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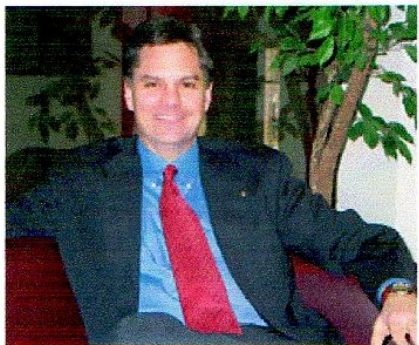
Interest Rate Derivatives Arm Commercial Bankers with Additional Weapon in Competition for New Business

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Mark Fish is a commercial lender first and foremost and readily admits he's a generalist when it comes to the nuts and bolts of offerings outside his immediate purview.

But he still knows enough about those other products and services to be dangerous to the competition.

In 2004, Fish participated in transactions that made up a third of the value of all interest rate derivative sales to commercial clients of BOK Financial Corp.



OKC commercial banker Mark Fish made a third of the value of derivatives sales at BOKF last year.

He doesn't have to be an expert on the mysteries of derivatives to help make sales

because he has easy access to those inside BOKF who already are.

That combination of initiative and available expertise are giving Fish and other commercial lenders equal footing with the largest banks in the country that offer derivatives.

BOKF's commercial officers also have a leg up on smaller banks in local markets that don't have them. Successful sales also mean attractive referral rewards.

"We need to know enough about interest rate derivatives to talk about it and introduce the concept, then we can bring in our experts to discuss it in

intricate detail with our clients," said Fish, a member of Oklahoma City's Metro and Healthcare commercial team. "We shouldn't be afraid to discuss it or worry that we don't know enough."

For years, commercial bankers have worked side-by-side with Treasury Services, BOSC and Trust officers, among others, to better serve existing clients and bring in new business.

Now, commercial relationship managers throughout BOKF have an additional arrow in their quiver—the know-how of a team available to consult with clients about the potentially cost-effective benefits of interest rate derivatives.



Mark Staggs offices in Houston but travels throughout BOKF to assist commercial officers.

In an effort to further expand sales, the company last year appointed **Mark Staggs** manager of interest rate derivatives sales. Staggs

offices in Houston, but travels twice monthly to Dallas, Oklahoma City and Tulsa and once a month to Albuquerque. He is also available for travel as sales opportunities arise.

"My job is to work with lenders to help uncover opportunities, and to get business done," Staggs said. "I am on the road calling in BOKF markets about a third of the month on a regularly scheduled basis, and I am also available by phone or for meetings in-person as required."

Staggs is part of the Financial Risk Management group headed by Senior Vice President **Brett Dean** in Oklahoma City. The group offers clients energy hedging, interest rate swaps, foreign exchange and other risk management services.

Also available to answer questions is **Brad Emmons**, who developed the company's interest derivatives program in 2002 and oversees derivatives

First Quarter Sales Results:

Gross Fee Income

- \$376,830 (above target)

Referral Incentives

- \$27,878 to lenders

- \$6,970 to managers

12 Transactions, Eight Lenders

- Jeff Dunn, Arkansas
- Pat Romo, Albuquerque
- James Sangster, Dallas
- Mark Fish, OKC
- Pam Schloeder, Tulsa
- Terri Blain, Tulsa
- Mack Renner, Tulsa
- Bob Mattax, Tulsa)

Largest Transaction

- Jeff Dunn

trading from Tulsa.

"The type of swap transaction that makes the most sense for the bank and the client typically involves a term loan with a maturity of two years or longer and an outstanding principal amount of \$2 million or greater where the customer seeks to fix the interest expense on all or a portion of the borrowing," Staggs said.

Although transactions of this type are the most frequent, smaller transactions can be done, in addition to swaps on revolving credit facilities, he said.

The derivatives product was introduced in 2003, and sales topped \$1.25 million last year. However, there's plenty of opportunity for additional growth, which means more non-interest income for BOK Financial. Non-interest fee and commission income makes up 42 percent of revenue for the company and contributes to consistent earnings growth through changes in the economy.



Brad Emmons developed BOKF's derivatives products and oversees trading from Tulsa.

Interest rate derivatives allow clients to quickly and efficiently change the interest rate characteristics of their debt through a separate contract linked to the loan.

Clients could, for example, change a floating-rate loan to fixed rate or a fixed-rate loan to floating, depending on which is more advantageous in a given interest rate environment. Derivatives also give clients the opportunity to have an asset with value if rates rise.

"It sounds real mysterious, but it's just a way to fix their interest rate without doing it in the loan agreement," said Fish, who recently participated in another transaction that effectively fixed a 10-year loan at 6.15 percent interest on real estate. He also credits Senior Vice President [John Waldo](#) for identifying the opportunity that made up most of Fish's 2004 sales total.

"We need to know enough about interest rate derivatives to talk about it and introduce the concept, then we can bring in our experts to discuss it in intricate detail with our clients."

-Mark Fish-

For several decades, derivatives have been commonly used by large corporations doing business with some of the country's largest banks. But now more middle market commercial clients are using them or exploring the option.

The availability of derivatives for Bank of Oklahoma clients is allowing Mark Fish and other commercial bankers to offer

something that other local banks in Oklahoma City don't.

"I am the relationship manager, so it's my job to identify other opportunities for Bank of Oklahoma and interest rate derivative products are one of many arrows we have in our quiver that a lot of local banks don't," he said.