Risk Factors Comparison 2024-02-21 to 2023-03-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

BOK Financial Corporation and its subsidiaries could be adversely affected by risks and uncertainties that could have a material impact on its financial condition and results of operations, as well as on its common stock and other financial instruments. Risk factors which are significant to the Company include, but are not limited to: Strategic, Compliance and Regulatory Risk Factors Adverse factors could impact BOK Financial' s ability to implement its operating strategy. Although BOK Financial has developed an operating strategy which it expects to result in continuing improved financial performance, BOK Financial cannot ensure that it will be successful in fulfilling this strategy or that this operating strategy will be successful. Achieving success is dependent upon a number of factors, many of which are beyond BOK Financial' s direct control. Factors that may adversely affect BOK Financial' s ability to implement its operating strategy include: • deterioration of BOK Financial' s asset quality; • deterioration in general economic conditions, especially in BOK Financial' s core markets; • inability to control BOK Financial' s non- interest expenses; • inability to increase non- interest income; • inability to access capital; • decreases in net interest margins; • increases in competition; • a breach in the security of BOK Financial' s systems; and • adverse regulatory developments. Substantial competition could adversely affect BOK Financial. Banking is a competitive business. BOK Financial competes actively for loan, deposit and other financial services business in the southwest region of the United States. BOK Financial' s competitors include a large number of small and large local and national banks, savings and loan associations, credit unions, trust companies, broker- dealers and underwriters, as well as many financial and non- financial firms that offer services similar to those of BOK Financial. Large national financial institutions have substantial capital, technology and marketing resources. Such large financial institutions may have greater access to capital at a lower cost than BOK Financial does, which may adversely affect BOK Financial' s ability to compete effectively. BOK Financial has expanded into markets outside of Oklahoma, where it competes with a large number of financial institutions that have an established customer base and greater market share than BOK Financial. With respect to some of its services, BOK Financial competes with non- bank companies that are not subject to regulation. The absence of regulatory requirements may give non- banks a competitive advantage. The increasingly competitive environment is in part a result of changes in regulation, changes in technology and product delivery systems and the accelerating pace of consolidation among financial service providers. Our success depends on our ability to respond to the threats and opportunities of financial technology innovations. Developments in" fintech" and crypto- currencies have the potential to disrupt the financial industry and change the way banks do business. Investment in new technology to stay competitive could result in significant costs and increased cybersecurity risk. Our success depends on our ability to adapt to the pace of the rapidly changing technological environment, which is important to retention and acquisition of customers. Government regulations and political environment could adversely affect BOK Financial. BOK Financial and BOKF, NA are subject to banking laws and regulations that limit the type of acquisitions and investments that we may make. In addition, certain permitted acquisitions and investments are subject to prior review and approval by banking regulators, including the Federal Reserve, OCC and FDIC. Banking regulators have broad discretion on whether to approve proposed acquisitions and investments. In deciding whether to approve a proposed acquisition, federal banking regulators will consider, among other things, the effect of the acquisition on competition; the convenience and needs of the communities to be served, including our record of compliance under the Community Reinvestment Act; and our effectiveness in combating money laundering. They will also consider our financial condition and our future prospects, including projected capital ratios and levels; the competence, experience, and integrity of our management; and our record of compliance with laws and regulations. Regulatory authorities may change their interpretation of these statutes and regulations, including the OCC, our primary regulator, and the CFPB, our regulator for certain designated consumer laws and regulations. Violations of laws and regulations could limit the growth potential of BOK Financial' s businesses. We have made extensive investments in human and technological resources to address enhanced regulatory expectations, including investments in the areas of risk management, compliance, and capital planning. Political developments, including recent Federal executive and legislative changes, add additional uncertainty to the implementation, scope and timing of changes in the regulatory environment for the banking industry and for the broader economy. Concern regarding the ability of Congress and the President to reach agreement on federal budgetary matters, including the debt ceiling, or prolonged stalemates leading to total or partial governmental shutdowns may also have adverse economic consequences and create the risk of economic instability or market volatility, with potential negative consequences to our business and financial performance. Additionally, changes in fiscal, monetary or regulatory policy, including as a result of labor shortages, wage pressures, supply chain disruptions and higher inflation, could increase our compliance costs and adversely affect our business operations and results of operations. Federal budget deficit concerns and the potential for political conflict over legislation to raise the U. S. government' s debt limit may increase the possibility of a default by the U. S. government on its debt obligations, related credit- rating downgrades, or an economic recession in the United States. Many of our investment securities are issued by the U. S. government and government agencies and sponsored entities. As a result of uncertain domestic political conditions, including potential future federal government shutdowns, the possibility of the federal government defaulting on its obligations for a period of time due to debt ceiling limitations or other unresolved political issues, investments in financial instruments issued or guaranteed by the federal government pose liquidity risks. In connection with prior political disputes over U. S. fiscal and budgetary issues leading to the U. S. government shutdown in 2011, S & P lowered its long term sovereign credit rating on the U. S. from AAA to AA . **On August 1, 2023, Fitch Ratings announced its decision to downgrade the U. S. long- term credit ratings from AAA to AA , but maintained the country credit ceiling at AAA.** A further downgrade, or a downgrade by other rating agencies, as well as sovereign debt issues facing the governments of other countries, could have a material adverse impact on financial markets and economic conditions in the U. S. and worldwide ~~. Our business, financial condition, liquidity and results of operations could be adversely affected by a health pandemic such as the COVID- 19 pandemic or other health crisis. A pandemic or other health crisis could destabilize the financial markets and the general economy. Forced shutdowns or regulations limiting business could have an adverse effect on our customers, limiting their ability to satisfy obligations and limiting growth or demand for our loans and other services, which could affect our liquidity, financial condition and results of operations~~ . The effects of climate change and resulting government regulations could adversely affect BOK Financial and BOK Financial customers. The current and anticipated effects of climate change have resulted in increased political and social attention. Climate changes present physical and transition risks to BOK Financial, both of which are expected to increase over time. Physical risks relate to the harm of people or property arising from acute, climate-related disaster events such as hurricanes or tornadoes, as well as longer- term chronic phenomena such as higher average temperatures. Physical risks specific to BOK Financial include: • Increases in extreme weather events could damage or destroy the property of BOK Financial or its customers, disrupting operations and causing significant expenditures. • Significant damages to real properties securing our loans could cause the value of the loan portfolio to contract. Borrowers may be unable to make payments on loans increasing delinquency rates and average loan loss severity. • Wide- ranging weather disasters, including but not limited to, long periods of drought and rising sea levels, could result in an economic downturn and a decline in market conditions. Liquidity risks could arise as operational needs change for both BOK Financial and its customers. • We may not have adequate insurance coverage for some potential natural, catastrophic climate change- related events. Transition risks relate to stresses arising from the shifts in regulatory policies, consumer or business sentiment, or technologies required to limit climate change. The U. S. Congress, state legislatures and federal and state regulatory agencies have continued to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change. Transition risks specific to BOK Financial include: • Compliance, operating, maintenance and remediation costs may require a significant amount of capital affecting BOK Financial' s liquidity position. • BOK Financial' s credit portfolios include carbon- intensive industries, which could be adversely impacted by the transition to a low- carbon economy. BOK Financial has a long- standing relationship with the energy industry, and the local economies within BOK Financial' s geographical footprint have a concentration in energy- related industries. The regulatory impacts on the energy industry could lead to sharp changes in the values of certain assets or liabilities, increase costs, hinder financial results and shrink the industry. These changes could have a significant effect on the general economic conditions within our footprint. • Reputational risk may increase as stakeholders become more focused on climate risk. Credit Risk Factors Adverse regional economic developments could negatively affect BOK Financial' s business. At December 31, ~~2022~~ **2023** , loans to businesses and individuals with collateral primarily located in Texas represented approximately 32 % of the total loan portfolio, loans to businesses and individuals with collateral primarily located in Oklahoma represented approximately ~~16~~ **14** % of our total loan portfolio and loans to businesses and individuals with collateral primarily located in Colorado represented approximately 11 % of our total loan portfolio. These geographic concentrations subject the loan portfolio to the general economic conditions within these areas. Poor economic conditions in Texas, Oklahoma, Colorado or other markets in the southwest region may cause BOK Financial to incur losses associated with higher default rates and decreased collateral values in BOK Financial' s loan portfolio. A regional economic downturn could also adversely affect revenue from brokerage and trading activities, mortgage loan originations and other sources of fee- based revenue. Extended oil and gas commodity price downturns could negatively affect BOK Financial customers. At December 31, ~~2022~~ **2023** , ~~15~~ **14** % of BOK Financial' s total loan portfolio is comprised of loans to borrowers in the energy industry. The energy industry is historically cyclical, and prolonged periods of low oil and gas commodity prices could negatively impact borrowers' ability to pay. In addition, the Company does business in several major oil and natural gas producing states including Oklahoma, Texas and Colorado. The economies of these states could be negatively impacted by prolonged periods of low oil and gas commodity prices resulting in increased credit migration to classified and nonaccruing categories, higher loan loss provisions and risk of credit losses from both energy borrowers and businesses and individuals in those regional economies. Other adverse economic factors affecting particular industries **, including commercial real estate and healthcare,** could have a negative effect on BOK Financial customers and their ability to make payments to BOK Financial. Certain industry- specific economic factors also affect BOK Financial. For example, BOK Financial' s loan portfolio includes commercial real estate loans. **These types of loans may expose a lender to a higher degree of credit risk of non- payment or loss as commercial real estate loans are subject to cyclical downturns, are generally more sensitive to interest rates and usually do not fully amortize over the loan term.** A downturn in the real estate industry in general or in certain segments of the commercial real estate industry ~~in the southwest region~~ could also have an adverse effect on BOK Financial' s operations. **The development of remote work or hybrid work models may cause volatility in vacancy rates and rents in certain urban markets. Weakening of the commercial real estate market may increase the likelihood of default of these loans, which could negatively impact our loan portfolio' s performance and asset quality. If we are required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, we could incur material losses.** Regulatory changes in healthcare may negatively affect our customers. Legislation affecting reimbursement rates along with the continued transition to managed care in place of fee for service payments could affect their ability to pay . Adverse global economic factors could have...... for loans and other products and services . Liquidity, Price, and Interest Rate Risk Factors Fluctuations in interest rates could adversely affect BOK Financial' s business. BOK Financial' s business is highly sensitive to: • the monetary policies implemented by the Federal Reserve Board, including the discount rate on bank borrowings and changes in reserve requirements, which affect BOK Financial' s ability to make loans and the interest rates we may charge; • changes in prevailing interest rates, due to the dependency of the subsidiary ~~banks~~ - **bank** on interest income; • changes in depositor behavior; and • open market operations in U. S. government securities. A significant increase in market interest rates, or the perception that an increase may occur, could adversely affect both BOK Financial' s ability to originate new loans and BOK Financial' s ability to grow. Conversely, a decrease in interest rates could result in acceleration in the payment of loans, including loans underlying BOK Financial' s holdings of residential mortgage- backed securities and termination of BOK Financial' s mortgage servicing rights. In addition, changes in market interest rates, changes in the relationships between short- term and long- term market interest rates or changes in the relationships between different interest rate indices, could affect the interest rates charged on interest- earning assets differently than the interest rates paid on interest- bearing liabilities. This difference could result in an increase in interest expense relative to interest income, which would reduce the Company' s net interest revenue. In a rising interest rate environment, the composition of the deposit portfolio could shift resulting in a mix that is more sensitive to changes in interest rates than is the current mix. Deposit repricing behavior may also differ from our models or from previous rate increases. An increase in market interest rates also could adversely affect the ability of BOK Financial' s floating- rate borrowers to meet their higher payment obligations. If this occurred, it could cause an increase in nonperforming assets and net charge- offs which could adversely affect BOK Financial' s business ~~. On March 5, 2021, the U. K. Financial Conduct Authority (" FCA") confirmed that the publication of the principal tenors of the U. S. dollar London Interbank Offered Rate (" LIBOR") will cease immediately following a final publication on June 30, 2023. Further, U. S. regulators released a joint inter- agency statement about their expectations that banks cease entering into new contracts that use USD LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021. On March 15, 2022, the President of the United States of America signed into law the Adjustable Interest Rate (LIBOR) Act (" LIBOR Act"). Under the LIBOR Act, on the first London banking day after June 30, 2023 (" LIBOR Replacement Date"), a benchmark replacement recommended by the Board of Governors of the Federal Reserve System (" Board") will replace LIBOR in specific contracts. In the fourth quarter of 2022, the Board issued its final regulations (" Final Regulations") implementing the LIBOR Act. The Final Regulations: (i) address the applicability of the LIBOR Act to various LIBOR contracts, (ii) identify the Board- selected benchmark replacements for various types of LIBOR contracts, (iii) include specific benchmark replacement conforming changes, (iv) address the issue of preemption and (v) provide other clarifications, definitions, and information. The regulations will become effective thirty (30) days after the publication of the Final Regulation in the Federal Register. The Company ceased production of new LIBOR- based exposure as of December 31, 2021 and now offers floating rate products in various alternative reference rates with the majority of volume being observed thus far in simple or term rate versions of the Secured Overnight Financing Rate (" SOFR"). Key loan provisions have been modified so that new and renewed loans include LIBOR fallback language designed to ensure the smoothest possible transition from LIBOR to the new benchmark when such transition occurs. All existing financial contracts with direct exposure to LIBOR have been inventoried. The Company has taken action to transition these exposures to an alternative reference rate in advance of the June 30, 2023 deadline. However, if exposures are not transitioned as of the LIBOR Replacement Date, the organization expects to implement the fallback language of each contract or follow the LIBOR Act as appropriate. Additionally, the Company has some debt instruments subject to the LIBOR Act. The overall economic impact of the LIBOR transition to the organization is expected to be minimal as the Company is implementing appropriate credit spread adjustments to exposures that are being transitioned from LIBOR to SOFR~~. Changes in mortgage interest rates could adversely affect mortgage banking operations along with mortgage servicing rights as well as BOK Financial' s substantial holdings of residential mortgage- backed securities, and brokerage and trading revenue. BOK Financial derives a substantial amount of revenue from mortgage banking activities, the production and sale of mortgage loans and the servicing of mortgage loans. In addition, as part of BOK Financial' s mortgage banking business, BOK Financial has substantial holdings of mortgage servicing rights. Revenue generated from the production and sale of mortgage loans is affected by mortgage interest rates and government policies related to economic stimulus and home ownership. Falling interest rates tend to increase mortgage lending activities and related revenue while rising interest rates have an opposite effect. Mortgage servicing revenue is a fee earned over the life of the related loan. However, mortgage servicing rights are assets that are carried at fair value, which are very sensitive to numerous factors with the primary factor being changes in market interest rates. Falling interest rates tend to increase loan prepayments, which may lead to a decrease in the value of related servicing rights. We attempt to manage this risk by maintaining an active hedging program. The primary objective of the Company' s hedging program is to provide an offset to changes in the fair value of these rights due to hedgeable risks, primarily changes in market interest rates. Due to numerous unhedgeable factors, hedging strategies may not offset all changes in the fair value of the asset. Such unhedgeable factors include, but are not limited to, changes in customer prepayment or delinquency behavior that is inconsistent with historical actual performance in a similar market environment; changes in the long- term or short- term primary / secondary mortgage spreads; and changes in survey- driven assumptions such as the cost of servicing and discount rates. We also hold a substantial portfolio of residential mortgage- backed securities issued by U. S. government agencies. The fair value of residential mortgage- backed securities is highly sensitive to changes in interest rates. A significant decrease in interest rates may lead mortgage holders to refinance the mortgages constituting the pool backing the securities subjecting BOK Financial to a risk of prepayment and decreased return on investment due to subsequent reinvestment at lower interest rates. A significant decrease in interest rates may also accelerate premium amortization. Conversely, a significant increase in interest rates may cause mortgage holders to extend the term over which they repay their loans, which delays the Company' s opportunity to reinvest funds at higher rates. We mitigate this risk somewhat by investing principally in shorter duration mortgage products which are less sensitive to changes in interest rates; however this strategy may not be successful. In addition, the Company actively engages in trading activities that provide U. S. government agency residential mortgage- backed securities and related derivative instruments to our customers. Trading activities generate net interest revenue and trading revenue. Trading revenue and customer hedging revenue varies in response to customer demand. The value of trading securities will increase in response to decreases in interest rates or decrease in response to increases in interest rates and other bond market factors. We mitigate the market risk of holding trading securities through appropriate economic hedging techniques, which may not be effective. Models may fail to reasonably predict changes in values caused by changes in interest rates, prepayment speeds ~~,~~ and other relevant stimuli, which could adversely affect our business or results of operations. We use quantitative models to assist in measuring risk and predicting changes in the value of financial instruments. The outputs of these models are used to determine hedging strategy related to mortgage servicing rights, mortgage production pipeline and trading securities. We also use models to estimate the effects of changing interest rates and other market measures in order to adequately structure assets and liabilities to manage interest rate sensitivity. Inaccurate information obtained from these models could result in poor management decisions that lead to an elevated exposure to interest rates which could adversely affect our results of operations. Market disruptions could impact BOK Financial' s funding sources. BOK Financial' s subsidiary bank may rely on other financial institutions and the Federal Home Loan Bank of Topeka as a significant source of funds. Our ability to fund loans, manage our interest rate risk and meet other obligations depends on funds borrowed from these sources. The inability to borrow funds at market interest rates could have a material adverse effect on our operations **. In addition, idiosyncratic factors, as well as other factors outside of BOK Financial' s control, such as a general market disruption or an operational problem that affects third parties, could impair the Company' s ability to access short- term funding or create an unforeseen outflow of cash due to, among other factors, draws on unfunded commitments or deposit attrition. Withdrawals of brokered or institutional deposits could require us to pay significantly higher interest rates on our retail deposits or on other wholesale funding sources, which would have an adverse impact on our net interest income and net income. Furthermore, changes to the FHLB' s underwriting guidelines for wholesale borrowings or lending policies may limit or restrict our ability to borrow, and therefore could have a significant adverse impact on our liquidity. In the event of future turmoil in the banking industry or other idiosyncratic events, there is no guarantee that the U. S. government will invoke the systemic risk exception, create additional liquidity programs, or take any other action to stabilize the banking industry or provide liquidity. The Company' s inability to monetize liquid assets or to access short- term funding or capital markets could constraint the Company' s ability to make new loans or meet existing lending commitments and could ultimately jeopardize BOK Financial' s overall liquidity and capitalization. Loss of deposits or a change in deposit mix could increase BOK Financial' s funding costs. Deposits are a low cost and stable source of funding. BOK Financial competes with banks and other financial institutions for deposits and as a result, the Company could lose deposits in the future, clients may shift their deposits into higher cost products, or the Company may need to raise interest rates to avoid deposit attrition. Funding costs may also increase if deposits lost are replaced with wholesale funding. Higher funding costs reduce BOK Financial' s net interest margin, net interest income and net income. In addition, recent events impacting the banking industry, including the bank failures in March and April 2023, have resulted in significant disruption and volatility in the capital markets, reduced current valuations of bank securities, and decreased confidence in banks among depositors and other counterparties as well as investors. A decrease in the supply of deposits or significant increase in competition for deposits could result in substantial increases in costs to retain and service deposits. Increased adoption of consumer banking technology can result in reduced deposit stickiness due to the relative ease with which depositors may transfer deposits to a different depository institution in the event that confidence is lost in BOKF, NA. The cost of resolving the recent bank failures has also prompted the FDIC to issue a special assessment to recover costs to the Deposit Insurance Fund. For information on the FDIC' s special assessment, refer to the" Management' s Discussion and Analysis of Financial Condition and Results of Operations." A downgrade in our credit ratings may increase our funding costs and limit our business activities. We are regularly evaluated by ratings agencies. Our credit ratings are based on a number of factors such as the financial strength of BOKF and BOKF, NA and conditions generally affecting the financial services industry. Many qualitative and quantitative factors are used by the ratings agencies including capital adequacy, liquidity, asset quality, business mix, and earnings. These ratings are subject to change at any time and we may not be able to maintain our current credit ratings. Reductions in one or more of our credit ratings could adversely affect our ability to borrow funds and increase our cost of capital and limit the number of investors or counterparties willing to do business with or lend to us. This could also affect our ability to attract or retain customers, including deposits. In addition, if we were downgraded below investment grade, certain counterparty contracts may require renegotiation or require additional posting of collateral** . Operating and Transaction Risk Factors Dependence on technology increases cybersecurity, data privacy and technology failure risk. The Company is dependent on its technological ability to process, record and monitor a large number of customer transactions and store and protect a significant amount of sensitive customer information. Our customers' use of our internet-based services, and our customer and regulatory expectations regarding operational and information security and reliability have increased over time. We face compliance risks and costs relating to the data privacy laws existing in multiple jurisdictions. Congress and the legislatures of states in which we operate regularly consider legislation that would impose more stringent data privacy requirements resulting in increased compliance costs. Cybersecurity risks for financial institutions have increased significantly in recent years in part because of the proliferation of new technologies, the increased use of the internet and mobile technologies to conduct financial transactions, and the increased sophistication and ever changing cyberattack techniques used by organized crime, hackers, terrorists, hostile foreign governments and other external parties to obtain confidential customer information and misappropriate customer funds, and may disrupt operations through Ransomware. Such parties may seek to gain access to our systems directly or use equipment or security passwords belonging to employees, customers, third **-** party services providers or other users of our systems. Accordingly, our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, breakdowns and cyber attacks. Our business, financial, accounting, data processing systems and other operating systems and facilities may stop operating properly or become disabled as a result of a number of factors that may be wholly or partially beyond our control. In addition to cyber attacks, there could be sudden increases in customer transaction volume, electrical or telecommunications outages, extended disruptions in operations or technology, natural disasters, pandemics, and events arising from political or social matters, including terrorist attacks. Third parties with whom we do business or that facilitate our business activities including exchanges, clearing houses, financial intermediaries or vendors that provide services or security solutions for our operations, could also be sources of operational or information security risk to the Company including breakdowns or failures of their own systems, capacity constraints or cyber attacks. Cybersecurity risk management programs are expensive to maintain and will not protect the Company from all risks associated with maintaining the security of customer data from external and internal intrusions, disaster recovery and failures in controls used by our vendors. A material breach of customer data security or operational or system failure may negatively impact our business reputation and cause a loss of customers, result in increased expense to contain the event and / or require that we provide credit monitoring services for or reimburse affected customers, result in regulatory fines, penalties or intervention, or result in litigation, all of which could have a materially adverse effect on our results of operations and financial condition. Although to date we have not experienced any material losses relating to cyber attacks or other information security breaches or operational failures, there can be no assurance that we will not suffer such losses in the future. Attempts to compromise our cybersecurity are regular and frequent. Our risk and exposure to these matters remains heightened, and as a result the continued development and enhancement of our controls, processes and practices designed to protect and facilitate the recovery of our systems, computers, software, data and networks from attack, damage or unauthorized access remains a high priority for us. As an additional layer of protection, we have purchased network and privacy liability risk insurance coverage. Our cybersecurity insurance may not provide sufficient coverage in the event of a breach or may not be available in the future on acceptable terms. We depend on third parties for critical components of our infrastructure. We outsource a significant portion of our information systems, communications, data management and transaction processing to third parties. **We are heavily reliant on a single vendor for many of these functions.** These third parties are sources of risk associated with operational errors, system interruptions or breaches, unauthorized disclosure of confidential information and misuse of intellectual property. If the service providers encounter any of these issues, we could be exposed to disruption of service, reputation damages, and litigation risk that could be material to our business. ' s common stock.Mr.Kaiser has the right to sell shares of BOK Financial' s common stock in compliance with the federal securities laws at any time,or from time to time.The federal securities laws will be the only restrictions on Mr.Kaiser' s ability to sell.Because of his current control of BOK Financial,Mr.Kaiser could sell large amounts of his shares of BOK Financial' s common stock by causing BOK Financial to file a registration statement that would allow him to sell shares more easily.In addition,Mr.Kaiser could sell his shares of BOK Financial' s common stock without registration under Rule 144 of the Securities Act.Although BOK Financial can make no predictions as to the effect,if any,that such sales would have on the market price of BOK Financial' s common stock,sales of substantial amounts of BOK Financial' s common stock,or the perception that such sales could occur,could adversely affect market prices.If Mr.Kaiser sells or transfers his shares of BOK Financial' s common stock as a block,another person or entity could become BOK Financial' s controlling shareholder.Statutory restrictions on subsidiary dividends and other distributions and debts of BOK Financial' s subsidiaries could limit amounts BOK Financial' s subsidiaries may pay to BOK Financial.A substantial portion of BOK Financial' s cash flow typically comes from dividends paid by BOKF,NA.Statutory provisions and regulations restrict the amount of dividends BOKF,NA may pay to BOK Financial without regulatory approval.Management also developed,and the BOK Financial Board of Directors approved,an Our business may be adversely affected if we are unable to hire and retain qualified employees. An increasing competitive factor in the financial services industry is the ability to attract and retain talented and diverse employees across several lines of business. The transition by many employers to remote work and work- from- home that occurred during the COVID- 19 pandemic seems likely to continue. Employers, now less constrained by physical geography, particularly those in markets with elevated employee compensation, may increasingly compete for our employees. ~~We~~ **Adverse global economic factors could have a negative effect on BOK Financial customers and counterparties. Economic conditions globally could impact BOK Financial' s customers and counterparties with which we do business. Pandemics, such as the COVID- 19 pandemic,** may ~~may~~ affect economies around the world.The Russia- Ukraine conflict ~~has~~ **and Israel- Hamas conflict have** resulted in volatile oil prices as well as affected other global economic factors.BOK Financial,its customers and counterparties may be negatively affected by the volatility and uncertainty related to inflation and the effects of inflation.Prolonged periods of inflation may impact our profitability by negatively affecting our fixed costs and expenses,including increasing funding costs and expenses related to talent acquisition and retention.Additionally,inflation may lead to a decrease in consumer purchasing power and negatively impact the need or demand for our products or services.If significant inflation continues,the creditworthiness of our borrowers and their ability to repay loans timely may be affected.The Company,its customers and counterparties may also ~~be adversely affected by~~ be adversely affected **by global events, such as natural disasters, and other external events beyond our control, including public health issues, terrorist attacks and acts of war. These global events may significantly affect long- term and short- term interest rates, energy prices, the value of financial assets and ultimately economic activity in our primary markets. The adverse effect of these events on the Company may include narrowing of the spread between interest income and interest expense, a reduction in fee income,** ~~and~~ - **an** ~~experience~~ **increase in credit** losses ~~related to fraud~~ **and a decrease in demand** ~~or~~ **for loans** ~~theft. Attempts to commit fraud, including but not limited to, card fraud, check fraud, electronic fraud, wire fraud, social engineering~~ and ~~phishing attacks, are becoming increasingly more sophisticated and may go undetected by the~~ **other** ~~systems~~ **products** and **services** ~~procedures we have in place to monitor our operations~~ . **Our business** ~~We have experienced, and may experience again in the future, losses incurred due to customer, employee, or third party fraud and theft. These losses may be material, negatively affect our results of operations~~ , financial condition ~~or prospects~~ , **liquidity** and ~~may lead to significant reputational risks and~~ **results of operations could be adversely affected by a health pandemic such as the COVID- 19 pandemic or** other ~~effects~~ **health crisis** . **A pandemic or** ~~We continue to invest in fraud prevention in the~~ **other health crisis could destabilize** ~~form of people and systems designed to prevent, detect and mitigate~~ the ~~customer and~~ financial ~~impacts. Risks Related to an Investment in Our Stock Although publicly traded, BOK Financial' s common stock has substantially less liquidity than the average trading market~~

markets for a stock quoted on the NASDAQ...... Kaiser' s ability to prevent an **and** ~~unsolicited bid~~ **the general economy. Forced shutdowns** ~~for~~ - **or regulations limiting business** ~~BOK Financial or any other change in control~~ could have an adverse effect on **our customers, limiting** ~~the~~ **their** ~~market price~~ **ability to satisfy obligations and limiting growth or demand** for ~~BOK Financial' s common stock. A substantial majority of BOK Financial' s directors are not officers or~~ **our loans and** ~~employees of BOK Financial or any of its affiliates. However, because of Mr. Kaiser' s control over the~~ **other services** ~~election of BOK Financial' s directors~~ , **which** ~~he could change the composition of BOK Financial' s Board of Directors so that it would~~ **could** ~~not have a majority of outside directors. Possible future sales of shares by BOK Financial' s principal shareholder could adversely~~ affect **our liquidity,** ~~the market price of BOK Financial~~ **financial condition** ' s common stock. Mr....... Financial Board of Directors approved, an **and results** ~~internal capital policy that is more restrictive than the regulatory capital standards. In the event~~ of **operations** ~~liquidation, creditors of the subsidiary banks and other non- bank subsidiaries of BOK Financial are entitled to receive distributions from the assets of that subsidiary before BOK Financial, as holder of an equity interest in the subsidiaries, is entitled to receive any distributions~~ .