# BOK FINANCIAL®

## Second Quarter 2014
## Earnings Conference Call
## July 30, 2014

**Steven G. Bradshaw**
Chief Executive Officer

**Scott Grauer**
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Chief Financial Officer

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**Peers:** Peers are defined as a group of 20 U.S. based publicly traded bank holding companies, 10 immediately larger and 10 immediately smaller than BOK Financial in terms of asset size at 12/31/13.

All data is presented as of June 30, 2014 unless otherwise noted.

# Steven G. Bradshaw
# Chief Executive Officer

# Second Quarter Highlights

| | Q2 2014 | Q1 2014 |
|---|---|---|
| Net Income | $75.9 million | $76.6 million |
| Diluted EPS | $1.10 | $1.11 |

Drivers:

- Strong execution of growth strategies across the entire business
- Double-digit annualized loan growth in Q2
- Sustainable growth across all fee-generating lines of business

# Second Quarter Highlights

| $billions | Q2 2014 | Q1 2014 | Q2 2013 | % Growth, Seq. | % Growth, YOY |
|---|---|---|---|---|---|
| Period-End Loans | $13.4 | $13.1 | $12.4 | 2.7% (10.7% ann.) | 7.9% |
| Avg. Loans | 13.3 | 12.9 | 12.3 | 2.4% (9.8% ann.) | 8.0% |
| | | | | | |
| Fiduciary Assets | $32.7 | $31.3 | $28.3 | 4.5% | 15.7% |

Drivers:
- Loan growth driven by traditional C&I customers
- Energy loans up 3.2% in Q2 (13.0% annualized) - best sequential loan growth since Q3 2012
- Continued strong credit quality of underlying portfolio
- Fiduciary asset increase due to acquisitions as well as organic growth

# Other Operating Revenue

| ($millions) | Q2 2014 | % Growth, Seq. | % Growth, YOY | |
|---|---|---|---|---|
| Brokerage and trading | $39.1 | 32.3% | 18.8% | Investment banking business posts best quarter ever |
| Transaction card | 31.5 | 8.2% | 5.2% | Record quarter driven by higher transaction volume, new customer growth |
| Fiduciary and asset management | 29.5 | 14.9% | 19.1% | Growth in customer accounts, asset values, and contribution from recent acquisitions |
| Deposit service charges and fees | 23.1 | 2.0% | -3.5% | Sequential growth due to seasonality |
| Mortgage banking | 29.3 | 28.4% | -19.9% | Continued build-out of sales channels drives increased production in all sales channels |
| Other revenue | 11.5 | 4.8% | 4.4% | |
| **Total Fees and Commissions** | **$164.1** | **16.5%** | **3.1%** | |

# Expense Review

| ($millions) | Q2 2014 | Q1 2014 | Increase |
|---|---|---|---|
| Total operating expense | $214.7 | $185.1 | $29.6 |

Drivers:

- One-time reductions in personnel-related accruals in Q1 totaling $17.2 million
- Variable expenses driven by higher revenue levels
- GTrust and MBM acquisitions added $1.8 million of expenses
- Professional fees higher due to the timing of regulatory compliance and risk management projects

# Commercial Loan Growth

| ($millions) | Jun 30, 2014 | Mar 31, 2014 | Sequential Loan Growth |
|---|---|---|---|
| Energy | $2,419.8 | $2,344.1 | 3.2% |
| Services | 2,377.1 | 2,232.5 | 6.5% |
| Wholesale/retail | 1,318.2 | 1,226.0 | 7.5% |
| Manufacturing | 452.9 | 444.2 | 2.0% |
| Healthcare | 1,394.2 | 1,396.6 | (0.2%) |
| Other | 405.6 | 408.4 | (0.7%) |
| Total Commercial | $8,367.7 | $8,051.7 | 3.9% |

# Commercial Real Estate

| ($millions) | Jun 30, 2014 | Mar 31, 2014 | Sequential Loan Growth |
|---|---|---|---|
| Residential construction and land development | $184.8 | $184.8 | 0% |
| Retail | 642.1 | 640.5 | 0.3% |
| Office | 394.2 | 436.3 | -9.6% |
| Multifamily | 677.4 | 662.7 | 2.2% |
| Industrial | 342.1 | 305.2 | 12.1% |
| Other CRE | 414.4 | 401.9 | 3.1% |
| Total CRE | $2,655.0 | $2,631.4 | 0.9% |

# Total Loans

| ($millions) | Jun 30, 2014 | Mar 31, 2014 | Sequential Loan Growth |
|---|---|---|---|
| Total Commercial | $8,367.7 | $8,051.7 | 3.9% |
| Total CRE | 2,655.0 | 2,631.4 | 0.9% |
| Total Residential Mortgage | 2,008.2 | 2,018.7 | -0.5% |
| Total Consumer | 396.0 | 376.1 | 5.3% |
| Total Loans | $13,426.9 | $13,077.9 | 2.7% |

# Loan Portfolio by Geography

| ($millions) | Jun 30, 2014 | Mar 31, 2014 | Sequential Loan Growth |
|---|---|---|---|
| Oklahoma | $5,378.4 | $5,061.7 | 6.3% |
| Texas | 4,501.6 | 4,524.1 | (0.5%) |
| Albuquerque | 840.7 | 801.4 | 4.9% |
| Arkansas | 172.1 | 169.8 | 1.4% |
| Colorado | 1,141.1 | 1,118.6 | 2.0% |
| Arizona | 788.5 | 805.1 | (2.1%) |
| Kansas City | 604.5 | 597.1 | 1.2% |
| Total loans | $13,426.9 | $13,077.9 | 2.7% |

# Loan Yields

| Three Months Ended | | | | |
|---|---|---|---|---|
| June 30, 2014 | Mar 31, 2014 | Dec 31, 2013 | Sep 30, 2013 | Jun 30, 2013 |
| 3.91% | 3.95% | 4.07% | 4.13% | 4.19% |

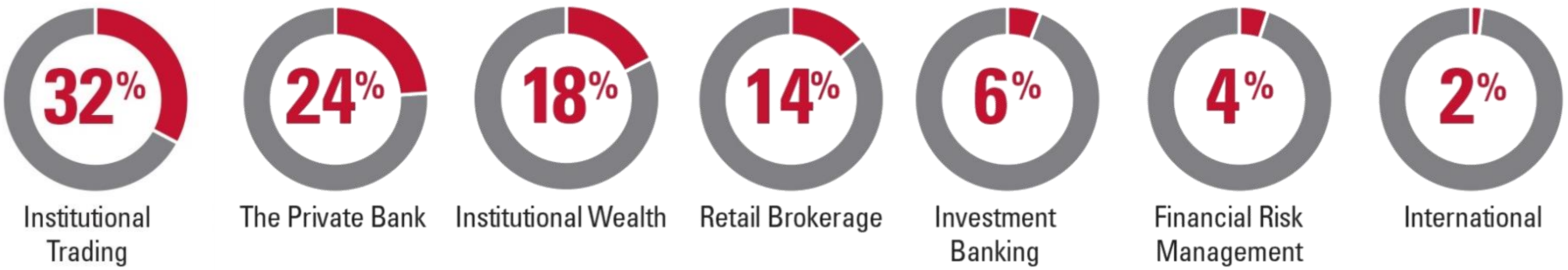
- Continued competitive pressure in commercial portfolio
- Mix shift in the consumer portfolio toward high-quality borrowers

# Scott Grauer
# EVP, Wealth Management

# Wealth Management Division Highlights

- More than $61 billion in assets under management or in custody
- $32.7 billion in fiduciary assets
- More than $1 trillion in traded securities annually
- More than 800 dedicated Wealth Management employees

## WEALTH MANAGEMENT REVENUE




Note: percentages based on Q1 revenue

# Wealth Management Capabilities

*Serving individuals and their families, foundations, endowments, pension plans, philanthropic organizations, governmental entities, tribal governments, educational institutions, hospitals, insurance companies and other businesses*

- Wealth Management
  - Brokerage and Trading
    - Retail Brokerage
    - Insurance
    - Institutional Sales & Trading
    - Investment Banking
    - Financial Risk Management
  - Institutional Wealth
    - Corporate Trust
    - Retirement Plan Services
    - Custody and Asset Services
    - Investment Advisory
  - The Private Bank
    - Private Banking
    - Fiduciary Services
    - Investment Management
    - Financial Planning
    - Specialty Asset Management
  - Investment Management
    - Cavanal Hill Investment Management
    - Portfolio Management
    - Strategic Investment Advisors
    - Alternative Investments
  - International Banking Services
    - Foreign Exchange
    - Trade Services
    - Trade Finance

# Brokerage and Trading Revenue

| $millions | Q2 2014 | % Growth, Seq. | % Growth, YOY | |
|---|---|---|---|---|
| Trading Account Fees & Commissions | $18.6 million | 23.0% | 30.6% | Improved results in Q2 due to increased volatility in fixed income markets |
| Derivatives Fees & Commissions | $3.7 million | 148.8% | -27.8% | $1.6 million of recoveries from Lehman/MF Global bankruptcies drives sequential growth<br><br>Continued tough hedging environment in energy markets |
| Brokerage Fees | $10.3 million | 9.1% | 13.4% | Growth in customer accounts, asset values, and contribution from recent acquisitions |
| Investment Banking Revenue | $6.5 million | 85.8% | 46.5% | Record quarter driven by municipal assignments in Texas market |
| **Total Revenue** | **$39.1 million** | **32.3%** | **18.8%** | |

# Fiduciary and Asset Management Revenue

| | Q2 2014 | Q1 2014 |
|---|---|---|
| Total Revenue | $29.5 million | $25.7 million |
| Sequential Growth | 14.9% | |
| Year-Over-Year Growth | 19.1% | |

Drivers:
- Revenue contributions from recent acquisitions
- Seasonal tax service fees
- Increase in account values
- Competitive disruption drives additional corporate trust opportunities throughout 2014

BOK FINANCIAL CORPORATION

# Steven Nell
# Chief Financial Officer
# Financial Overview

BOK FINANCIAL CORPORATION

# Second Quarter Financial Highlights

| $Millions | Q2 2014 | Q1 2014 | $ Change | % Change | Comments |
| --- | --- | --- | --- | --- | --- |
| Average AFS Securities | $ 9,800.9 | $ 10,076.9 | $ (276.0) | -2.74% | Reducing bond portfolio to manage interest rate sensitivity |
| Average Loans | 13,264.4 | 12,947.9 | 316.5 | 2.44% | Growth driven by C&I and energy |
| Average Comm'l Loans | 8,266.5 | 7,971.7 | 294.8 | 3.70% | |
| Average Deposits | $ 20,497.1 | $ 20,235.5 | $ 261.6 | 1.29% | Continued growth from interest rate environment |
| | | | | | |
| Net Interest Revenue | $ 166.1 | $ 162.6 | $ 3.5 | 2.12% | Loan growth and improved NIM offset by reduction in bond portfolio |
| Fees & Commissions | 164.1 | 140.9 | 23.2 | 16.46% | All fee-generating businesses up in Q2, some well into the double digits |
| Loan Loss Provision | - | - | - | - | Loan growth and continued strong credit quality support stable loan loss provision |
| Personnel Expense | 123.7 | 104.4 | 19.3 | 18.46% | Normalized run rate in $123M range |
| Non-Pers Expense | 91.0 | 80.7 | 10.3 | 12.80% | Lower mortgage banking costs, careful management of expense growth |
| Net Income | $ 75.9 | $ 76.6 | $ (0.7) | -0.90% | |
| EPS | $ 1.10 | $ 1.11 | $ (0.01) | -0.90% | |

# Net Interest Revenue

| | Q2 2014 | Q1 2014 |
|---|---|---|
| Net Interest Revenue | $166.1 million | $162.6 million |
| | | |

Drivers:

- Strong loan growth
- Improved NIM in Q2
- One additional day in Q2

# Fees and Commissions

| | Q2 2014 | Q1 2014 |
|---|---|---|
| Revenue | $164.1 million | $140.9 million |
| | | |

Drivers:

- Record revenue quarters from brokerage and trading, transaction card, and fiduciary and asset management
- Strong sequential growth from mortgage banking as Home Direct and correspondent channels continue build-out
- Stability in deposit service charges and fees line item

# Expenses

| | Q2 2014 | Q1 2014 |
|---|---|---|
| Other Operating Expense | $214.7 million | $185.1 million |
| | | |

Drivers:

- Personnel expense in Q2 2014 in line with expectations
  - Q1 included ~$17 million of accrual reversals
- Higher variable expenses due to strong Q2 revenue growth (impacts several expense line items)
- Forecasted higher professional fees to support regulatory initiatives

# Balance Sheet

| | Q2 2014 | Q1 2014 |
|---|---|---|
| Available for sale securities | $9.7 billion | $9.9 billion |
| Average deposits | $20.5 billion | $20.2 billion |
| Tier 1 Capital Ratio | 13.63% | 13.77% |
| Total Capital Ratio | 15.38% | 15.55% |
| Leverage Ratio | 10.26% | 10.17% |
| Tier 1 Common Equity ratio (1) | 13.46% | 13.59% |

1) *Based on our interpretation of the existing Basel I standards. Based on our interpretation of the new capital rule, our estimated Tier 1 common equity ratio on a fully phased-in basis would be approximately* 12.35%, *535 basis points above the 7% regulatory threshold.*

# Solid Credit Quality at June 30, 2014

Continued Positive Trends

- ALL to period end loans:

**1.42%**

- Net annualized charge-offs to average loans:

**(.06)%**

- Allowance for loan losses to nonaccruing loans:

**197.24%**

- Non-performing assets to period end loans and repossessed assets*:

**1.09%**

*Excluding government guaranteed assets.

# Revised 2014 Assumptions

- Low double-digit annual loan growth
- Continued nominal pressure on NIM
- Continued reduction of bond portfolio offset by growth in loan portfolio
- Reduce the bond portfolio by $1.2 billion over the full year
- Net interest income to be flat to slightly down for the balance of the year
- Continued strong performance from fee generating businesses
    - Favorable year-over-year comps from mortgage business in Q3, Q4
- Some expense growth in Q3, Q4 tempered by careful cost containment
- Continued loan growth will reduce the likelihood of any release of loan loss reserves.

# Question and Answer Session