions)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net interest revenue	\$285.4	\$278.1	\$285.7	\$240.9	\$238.6
Provision for credit losses	\$5.0	\$8.0	\$9.0	\$4.0	\$—
NIR after provision	\$280.4	\$270.1	\$276.7	\$236.9	\$238.6
Net interest margin	3.30%	3.30%	3.40%	3.21%	3.17%

- Net interest income increased \$7.3 million from the previous quarter.
- Net interest margin was flat from the previous quarter.
  - 10 basis point **increase** due to:
    - \$3.4 million interest recovery
    - Increase in discount accretion from CoBiz– Up from \$7.8 million in the first quarter to \$13.4 million this quarter.
  - 10 basis point **decrease** due to:
    - Lower loan yields from variable rate loans priced off LIBOR.
    - Continued increase in deposit exception pricing for commercial clients.
    - Expansion of our fixed-income mortgage-backed securities portfolio.

# Fees and Commissions

	Revenue, \$mil	Growth:		
	Q2 2019	Quarterly, Sequential	Quarterly, Year over Year	Trailing 12 Months
Brokerage and Trading	\$40.5	28.2%	53.0%	12.8%
Transaction Card	21.9	5.7%	4.5%	1.1%
Fiduciary and Asset Management	45.0	3.8%	8.0%	1.8%
Deposit Service Charges and Fees	28.1	(0.6)%	0.9%	0.2%
Mortgage Banking	28.1	18.0%	6.8%	1.9%
Other Revenue	12.4	(2.5)%	(10.7)%	(2.7)%
<b>Total Fees and Commissions</b>	<b>\$176.1</b>	<b>9.7%</b>	<b>12.0%</b>	<b>2.9%</b>

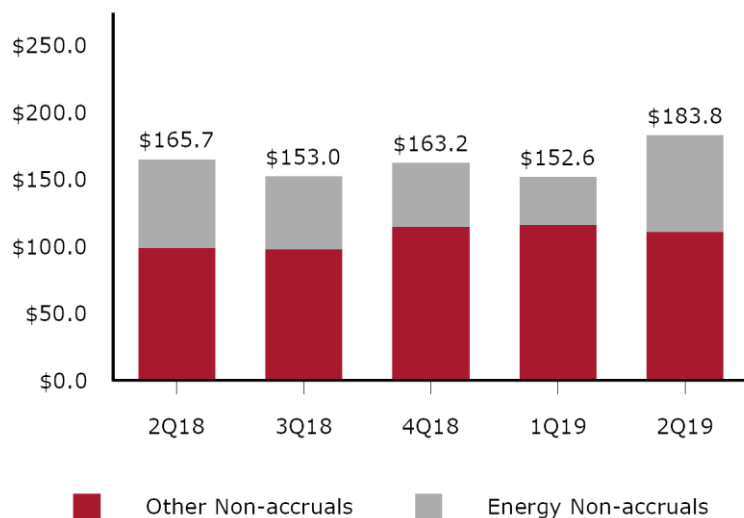
- **Brokerage and Trading:** Up largely due to strong mortgage backed security trading results.
- **Mortgage Banking:** Lower mortgage interest rates led to a significant increase in applications and commitments.
- All other fee revenues increased \$2.4 million, or 2.2% over the previous quarter, largely due to seasonal factors.

# Expenses

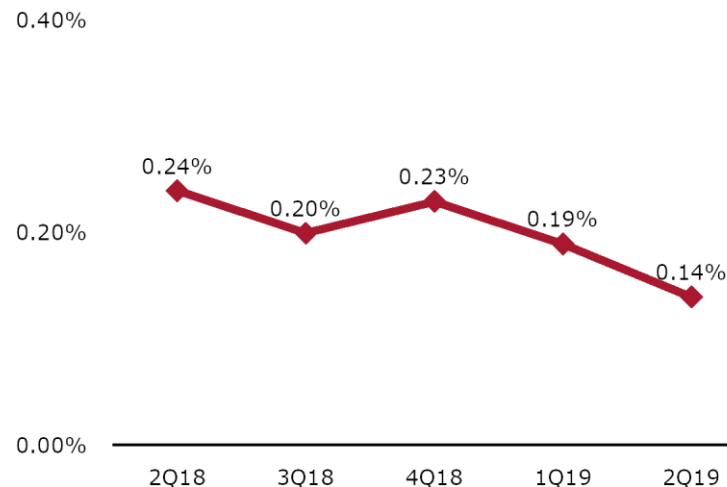
(\$mil)	Q2 2019	Q1 2019	Q2 2018	%Incr. Seq.	%Incr. YOY
Personnel expense	\$160.3	\$169.2	\$138.9	(5.3)%	15.4%
Other operating expense	\$116.8	\$117.9	\$107.5	(1.0)%	8.6%
Total operating expense	\$277.1	\$287.2	\$246.5	(3.5)%	12.4%
Efficiency Ratio	59.51%	64.80%	61.77%		

- Excluding CoBiz integration costs, personnel expense decreased \$5.6 million as expected cost efficiencies from CoBiz are realized.
- Excluding CoBiz integration costs, non-personnel expense increased \$8.3 million.
  - Business promotion expense increased \$2.9 million primarily due to increased seasonal advertisement spending and brand promotion in CO and AZ.
  - Insurance expense increased \$1.9 million largely due to adjustments to deposit insurance expense related to CoBiz integration.
  - Increase in professional fees and services of \$1.7 million and mortgage banking costs of \$1.6 million were partially offset by a decrease in net losses and expenses of repossessed assets of \$1.3 million.
  - A \$1.0 million charitable donation was made to the BOKF Foundation in the second quarter.

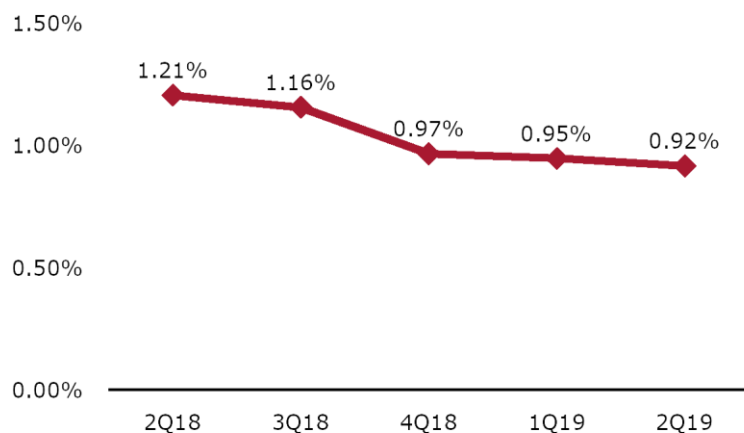
# Key Credit Quality Metrics



Net charge-offs (annualized) to average loans



Combined Allowance for Credit Losses to Period End Loans



- No material signs of stress in any loan portfolio.
- Nonaccrual loans up \$31 million sequentially.
- Appropriately reserved with a combined allowance of 0.92 percent with CoBiz portfolio included.
- Net charge-offs were 0.14 percent of average loans, the lowest level we've seen in the past five quarters.

# Forecast and Assumptions

- Mid single digit loan growth with continued strength in Energy, Healthcare and General C&I.
- Provision levels moving forward will be influenced by loan growth, but are expected to be at similar dollar levels to the past couple of quarters.
- Interest rate decreases forecasted by the market will continue to put downward pressure on net interest margin.
- Revenue from fee-generating businesses, particularly Brokerage & Trading and Mortgage, could continue to benefit from lower interest rates.
- Will attempt to maintain an efficiency ratio at or below 60%, as long as the environment remains favorable for revenue.
- Capital strategy will support organic balance sheet growth and modest opportunistic share repurchases. Capital ratios are expected to improve over time.
- Blended federal and state effective tax rate of 22-23% going forward.
- CECL implementation on schedule.
  - Little impact to core allowance for loan losses.
  - Will be required to add an allowance for approximately \$2.5 billion of acquired loans from CoBiz.
  - Additional allowance will be required on approximately \$3.3 billion of government guaranteed, residential mortgage loans for exposure outside of the guarantee.