

# Quarterly Summary Update

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July 27, 2011

## COMPANY HIGHLIGHTS

### BOK Financial Corporation

- New technology was installed in each of the company's branches to improve the customer experience by creating more streamlined transactions. Called TouchPoint Teller, this enhanced system has image capture that converts paper checks to images quickly and efficiently right at the teller line.
- The company completed its eighth annual literacy campaign, aiming to provide books for at-risk children. Since the inception of this project, BOK Financial and its subsidiaries in an eight-state region have collected nearly 300,000 books for kids.
- As a follow up to the successful iPhone and iPad mobile banking applications released earlier, the company deployed a new website designed specifically for mobile devices. Called "mobi web," this tool allows nearly all smart phone or tablet devices with internet access to conduct mobile banking on the go, without the need to download a separate application. Features include paying bills, checking account balances, making fund transfers and more.

## FINANCIAL PERFORMANCE

### Second Quarter Earnings

The following is only a summary of information contained in BOK Financial's second quarter press release and 10-Q filing with the Securities and Exchange Commission. All the information found in this statement should be considered in conjunction with information in the second quarter press release and the 10-Q which may be found at [www.BOKF.com](http://www.BOKF.com).

BOK Financial Corporation reported record quarterly net income of \$69.0 million or \$1.00 per diluted share for the second quarter of 2011, up from \$64.8 million or \$0.94 per diluted share for the first quarter of 2011 and \$63.5 million or \$0.93 per diluted share for the second quarter of 2010. Net income for the first six months ended June 30, 2011 totaled \$133.8 million or \$1.95 per diluted share compared to \$123.7 million or \$1.81 per diluted share for the six months ended June 30, 2010.

"BOK Financial is pleased to announce another strong quarter of record earnings," said President and CEO Stan Lybarger. "We continue to benefit from diversified sources of non-interest income. Transaction card, mortgage banking and deposit revenues all grew during the second quarter due to increased transaction volume. Outstanding commercial loan balances are up in most of our markets and credit quality metrics continue to improve."

BOK Financial Corporation. Member FDIC. Equal Housing Lender. Services provided by BOKF, NA doing business as: Bank of Albuquerque, Bank of Arizona, Bank of Arkansas, Bank of Kansas City, Bank of Oklahoma, Bank of Texas, Colorado State Bank and Trust.

## Highlights of the second quarter of 2011 included:

- Net interest revenue increased \$3.4 million over the first quarter to \$174 million. The increase was due to growth in average earning assets of \$354 million. Net interest margin was 3.40% for the second quarter of 2011 compared to 3.47% for the first quarter of 2011.
- Fees and commissions revenue totaled \$127.8 million compared to \$123.3 million for the first quarter of 2011. Higher transaction volumes increased revenue in most fee-generating activities.
- Operating expenses totaled \$189.7 million, up \$8.1 million over the prior quarter, due primarily to increased incentive compensation and mortgage banking expenses.
- The Company paid a cash dividend of \$19 million or \$0.275 per common share during the second quarter of 2011. On July 26, 2011, the board of directors approved a quarterly cash dividend of \$0.275 per common share payable on or about August 26, 2011 to shareholders of record as of August 12, 2011.

## Strong Capital

- BOK Financial was the largest commercial bank that elected not to participate in the Treasury's Capital Purchase Plan, an element of the Troubled Asset Relief Plan (TARP).
- BOK Financial's capital ratios continued to strengthen.
  - Tangible common equity ratio increased to 9.71% at June 30, 2011 from 9.54% at March 31, 2011.
  - Tier 1 capital increased to 13.30% at June 30, 2011 from 12.97% at March 31, 2011.
- The Company and its subsidiary bank exceed the regulatory definition of well capitalized. Banking regulators are considering even more stringent capital requirements and BOK Financial's current capital levels already exceed the anticipated new requirements.

## Credit Quality

- Credit quality trends continued to be positive. Nonperforming assets declined to \$351 million or 3.23% of outstanding loans and repossessed assets at June 30, 2011 from \$379 million or 3.54% of outstanding loans and repossessed assets at March 31, 2011.
- Net loans charged off decreased to \$8.5 million from \$10.3 million for the previous quarter.
- Due to continued improvement in credit quality indicators, we reduced the quarterly provision for credit losses for the seventh consecutive quarter. The combined allowance for credit losses totaled \$297 million or 2.77% of outstanding loans at June 30, 2011 and \$303 million or 2.86% of outstanding loans at March 31, 2011.

## Ample Liquidity

BOK Financial's diverse sources of liquidity include deposits, federal funds purchased from other banks and borrowings from the Federal Home Loan Banks.

## Loans and Deposits

- Outstanding loan balances were \$10.7 billion at June 30, 2011 compared to \$10.6 billion at March 31, 2011. Commercial loan balances continued to grow in the second quarter of 2011, increasing \$130 million over March 31, 2011.
- Period end deposits totaled \$17.6 billion at June 30, 2011 compared to \$17.9 billion at March 31, 2011.

# ECONOMIC OUTLOOK

## Financial Industry

Although the national economy continues to lag, the overall operating environment for banks showed modest improvement in the second quarter.

- Loan losses, nonperforming assets and provision for loan loss all declined – a good indication of improving credit quality.
- Loan demand is showing potential signs of growth, with balances seeing some improvement. While we are hopeful this indicates businesses are beginning to become stronger, with some even showing growth, it is too early to predict a trend.

## United States Economy

*Outlook provided by Chief Investment Officer Jim Huntzinger. For his complete report, [click here](#).*

- Clarity about the direction, pace and depth of the U.S. economy was elusive in the second quarter. News was mixed, but most reports showed a series of data that painted a picture of an economy that was losing ground.
- The resulting aftermath from the Japanese earthquake, the debt crisis in Greece, the potential of contagion throughout Europe and numerous citizen uprisings in Arab nations created negative ripple effects globally. The Greek debt problems haven't been solved, just delayed, so this likely will be an ongoing issue that has the potential to create challenges throughout the rest of the world.
- In addition, a separate debt/default problem exists here in the U.S. The end of the quarter brought no answers to the debt ceiling, which highlighted the potential for a technical default by early August. Unfortunately, there are no easy answers regarding our budget imbalance.
- Despite all of these headwinds, the S&P 500 was flat at +0.1% for the quarter and +6.02% year-to-date through June.
- U.S. manufacturers, especially auto makers, must now make up for production that did not occur during the second quarter. Auto production schedules show a significant increase for July. These improvements will show up over the summer months and help boost overall gross domestic product.
- The potential exists for more challenges ahead in this fragile economy. The U.S. housing market is still troubled. Although home prices appear stable for the time being, sales dropped for three consecutive months in the second quarter so it is still too early to expect a strong rebound. But for now, financial conditions are improving, earnings remain robust, some banks report modest growth in loan demand, and we are looking forward to better economic news this summer and fall.