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Fourth Quarter 2015
Earnings Conference Call
January 27, 2016

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All data is presented as of December 31, 2015 unless otherwise noted.

Steven G. Bradshaw

Chief Executive Officer

# Financial Highlights

| Full Year | 2015 | 2014 | |
|---|---|---|---|
| Net Income ($mil) | $288.6 | $292.4 | |
| Diluted EPS | $4.21 | $4.22 | |

- Double digit year-over-year loan growth
- Mid-single-digit year over year revenue growth
- Strong expense controls
- Higher-than-expected credit costs

| Fourth Quarter | Q4 2015 | Q3 2015 | Q4 2014 |
|---|---|---|---|
| Net Income ($mil) | $59.6 | $74.9 | $64.3 |
| Diluted EPS | $0.89 | $1.09 | $0.93 |

- Continued strong loan growth
- $22.5 million provision for credit losses
- Lower production volume and hedge mark to mark activity negatively impacted mortgage revenue
- Higher expenses from year end personnel and mortgage-related true ups



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# Additional Q4 2015 Highlights

| ($bil) | Q4 2015 | Q3 2015 | % Growth, Seq. | | Q4 2014 | % Growth, YOY |
|---|---|---|---|---|---|---|
| Period-End Loans | $15.9 | $15.4 | 3.7%<br>14.9% ann. | | $14.2 | 12.2% |
| Avg. Loans | 15.6 | 15.2 | 2.6%<br>10.4% ann. | | 13.9 | 12.3% |
| Fiduciary Assets | $38.3 | $37.8 | 1.5% | | $36.0 | 6.5% |
| Assets Under Management or in Custody | $71.0 | $67.0 | 6.0% | | $64.6 | 10.0% |

Drivers:

- Strong loan growth continues in fourth quarter
- Higher-than-expected loan growth from energy portfolio due to single customer advance
- Large new custody client signed by trust department in Q4
- Strong year-over-year growth for AUM in a flat market



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# M&A Update

**MBT Bancshares:**

- $645mm assets
- 4 branches
- Kansas City
- Differentiated customer approach
- Strong core deposit franchise

mobank®

**Weaver Wealth Mgt:**

- Fort Worth, TX
- $340mm AUM
- Great high net worth clients
- Will be merged into Milestone Advisors

weaver WEALTH MANAGEMENT

**E-Spectrum Advisors:**

- Dallas based energy advisory practice
- Formerly affiliated with Energy Spectrum, a leading energy PE firm
- 4 employees
- Adds energy acquisition and divestiture advisory business to our product portfolio

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# Steven Nell
# Chief Financial Officer
# Financial Overview

# Net Interest Revenue and Margin

| ($mil) | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 |
|---|---|---|---|---|---|
| Net Interest Revenue | $181.3 | $178.6 | $175.7 | $167.7 | $169.7 |
| Provision for credit losses | $ 22.5 | $ 7.5 | $ 4.0 | $ 0.0 | $ 0.0 |
| NIR after provision | $158.8 | $171.1 | $171.7 | $167.7 | $169.7 |
| Net Interest Margin | 2.64% | 2.61% | 2.61% | 2.55% | 2.61% |
| NIM dilutive impact of FHLB/Fed trade | 0.12% | 0.12% | 0.12% | 0.13% | 0.14% |
| Normalized NIM | 2.76% | 2.73% | 2.73% | 2.68% | 2.75% |

- Continued loan growth drives increase in net interest revenue
- Loan loss provision of $22.5 million reflects energy credit migration and increased risk in energy portfolio
- NIM up slightly due to ongoing remix of earning assets



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# Fees and Commissions Revenue

| ($mil) | 3 mos ended 12/31/15 | % Growth, Seq. | % Growth, YOY | % Growth, 12 mos ended 12/31/15 |
|---|---|---|---|---|
| Brokerage and trading | $30.3 | (4.2%) | (1.1%) | (-3.6%) |
| Transaction card | 32.3 | (0.6%) | 2.7% | 4.0% |
| Fiduciary and asset management | 31.2 | 1.2% | 1.7% | 9.1% |
| Deposit service charges and fees | 22.8 | (3.4%) | 1.0% | (0.5%) |
| Mortgage banking | 25.0 | (24.5%) | (16.8%) | 23.2% |
| Other revenue | 14.2 | 9.7% | 17.0% | 4.9% |
| **Total Fees and Commissions** | **$155.8** | **(5.4%)** | **(1.3%)** | **6.1%** |
| | | | | |

- Brokerage and trading: Lower retail brokerage and investment banking fees in Q4
- Transaction card: Consistent mid-single-digit year over year growth
- Fiduciary and asset management: Up slightly from Q3 due to continued new client sales activity
- Mortgage banking: Lower production volumes due to higher interest rates in the quarter, seasonality, TRID combined with hedge mark to market volatility



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# Expense Review

| ($mil) | Q4 2015 | Q3 2015 | Q4 2014 | % Incr. Seq. | % Incr. YOY |
|---|---|---|---|---|---|
| Personnel Expense | $133.2 | $129.1 | $125.7 | 3.2% | 6.0% |
| Other Operating Expense | $ 99.4 | $ 95.5 | $100.1 | 4.1% | (0.7%) |
| Total operating expense | $232.6 | $224.6 | $225.9 | 3.6% | 3.0% |

- Higher personnel expense: $1.1 million increase in regular compensation expense; $0.8 million higher employee benefits; $2.3 million increase in incentive comp.
- Higher mortgage banking costs due to approximately $3 million one-time adjustments to reflect revised default servicing cost assumptions.



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# Other Balance Sheet Statistics

| | Q4 2015 | Q3 2015 | Q4 2014 |
|---|---|---|---|
| Period End AFS Securities | $9.0 billion | $8.8 billion | $9.0 billion |
| Average AFS securities | $9.0 billion | $8.9 billion | $9.2 billion |
| Period End Deposits | $21.1 billion | $20.6 billion | $21.1 billion |
| Average deposits | $20.7 billion | $20.7 billion | $20.7 billion |
| Common Equity Tier 1 | 12.1% | 12.8% | N/A |
| Tier 1 | 12.1% | 12.8% | 13.3% |
| Total Capital Ratio | 13.3% | 13.9% | 14.7% |
| Leverage Ratio | 9.3% | 9.6% | 10.0% |
| Tangible Common Equity Ratio | 9.0% | 9.8% | 10.1% |
| Tangible Book Value per Share | $42.51 | $43.52 | $41.82 |

- Deposits up at quarter end due to normal seasonality and temporary customer activity
- Reductions in capital ratios due to use of excess capital for stock buyback

# 2016 Assumptions

- Mid-single-digit loan growth
- Approximately $200-$250 million per quarter decrease in fixed income portfolio
- Stable to increasing NIM
- Increasing NII
- Provision for credit losses for the full year of $60-$80 million
- Continued mid-single-digit revenue growth from fee-generating businesses (TTM basis)
- Expense growth < revenue growth
- Capital deployment through organic growth, acquisition, dividends, and more limited stock buybacks
- Close MBT Bancshares acquisition midyear
  - $6 - $8 million of pretax consolidation-related charges post closing

Stacy Kymes
EVP-Corporate Banking

# Loan Portfolio by Geography

| ($mil) | Dec 31 2015 | Sep 30 2015 | Seq. Loan Growth | | Dec 31 2014 | YOY Loan Growth |
|---|---|---|---|---|---|---|
| OK | $6,187.0 | $5,782.5 | 7.0% | | $5,419.5 | 14.2% |
| TX | 5,535.2 | 5,426.3 | 2.0% | | 4,967.3 | 11.4% |
| NM | 821.3 | 812.7 | 1.1% | | 818.7 | 0.3% |
| AR | 170.7 | 171.3 | (0.4%) | | 196.2 | (13.0%) |
| CO | 1,288.2 | 1,340.3 | (3.9%) | | 1,257.6 | 2.4% |
| AZ | 1,189.4 | 1,150.5 | 3.4% | | 951.4 | 25.0% |
| KC | 749.4 | 683.8 | 9.6% | | 597.3 | 25.4% |
| **Total** | **$15,941.2** | **$15,367.4** | **3.7%** | | **$14,208.0** | **12.2%** |

- Excluding large customer advance in Q4, sequential loan growth would have been 2.3% or 9.3% annualized. Year-over-year loan growth would have been 10.7%.
- Texas continues strong growth across the business. No significant weaknesses have emerged at this stage.
- Strong Arizona and Kansas City growth driven by business banking, private banking, healthcare.



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# Commercial Loan Growth

| ($mil) | Dec 31 2015 | Sep 30 2015 | Seq. Loan Growth | | Dec 31 2014 | YOY Loan Growth |
|---|---|---|---|---|---|---|
| Energy | $3,097.3 | $2,838.1 | 9.1% | | $2,860.4 | 8.3% |
| Services | 2,784.3 | 2,706.6 | 2.9% | | 2,391.5 | 16.4% |
| Wholesale/retail | 1,422.1 | 1,461.9 | (2.7%) | | 1,440.0 | (1.2%) |
| Manufacturing | 556.7 | 555.7 | 0.2% | | 532.6 | 4.5% |
| Healthcare | 1,883.4 | 1,741.7 | 8.1% | | 1,455.0 | 29.4% |
| Other | 508.7 | 493.4 | 3.1% | | 416.2 | 22.2% |
| **Total Commercial** | **$10,252.5** | **$9,797.4** | **4.6%** | | **$9,095.7** | **12.7%** |

- Energy growth driven by major customer funding. Excluding this advance, sequential energy loan growth would have been 1.4% (5.8% annualized) or 0.7% for the year.
- Healthcare continues strong recent growth track record.



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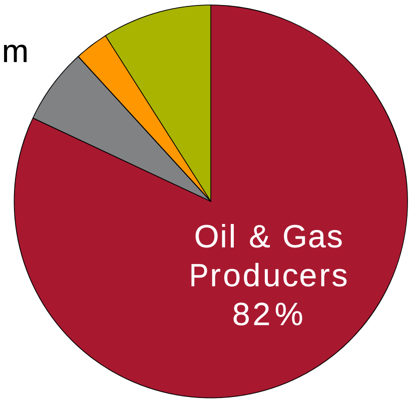
# Energy




**<u>At 12/31/15:</u>**

- $5.6 billion commitments and $3.1 billion O/S
- ~60/40 split between oil and gas
- SNCs = 52% of commitments, 46% of outstandings
- E&P line utilization 62%
- Allowance for credit losses to period end loans: **<u>2.89%</u>**
- Q4 energy chargeoffs totaled $2.1 million, 2015 totaled $5.3 million

| $mil | Q4 2014 | | Q3 2015 | | Q4 2015 | |
|---|---|---|---|---|---|---|
| Pass Performing Loans | 2,832.6 | 99.0% | 2,527.5 | 89.1% | 2,580.7 | 83.3% |
| Spec. Mention Performing (“Criticized”) | 10.5 | 0.4% | 196.3 | 6.9% | 325.7 | 10.5% |
| Potential Problem Loans | 15.9 | 0.6% | 96.4 | 3.4% | 129.8 | 4.2% |
| Nonaccrual Loans | 1.4 | 0.0% | 17.9 | 0.6% | 61.2 | 2.0% |
| **Total Energy Loans** | **$2,860.4** | | **$2,838.1** | | **$3,097.3** | |

# Commercial Real Estate

| ($mil) | Dec 31 2015 | Sep 30 2015 | Seq. Loan Growth | | Dec 31 2014 | YOY Loan Growth |
|---|---|---|---|---|---|---|
| Residential construction and land development | $160.4 | $153.5 | 4.5% | | $143.6 | 11.7% |
| Retail | 796.5 | 769.4 | 3.5% | | 666.9 | 19.4% |
| Office | 637.7 | 626.1 | 1.9% | | 415.6 | 53.4% |
| Multifamily | 751.1 | 758.7 | (1.0%) | | 704.3 | 6.6% |
| Industrial | 563.2 | 563.9 | (0.1%) | | 428.8 | 31.3% |
| Other CRE | 350.1 | 363.4 | (3.7%) | | 369.0 | (5.1%) |
| **Total CRE** | **$3,259.0** | **$3,235.0** | **0.7%** | | **$2,728.2** | **19.5%** |

- Little to no spillover impact on CRE portfolio
- Houston CRE totals $320 million
  - Retail 51%, Industrial 19% Multifamily 9%, Office 9%, Other 12%
  - No downtown Houston office exposure

# Marc Maun
# Chief Credit Officer

# Key Credit Quality Metrics

- Combined allowance for credit losses to period end loans:

**1.43%**

- Net annualized charge-offs to average loans:

**0.08%**

- Combined allowance for credit losses to nonaccruing loans*:

**181.5%**

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

**0.99%**

*Excluding government guaranteed assets.

# Q4 Energy Portfolio Stress Test

| Stress Test Price Deck: | Nat Gas $/MMBTU: | Oil $/BBL: |
|---|---|---|
| 2016 | $1.80 | $25.00 |
| 2017 | $2.00 | $28.00 |
| 2018 | $2.25 | $30.00 |
| 2019 | $2.35 | $35.00 |
| 2020 & Thereafter | $2.45 | $42.00 |

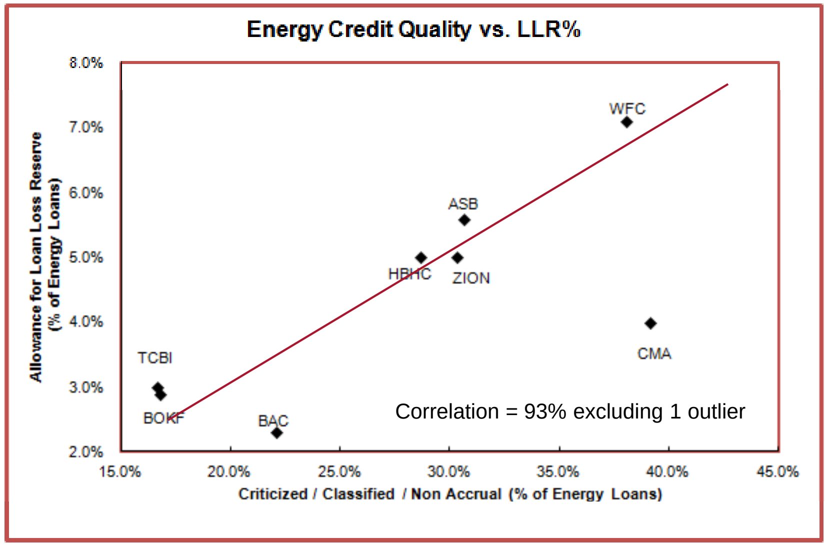
- Assumes 10+ year depressed commodity price environment
- Inherent loss content in this scenario factored into 2016 loan loss provision guidance of $60-$80 million for 2016.

# Other Energy Portfolio Details

- **BOK Financial has largely avoided the highest-risk areas of the energy industry:**
  - Only 9 percent of portfolio to energy services companies
  - Limited second lien exposure at present: 2 transactions; $20 million commitments; $10 million outstanding
  - No exposure to higher-risk segments of the capital stack: including mezzanine debt, subordinated debt, high yield debt, or equity.
  - No deepwater offshore exposure
  - No funded exposure to any of the 42 E&P companies that declared bankruptcy in 2015.
- **To get a true *apples-to-apples* comparison** between energy banks, investors must compare exposures to these higher risk areas of the energy industry or capital structure
- **We believe our energy loan loss reserve is appropriate at 12/31/15**
- **As indicated on the scatterplot, oil and gas credit quality is 93% correlated to energy LLR percentage (excluding single outlier)**

**Energy Loan Quality and LLR for Peer Banks as of 12/31/15:**

| Bank | % of energy portfolio criticized | Energy LLR % |
|---|---|---|
| **CMA** | 39.1% | 4.0% |
| **WFC** | 38.0% | 7.1% |
| **ASB** | 30.6% | 5.6% |
| **ZION** | 30.3% | 5.0% |
| **HBHC** | 28.6% | 5.0% |
| **BAC** | 22.0% | 2.3% |
| **BOKF** | **16.7%** | **2.9%** |
| **TCBI** | 16.6% | 3.0% |

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Steven G. Bradshaw

Chief Executive Officer

Closing Remarks

# Question and Answer Session