

Energy Derivatives

During 2001 BOK Financial developed a program that permits its energy-producing customers to hedge against price fluctuations through energy option and swap contracts. These contracts are executed between BOK and its customers. Offsetting contracts are executed between BOK and selected energy dealers. The dealer contracts are identical to the customer contracts, except for a fixed pricing spread paid to BOK as compensation for administrative costs, credit risk and profit.

This program creates credit risk for potential amounts due to BOK from the customers and dealers. Customer credit risk is monitored through existing lending policies and procedures. The value of energy production is evaluated across a range of prices to determine a maximum exposure BOK is willing to accept individually to any customer or collectively to all energy producers. Dealer credit risk is monitored through existing policies and procedures used to

evaluate counterparty risk. This evaluation considers all relationships between BOK Financial and each counterparty. Individual limits are established by management and approved by the Risk Oversight Committee of the Board of Directors. Margin collateral is required if the exposure to a counterparty exceeds established limits. BOK Financial had no energy contracts with Enron Corp.

BOK Financial carries the energy contracts at fair value in other assets and other liabilities. At December 31, 2001, other assets included \$28 million and other liabilities included \$29 million of energy contracts. Changes in fair value are recorded in income. Closing prices on the New York Mercantile Exchange are used to determine fair value. At December 31, 2001 losses on derivatives included a \$250 thousand loss from market value adjustments on energy derivatives.

(5) Loans

Significant components of the loan portfolio are as follows (in thousands):

	December 31,							
	2001				2000			
	Fixed Rate	Variable Rate	Non-accrual	Total	Fixed Rate	Variable Rate	Non-accrual	Total
Commercial	\$ 739,532	\$2,900,143	\$35,075	\$3,674,750	\$ 510,427	\$2,700,460	\$37,146	\$3,248,033
Commercial real estate	411,453	926,466	3,856	1,341,775	331,585	938,748	161	1,270,494
Residential mortgage	575,536	123,404	4,140	703,080	458,562	177,627	1,855	638,044
Residential mortgage - held for sale	166,093	—	—	166,093	48,901	—	—	48,901
Consumer	294,099	115,112	469	409,680	192,428	119,463	499	312,390
Total	\$2,186,713	\$4,065,125	\$43,540	\$6,295,378	\$1,541,903	\$3,936,298	\$39,661	\$5,517,862
Foregone interest on nonaccrual loans				\$ 5,163				\$ 3,803

The majority of the commercial and consumer loan portfolios and approximately 74% of the residential mortgage loan portfolio (excluding loans held for sale) are loans to businesses and individuals in Oklahoma. This geographic concentration subjects the loan portfolio to the general economic conditions within this area.

Within the commercial loan classification, loans to energy-related businesses total \$988 million, or 16% of total loans. Other notable segments include wholesale/retail, \$600 million; manufacturing, \$467 million; agriculture, \$171 million, which includes \$150 million loans to the cattle industry; and services, \$1.1 billion,

which include nursing homes of \$162 million, hotels of \$69 million and healthcare of \$115 million.

Approximately 44% of commercial real estate loans are secured by properties located in Oklahoma, primarily in the Tulsa or Oklahoma City metropolitan areas. An additional 29% of commercial real estate loans are secured by property located in Texas. The major components of these properties are multifamily residences, \$292 million; construction and land development, \$327 million; retail facilities, \$220 million; and office buildings, \$256 million.

Related Party

Included in loans at December 31 are loans to executive officers, directors or principal shareholders of BOK Financial, as defined in Regulation S-X of the Securities and Exchange Commission. Such loans have been made on substantially the same terms as those prevailing at the time for loans to other customers in comparable transactions. Information relating to loans to executive officers, directors or principal shareholders is summarized as follows (in thousands):

	2001	2000
Beginning balance	\$96,621	\$94,861
Advances	12,436	4,040
Payments	(17,602)	(1,395)
Adjustments	(743)	(885)
Ending balance	\$90,712	\$96,621

Adjustments are primarily due to certain individuals being included for the first time or no longer being included as an executive officer or director of BOK Financial.