# Fourth Quarter 2018
# Earnings Conference Call
# January 30, 2019

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All data is presented as of December 31, 2018 unless otherwise noted.

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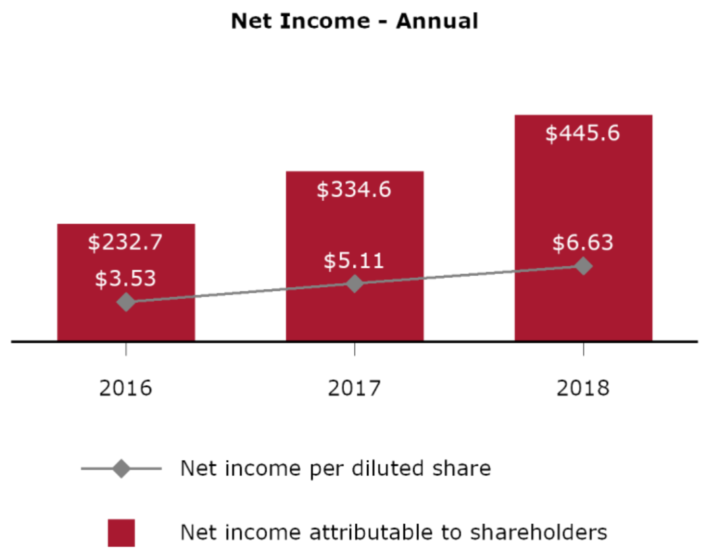
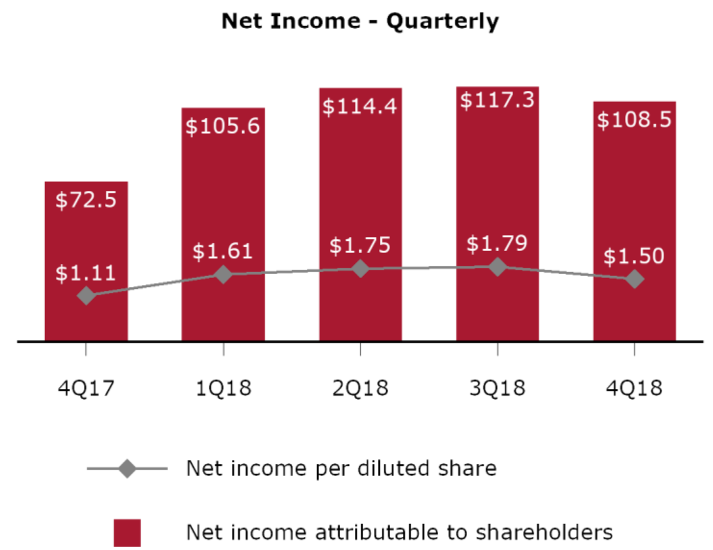
# Steven G. Bradshaw
# Chief Executive Officer

# Fourth Quarter and FY2018 Summary:




**Noteworthy items impacting FY 2018 profitability:**

- Strong growth in net interest margin and net interest income
- Outstanding loan growth
- Diligent expense management
- Benign credit environment

**Noteworthy items impacting Q4 2018 profitability:**

- CoBiz integration expense of $14.5 million realized this quarter
- $9.0 million in loan loss provision due to continued loan growth
- Broad-based loan growth continues

# Additional Details

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| $billions | Q4 2018 | Quarterly Growth | Year over Year Growth |
|---|---|---|---|
| Period-End Loans | $21.7 | 18.0% | 26.3% |
| Average Loans | $21.6 | 18.5% | 25.6% |
| Period-End Deposits | $25.3 | 16.8% | 14.5% |
| Average Deposits | $25.1 | 14.4% | 13.2% |
| Fiduciary Assets | $44.8 | (1.6)% | (8.0)% |
| Assets Under Management or in Custody | $76.3 | (1.7)% | (6.8)% |

- Strong loan growth across all major categories and most regional markets.
- Period-end deposit growth largely CoBiz related.
- Strong liquidity position with average loan/deposit ratio of 86 percent.
- Fiduciary assets and assets under management were down due to market impact.

# Steven Nell
# Chief Financial Officer
# Financial Overview

# Net Interest Revenue and Margin

| ($millions) | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 |
|---|---|---|---|---|---|
| Net interest revenue | $285.7 | $240.9 | $238.6 | $219.7 | $216.9 |
| Provision for credit losses | $9.0 | $4.0 | $— | $(5.0) | $(7.0) |
| NIR after provision | $276.7 | $236.9 | $238.6 | $224.7 | $223.9 |
| Net interest margin | 3.40% | 3.21% | 3.17% | 2.99% | 2.97% |

- Net interest revenue continues to climb due to strong loan growth.
  - Yield on available for sale securities was 2.51 percent, an increase of 14 basis points sequentially, and up 30 basis points year over year.
  - Loan yields were 5.09 percent, up 29 basis point sequentially largely due to slightly higher yield on the CoBiz loan portfolio, $6.4 million in net purchase accounting accretion, and short-term market interest rates.
  - Interest-bearing deposits increased 10 basis points sequentially.

- Net interest margin continues to expand. 16 basis points from CoBiz and remaining 3 basis points from legacy BOKF.

- A provision of $9.0 million was taken this quarter due to large growth in our loan portfolio the past few quarters.

# Fees and Commissions

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| | Revenue, $mil | Growth: | | |
|---|---|---|---|---|
| | Q4 2018 | Quarterly, Sequential | Quarterly, Year over Year | Trailing 12 Months |
| Brokerage and Trading | $28.1 | 21.7% | (15.0)% | (17.7)% |
| Transaction Card | 20.7 | (3.4)% | 3.2% | 3.6% |
| Fiduciary and Asset Management | 43.7 | (24.1)% | 4.5% | 13.4% |
| Deposit Service Charges and Fees | 29.4 | 5.9% | 6.2% | (11.1)% |
| Mortgage Banking | 21.9 | (7.0)% | (10.2)% | (6.6)% |
| Other Revenue | 16.4 | 26.7% | 49.2% | 13.4% |
| Total Fees and Commissions | $160.1 | (3.7)% | 1.4% | (2.0)% |

- Brokerage and Trading: Up largely due to CoBiz impact and increases in customer risk management products.
- Transaction Card: Up 3.2 percent year over year.
- Fiduciary and Asset Management: A large $15 million fee earned on the sale of client assets in Q3 impacted quarterly comparison.
- Mortgage Banking: Interest rate pressures and seasonality has impacted origination volume and margins.

# Expenses

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| ($mil) | Q4 2018 | Q3 2018 | Q4 2017 | %Incr. Seq. | %Incr. YOY |
|---|---|---|---|---|---|
| Personnel expense | $160.7 | $143.5 | $145.3 | 12.0% | 10.6% |
| Other operating expense | $123.9 | $109.1 | $109.2 | 13.6% | 13.5% |
| Total operating expense | $284.6 | $252.6 | $254.5 | 12.7% | 11.9% |
| Efficiency Ratio | 63.24% | 61.59% | 66.07% | | |

- CoBiz acquisition and integration expense totaled $14.5 million in the quarter.
- It should be noted that CoBiz personnel expense was $19.3 million, as run rate efficiencies are not yet realized. Once normalized for CoBiz operation related expenses, legacy BOKF personnel expense decreased by $7.8 million in Q4.
- Once normalized for $10.4 million in CoBiz operation related expenses, non-personnel expense decreased by $3.6 million, primarily due to decreases in data processing and insurance related expenses. The fourth quarter also included a $2.8 million contribution to the BOKF Foundation.
- Tax rate in Q4 was 15.7%, nearly 7 percentage points lower than usual. This will be a single-quarter impact.
- $45 million in share repurchases in Q4.

# Forecast and Assumptions

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- Mid single digit loan growth for the consolidated BOKF and COBZ entity.
- 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.
- We expect two rate hikes in 2019 which will result in slight margin improvement.
- Revenue from fee-generating businesses slightly up with CoBiz embedded on a linked quarter basis.
- We expect to meet the 60 percent efficiency ratio mark in 2019.
- Blended federal and state effective tax rate 22-23% going forward.
- CoBiz integration and closing charges expected to total $40 million, with $23 million largely in the first quarter of 2019.
- We plan to meet or exceed the 6 percent EPS accretion mark previously quoted.
- Conversion is still expected late in the first quarter of 2019, with run rate efficiencies realized in Q2, Q3, and Q4.

# Stacy Kymes
# EVP-Corporate Banking

# Loan Portfolio

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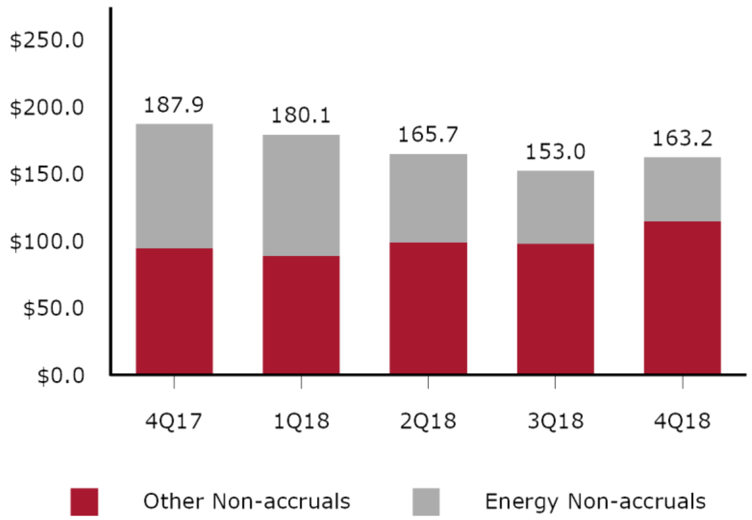
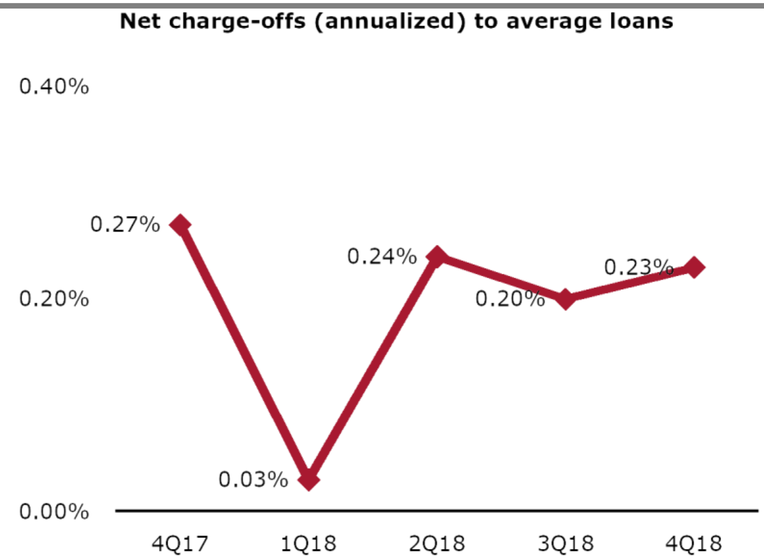
| ($mil) | Dec 31, 2018 | Dec 31, 2018 Ex COBZ | Sep 30, 2018 Ex COBZ | Dec 31, 2017 Ex COBZ | Seq. Loan Growth Ex COBZ | YOY Loan Growth Ex COBZ |
|---|---|---|---|---|---|---|
| Energy | $3,590.3 | $3,570.2 | $3,294.9 | $2,930.2 | 8.4% | 21.8% |
| Services | 3,252.1 | 2,647.8 | 2,597.7 | 2,522.0 | 1.9% | 5.0% |
| Healthcare | 2,733.5 | 2,417.8 | 2,370.5 | 2,243.5 | 2.0% | 7.8% |
| Wholesale/retail | 1,621.2 | 1,468.3 | 1,650.7 | 1,471.3 | (11.0)% | (0.2%) |
| Manufacturing | 730.5 | 578.7 | 660.6 | 496.8 | (12.4)% | 16.5% |
| State and Municipal | 876.3 | 488.0 | 491.6 | 541.8 | (0.7)% | (9.9)% |
| Other | 832.0 | 635.5 | 510.2 | 528.5 | 24.6% | 20.2% |
| **Total C&I** | **$13,636.1** | **$11,806.3** | **$11,576.1** | **$10,734.0** | **2.0%** | **10.0%** |
| Commercial Real Estate | 4,764.8 | 3,926.6 | 3,804.7 | 3,480.0 | 3.2% | 12.8% |
| Residential Mortgage | 2,230.0 | 2,006.4 | 1,971.7 | 1,973.7 | 1.8% | 1.7% |
| Personal | 1,025.8 | 1,003.4 | 996.9 | 965.8 | 0.7% | 3.9% |
| **Total Loans** | **$21,656.7** | **$18,742.7** | **$18,349.5** | **$17,153.4** | **2.1%** | **9.3%** |

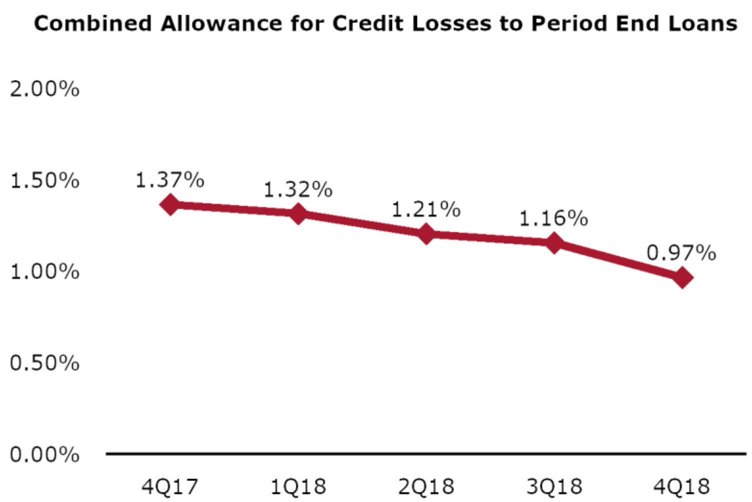
- Continued loan growth in the legacy BOKF portfolio led to the best year in recent memory, posting over 9% year-over-year growth.
- Strong growth in energy, healthcare, and commercial real estate.

# Marc Maun
# EVP-Chief Credit Officer

# Key Credit Quality Metrics




- No material signs of stress in any loan portfolio.
- Nonaccrual loans down 1.4 percent sequentially on a legacy BOKF basis.
- Appropriately reserved with a combined allowance of 0.97 percent with CoBiz portfolio included. Reserve of legacy portfolio is 1.12 percent.
- Net charge-offs were 0.18 percent of average loans over the last four quarters.

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# Steven G. Bradshaw
# Chief Executive Officer
# Closing Remarks

# Question and Answer Session