

Q1 Earnings Conference Call

April 27, 2022



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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 bokf.com.

All data is presented as of March 31, 2022 unless otherwise noted.





Stacy Kymes

Chief Executive Officer

Q1 summary

Noteworthy items impacting profitability

- Loan growth accelerated from the momentum seen last quarter
- Upward movement in interest rates and geopolitical uncertainty negatively impacted our fee generating businesses
- No provision for credit loss
- Expense management remains excellent

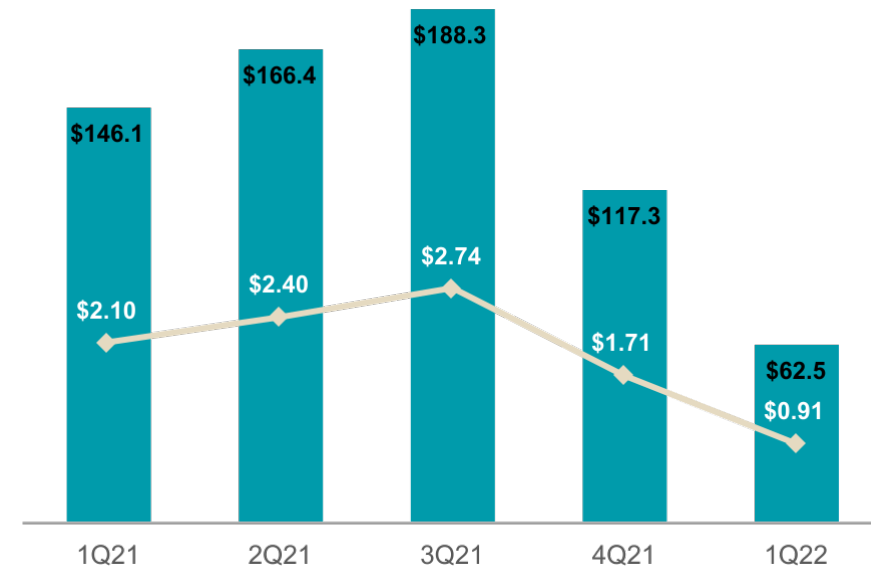
(\$Million, exc. EPS)	Q1 2022	Q4 2021	Q1 2021
Net income	\$62.5	\$117.3	\$146.1
Diluted EPS	\$0.91	\$1.71	\$2.10
Net income before taxes	\$78.6	\$152.0	\$186.7
Provision for credit losses	\$—	\$(17.0)	\$(25.0)
Pre-provision net revenue*	\$78.7	\$135.2	\$163.4

*Non-GAAP measure

First quarter net income

NET INCOME

- Attributable to shareholders
- Per share (diluted)



Additional details

(\$Billion)	Q1 2022	Quarterly Sequential	Quarterly YOY
Period-End Loans	\$20.7	2.3%	(8.3)%
Average Loans	\$20.5	1.1%	(10.1)%
Period-End Deposits	\$39.4	(4.4)%	4.2%
Average Deposits	\$40.4	1.4%	10.5%
Fiduciary Assets	\$61.1	(5.3)%	8.7%
Assets Under Management or in Custody	\$101.1	(3.7)%	9.9%

- Core loan balances grew \$608 million, partially offset with \$139 million of PPP forgiveness
- Average deposits continue to grow, with the pace moderating after year-end, with period-end balances down \$1.8 billion
- Assets under management or in custody and fiduciary assets both decreased slightly this quarter; with unfavorable market moves the primary driver



Marc Maun

EVP, Regional Banking Executive

Loan portfolio

- Energy balances continued to increase with a growth rate similar to that seen in Q4
- Slight decrease in Services balances offset by growth in Healthcare and General Business balances
- Core C&I continues its trend of moderate increases despite low utilization levels
- Commercial real estate bounced back as pressures from permanent market alternatives eased
- Approximately half of remaining PPP loans forgiven QoQ

(\$Million)	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Seq. Loan Growth	YOY Loan Growth
Energy	\$3,197.7	\$3,006.9	\$3,202.5	6.3%	(0.2)%
Services	3,351.5	3,367.2	3,421.9	(0.5)%	(2.1)%
Healthcare	3,441.7	3,414.9	3,290.8	0.8%	4.6%
General Business	2,892.3	2,717.4	2,742.6	6.4%	5.5%
Total C&I	\$12,883.2	\$12,506.5	\$12,657.8	3.0%	1.8%
Commercial Real Estate	4,101.0	3,831.3	4,503.3	7.0%	(8.9)%
Loans to Individuals	3,552.9	3,591.5	3,524.2	(1.1)%	0.8%
Core Loans	\$20,537.1	\$19,929.3	\$20,685.3	3.0%	(0.7)%
Paycheck Protection Program	137.4	276.3	1,848.6	(50.3)%	(92.6)%
Total Loans	\$20,674.4	\$20,205.7	\$22,533.8	2.3%	(8.3)%

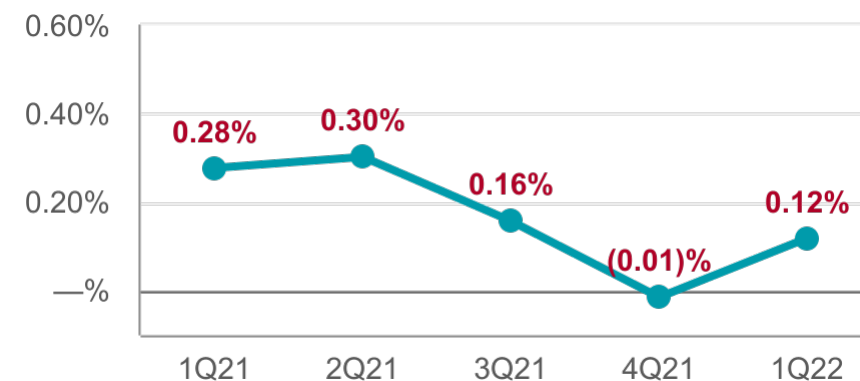
Key credit quality metrics

Quality metrics summary

- Total non-accrual loans down \$9.8 million
- A decrease of \$6.1 million in Energy non-accruals
- Potential problem loans (substandard, accruing) totaled \$169 million at 3/31, compared to \$222 million at 12/31
- Net charge-offs increased to 12 basis points, remaining below historical averages
- Last four quarter average net charge-offs at 14 basis points
- Continues to be at or below historic range of 30 to 40 basis points
- Appropriately reserved with an ALLL excluding PPP loans of 1.20% and combined allowance of 1.38% including unfunded commitments excluding PPP loans

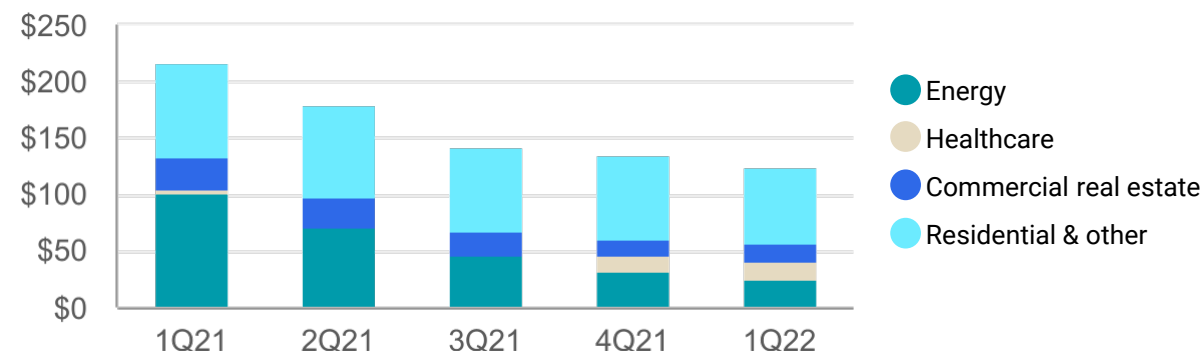
Net charge-offs to average loans

ANNUALIZED



Non-Accruals

(\$Million)





Scott Grauer

EVP, Wealth Management Executive

Fees & commissions

Brokerage & trading

- Revenue decreased linked-quarter due to recognized losses on Trading Securities as a result of movements in fixed income markets and geopolitical uncertainties

Fiduciary and asset management

- Revenue decreased slightly from impact of unfavorable market movements on assets
- Caval Hill Investment Mgmt. ranked #26 on Barron's Best Fund Families for 2021 - out of 849 fund managers in the Lipper database

Transaction card

- Decrease in fees linked quarter, with Q4 2021 elevated by stimulus measures and the broader reopening of the economy

Service charges

- Increases in service charges partially offset by decreased debit card revenue

Mortgage banking

- Decreases in origination volume and GOS margins in the secondary market

(\$Million)	Q1 2022	Quarterly sequential	Quarterly YOY	Trailing 12 months
Brokerage & trading	\$(27.1)	(282.1)%	(230.3)%	(42.4)%
Transaction card	24.2	(3.1)%	8.0%	1.8%
Fiduciary & asset management	46.4	(1.0)%	12.3%	2.8%
Deposit service charges & fees	27.0	1.1%	11.5%	2.7%
Mortgage banking	16.7	(21.8)%	(55.1)%	(19.3)%
Other revenue	10.4	(9.8)%	(35.9)%	(8.4)%
Total fees & commissions	\$97.6	(33.3)%	(39.8)%	(9.7)%



Steven Nell

EVP, Chief Financial Officer

Yields, rate & margin

Net interest revenue

- Net interest revenue down \$8.7 million linked quarter; \$8.9 million from decreased loan fees, including a \$3.8 million decline in PPP fees linked quarter

(\$Million)	Q1 2022	Q4 2021	Q1 2021	Quarterly sequential	Quarterly YOY
Net interest revenue	\$268.4	\$277.1	\$280.4	(3.1)%	(4.3)%
Net interest margin	2.44%	2.52%	2.62%	(8) bps	(18) bps
Yield on available for sale securities	1.77%	1.72%	1.84%	5 bps	(7) bps
Yield on loans	3.57%	3.70%	3.55%	(13) bps	2 bps
Cost of int.-bearing deposits	0.12%	0.12%	0.17%	—	(5) bps
Cost of wholesale borrowings	0.88%	0.78%	0.50%	10 bps	38 bps

Net interest margin

- Net interest margin decline due to decreased loan fees and the impact of trading securities yields.
- Interest bearing deposit costs flat relative to the prior quarter

Asset sensitivity

Scenario*	Δ NIR %	Δ NIR \$
Up 200 Ramp, months 1-12	7.53%	\$85.6 million
Up 200 Ramp, months 13-24	16.36%	\$195.8 million

**Estimates for parallel shifts in the rate curve. Asset sensitivity for months 1-12 would be reduced by approximately four percentage points in a flattening scenario where short-end rates increase 200bp while long-end rates increase 100bp.*

Noteworthy balance sheet items

- We anticipate holding the available-for-sale securities portfolio flat by reinvesting cash flows at current market rates, maintaining our asset-sensitive position
- Approximately 77% of Commercial and Commercial Real Estate portfolios are variable rate or fixed rate that reprice within a year
- Approximately \$2.9 billion of in-the-money floors, providing approximately \$10.4 million in revenue support
 - After 1 additional hike, \$1.8 billion remains in-the-money
 - After 2 additional hikes, \$1.1 billion remains in-the-money
- Deposit betas expected to approach 30% should the rapid hiking cycle implied by the market occur, similar to the experience at comparable short-term rate levels during the previous hiking cycle

Liquidity & capital

	Q1 2022	Q4 2021	Q1 2021
Loan to Deposit Ratio	52.4%	49.0%	59.5%
Period End Deposits	\$39.4 billion	\$41.2 billion	\$37.9 billion
Available secured wholesale borrowing capacity	\$12.7 billion	\$14.1 billion	\$13.7 billion
Common Equity Tier 1	11.3%	12.2%	12.1%
Total Capital Ratio	12.3%	13.3%	14.0%
Tangible Common Equity Ratio	8.1%	8.6%	8.8%

- Deposit growth continues to be strong
- Nearly \$13 billion of secured wholesale borrowing capacity
- Robust capital ratios consistently remain well above regulatory and internal policy thresholds
- Repurchased 475,877 shares at an average price of \$101.02 per share in the open market

Expenses

Expenses summary

- Quarterly personnel expense down due to an \$11.2 million decrease in cash based incentive compensation, with additional decreases in deferred compensation and share-based incentive compensation offset by an increase in employee benefits expense
- Quarterly non-personnel expense down largely due to a charitable contribution to the BOKF Foundation that occurred in Q4 2021
- Linked quarter decrease in revenues from recognized trading losses and fees led to an increased efficiency ratio

(\$Million)	Q1 2022	Q4 2021	Q1 2021	% Incr. Seq.	% Incr. YOY
Personnel expense	\$159.2	\$174.5	\$173.0	(8.7)%	(8.0)%
Other operating expense	\$118.4	\$125.0	\$122.8	(5.3)%	(3.6)%
Total operating expense	\$277.6	\$299.5	\$295.8	(7.3)%	(6.1)%
Efficiency Ratio	75.1%	70.1%	66.3%	---	---

Forecast & assumptions

- We expect loan growth to continue the solid performance seen in Q1, with period-end point-to-point growth for the year in the upper single-digit range. We anticipate growth contributions from all of our regional markets and continued growth in our Wealth loan portfolio.
- We expect some decline in deposit balances, deposits could decline in the low-to-mid single digit range point-to-point during 2022. Considering accelerating loan growth and moderate pressure on deposits, our liquidity position is expected to remain strong.
- We expect to maintain the AFS portfolio flat during the year by reinvesting cash flows at current rates.
- Considering the items noted above and modeling an additional 200bp increase in short-term rates during 2022 consistent with a flattening forward curve, we expect core Net Interest Income (excluding the impact of PPP loans YoY) to grow approximately 9% versus the prior year. Core net interest margin should expand throughout the remainder of 2022 given this environment, expected to approach nearly 3%.
- Total Fee Revenues will not repeat historically high levels of 2021. Trading & Brokerage and Mortgage revenue will show a substantial decline given the increase in market rates, offset by the positive impact of increasing rates on our money management and fiduciary fees. Total Fee Revenues as a percent of Total Revenues is expected to be near 35%, but could dip slightly below during 2022.
- Given the drop-off in fee revenues and related variable expenses, our goal is to maintain Total Operating Expense growth flat for 2022.
- Our current loan loss reserve as a percent of loan balances is 1.37%, and we expect that to migrate toward 1.20% by the end of 2022, very close to Day 1 CECL levels.
- We expect to continue opportunistic quarterly share repurchases within the total dollar ranges spent over the past several quarters.



Stacy Kymes

Chief Executive Officer



Question & Answer Session

