

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

BOK FINANCIAL CORP ET AL

Form 10-Q

August 09, 2007

As filed with the Securities and Exchange Commission on August 9, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2007

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-19341

BOK FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction
of Incorporation or Organization)

73-1373454
(IRS Employer
Identification No.)

Bank of Oklahoma Tower
P.O. Box 2300
Tulsa, Oklahoma
(Address of Principal Executive Offices)

74192
(Zip Code)

(918) 588-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐ ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

of common stock, as of the latest practicable date: 67,259,004 shares of common stock (\$.00006 par value) as of July 31, 2007.

=====

2

BOK Financial Corporation
Form 10-Q
Quarter Ended June 30, 2007

Index

Part I. Financial Information	
Management's Discussion and Analysis (Item 2)	2
Market Risk (Item 3)	27
Controls and Procedures (Item 4)	29
Consolidated Financial Statements - Unaudited (Item 1)	30
Six Month Financial Summary - Unaudited (Item 2)	42
Quarterly Financial Summary - Unaudited (Item 2)	43
Part II. Other Information	
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 4. Submission of Matters to a Vote of Security Holders	46
Item 6. Exhibits	46
Signatures	47
Management's Discussion and Analysis of Financial Condition and Results of Operations	
Performance Summary	

BOK Financial Corporation reported earnings of \$53.9 million or \$0.80 per diluted share for the second quarter of 2007, compared with net income of \$55.0 million or \$0.82 per diluted share for the second quarter of 2006. The returns on average assets and shareholders' equity were 1.16% and 12.06%, respectively for the second quarter of 2007, compared with returns of 1.33% and 14.03%, respectively for the second quarter of 2006. Year-to-date net income was \$106.7 million or \$1.58 per diluted share for 2007 and \$109.7 million or \$1.63 per diluted share for 2006.

Highlights of the quarter included:

- o Acquisitions of Worth National Bank and First United Bank were completed during the quarter. Worth added net loans of \$281 million, total deposits of \$369 million and five banking locations in Fort Worth, Texas. First United added net loans of \$94 million, total deposits of \$133 million and eleven bank locations in the Denver, Colorado area. These acquisitions did not significantly affect average asset, average liabilities or net income for the second quarter.
- o Net interest revenue grew \$13.8 million or 11% over the second quarter of 2006 and \$6.1 million or 16% annualized over the first quarter of 2007, excluding the impact of acquisitions.
- o Average earning assets increased \$2.2 billion or 15% over the second quarter of 2006. Average outstanding loans totaled \$11.3 billion, up \$1.9 billion or 20%. Average deposits totaled \$12.4 billion, up \$1.2 billion or 10% over the second quarter of 2006.
- o Net interest margin was 3.31% for the second quarter of 2007, 3.32% for the first quarter of 2007 and 3.40% for the second quarter of 2006. The yield

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

on average earning assets was 7.00%, up from 6.71% for the second quarter of 2006 and down two basis points from the preceding quarter. The cost of interest-bearing funds was 4.12% for the second quarter of 2007 compared with 3.73% for the second quarter of 2006 and 4.14% for the first quarter of 2007.

- o Provision for credit losses was \$7.8 million for the second quarter of 2007, up from \$3.8 million for the second quarter of 2006 and \$6.5 million for the first quarter of 2007. Non-performing assets totaled \$60 million or 0.52% of outstanding loans at June 30, 2007 and \$39 million or 0.40% of outstanding loans at June

3

30, 2006. Non-performing assets totaled \$50.7 million or 0.44% of outstanding loans at June 30, 2007, excluding acquisitions.

- o The combined allowance for loan losses and reserve for off-balance sheet credit losses totaled \$139 million or 1.20% of outstanding loans at June 30, 2007, \$126 million or 1.30% at June 30, 2006 and \$134 million or 1.21% of outstanding loans at March 31, 2007.
- o Fees and commissions revenue increased \$4.9 million or 5% over the second quarter of 2006. Transaction card revenue grew \$3.0 million or 15% due to volume increases, and trust fees grew \$1.7 million or 10% due primarily to increases in the fair value of trust assets. Revenue from bank-owned life insurance totaled \$2.5 million for the second quarter of 2007 compared with \$32 thousand in 2006 due to a \$202 million investment in bank-owned life insurance at the end of the third quarter of 2006. Other revenue decreased \$2.9 million due primarily to fees earned on margin asset balances.
- o Operating expenses, excluding changes in the fair value of mortgage servicing rights increased \$15.3 million or 12%; personnel expenses grew \$9.5 million or 13% over the second quarter of 2006.
- o The fair value of mortgage servicing rights increased \$5.1 million during the second quarter of 2007. At the same time, the fair value of securities held as an economic hedge of mortgage servicing rights decreased \$5.7 million for a net pre-tax loss of \$621 thousand. During the second quarter of 2006, the fair value of mortgage servicing rights increased \$3.6 million and the fair value of securities designated as an economic hedge decreased \$2.5 million for a net pre-tax gain of \$1.1 million.
- o Debt rating was placed on positive outlook by Standard & Poors.

Results of Operations

Net Interest Revenue

Tax-equivalent net interest revenue increased to \$137 million for the second quarter of 2007 from \$123 million for the same period of 2006, due primarily to a \$1.9 billion or 20% increase in average outstanding loan principal. Average loan growth was funded by a \$1.2 billion or 10% increase in average deposits and a \$809 million increase in borrowed funds. Table 1 shows the effects on net interest revenue of changes in average balances and interest rates for the various types of earning assets and interest-bearing liabilities.

Net interest margin, the ratio of tax-equivalent net interest revenue to average earning assets was 3.31% for the second quarter of 2007, compared with 3.40% for the second quarter of 2006 and 3.32% for the first quarter of 2007. The yield on average earning assets was 7.00%, up 29 basis points compared with the second

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

quarter of 2006 and down 2 basis points over the preceding quarter. Beginning in 2005, the weighted average spread of rates earned on our commercial loan portfolio over LIBOR funding sources decreased from approximately 272 basis points to approximately 239 basis points due largely to competitive pricing pressure. Over the same period, deposit account balances have been steadily migrating to higher costing products. Non-interest bearing funds and changes in the mix of funding sources added 43 basis points to the net interest margin in second quarter of 2007 compared with 42 basis points for the second quarter of 2006 and 44 basis points for the preceding quarter.

Management regularly models the effects of changes in interest rates on net interest revenue. Based on this modeling, we expect net interest revenue to decline slightly from rising rates over a one-year forward looking period. However, other factors such as loan spread compression, deposit product mix and overall balance sheet composition may affect this general expectation. Additionally, we have a large portion of our assets in mortgage-backed securities. These securities reprice as cash flow received is reinvested at current market rates. The resulting change in yield of the securities portfolio occurs more slowly than changes in market rates. The tax-equivalent yield of the securities portfolio for the second quarter of 2007 increased 13 basis points compared with the same period of 2006 while the average loan yield increased 26 basis points and the cost of interest-bearing liabilities increased 39 basis points.

Our overall objective is to manage the Company's balance sheet to be relatively neutral to changes in interest rate. Approximately 69% of our commercial loan portfolio is either variable rate or fixed rate that will reprice within one year. These loans are funded primarily by deposit accounts that are either non-interest bearing, or that reprice more slowly than the loans. The result is a balance sheet that would be asset sensitive, which means that assets generally

4

reprice more quickly than liabilities. Among the strategies that we use to achieve a relatively rate-neutral position, we purchase fixed-rate, mortgage-backed securities to offset the short-term nature of the majority of the Company's funding sources. The liability-sensitive nature of this strategy provides an offset to the asset-sensitive characteristics of our loan portfolio.

We also use derivative instruments to manage our interest rate risk. Interest rate swaps with a combined notional amount of \$632 million convert fixed rate liabilities to floating rate based on LIBOR. The purpose of these derivatives, which include interest rate swaps designated as fair value hedges, is to position our balance sheet to be relatively neutral to changes in interest rates. We also have interest rate swaps with a notional amount of \$100 million that convert prime-based loans to fixed rate. The purpose of these derivatives, which have been designated as cash flow hedges, also is to position our balance sheet to be relatively neutral to changes in interest rates.

The effectiveness of these strategies is reflected in the overall change in net interest revenue due to changes in interest rates as shown in Table 1 and in the interest rate sensitivity projections as shown in the Market Risk section of this report.

Table 1 - Volume / Rate Analysis
(In thousands)

Three Months Ended
June 30, 2007 / 2006

Six Months Ended
June 30, 2007 / 2006

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

	Change Due To (1)				
	Change	Volume	Yield / Rate	Change	V
Tax-equivalent interest revenue:					
Securities	\$ 4,740	\$ 3,186	\$ 1,554	\$ 8,626	\$
Trading securities	194	123	71	504	
Loans	43,223	36,324	6,899	90,155	6
Funds sold and resell agreements	517	464	53	943	
Total	48,674	40,097	8,577	100,228	7
Interest expense:					
Transaction deposits	13,367	7,443	5,924	28,605	1
Savings deposits	24	13	11	58	
Time deposits	8,642	3,223	5,419	18,388	
Federal funds purchased and repurchase agreements	7,433	6,297	1,136	22,515	1
Other borrowings	3,078	2,385	693	2,169	
Subordinated debentures	1,894	1,982	(88)	2,182	
Total	34,438	21,343	13,095	73,917	3
Tax-equivalent net interest revenue	14,236	18,754	(4,518)	26,311	3
Change in tax-equivalent adjustment	(429)			(992)	
Net interest revenue	\$ 13,807			\$ 25,319	

(1) Changes attributable to both volume and yield/rate are allocated to both volume and yield/rate on an equal basis.

Year-to-date tax equivalent net interest revenue totaled \$267.9 million, up 11% over 2006. Average earning assets increased \$2.0 billion or 14%. Net interest margin was 3.31% for the first half of 2007 compared with 3.40% for the first half of 2006. The yield on average earning assets was 7.01%, up 44 basis points over the first half of 2006. The cost of interest-bearing liabilities was 4.13%, up 55 basis points over last year. Non-interest-bearing funds and changes in the mix of funding sources added 43 basis points to the net interest margin in the first half of 2007 and 41 basis points in the first half of 2006.

Other Operating Revenue

Other operating revenue increased \$1.1 million compared with the second quarter of 2006. Fees and commission revenue increased \$4.9 million or 5%. Growth in fee revenue was offset by a \$3.7 million increase in losses on securities, including securities held as an economic hedge of our mortgage servicing rights.

Diversified sources of fees and commission revenue are a significant part of our business strategy and represented 42% of total revenue, excluding gains and losses on asset sales, securities and derivatives, for the second quarter of 2007.

We believe that a variety of fee revenue sources provide an offset to changes in interest rates, values in the equity markets, commodity prices and consumer spending, all of which can be volatile.

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Fees and commissions revenue

Transaction card revenue increased \$3.0 million or 15% over the second quarter of 2006. ATM network revenue increased \$1.8 million or 21% due to additional locations added in the second half of 2006 while check card revenue increased \$1.1 million or 22% over the second quarter of 2006 due to volume growth. Merchant discount fees increased 1% over the second quarter of 2006.

Trust fees and commissions increased \$1.7 million or 10% for the second quarter of 2007. The fair value of all trust relationships, which is the basis for a significant portion of trust fees increased to \$33.7 billion at June 30, 2007 compared with \$28.7 billion at June 30, 2006. Personal trust management fees, which provide 31% of total trust fees and commissions increased \$297 thousand or 5%. Employee benefit plan management fees, which provide 19% of total trust fees, grew \$360 thousand or 11%. Net fees from mutual fund advisory and administrative services increased \$626 thousand or 17%. Revenue from the management of oil and gas properties and other real estate, which provide 10% of total trust revenue, increased 2% over the second quarter of 2006.

Brokerage and trading revenue grew \$720 thousand or 6%. Revenue from retail brokerage activities increased \$864 thousand or 24% over the same period of 2006. Revenue from securities trading activities increased \$606 thousand or 13%. Customer hedging revenue decreased \$191 thousand or 6% due to lower revenue from energy hedging. Investment banking fees were down \$560 thousand or 48% due to the timing of transaction closings.

Deposit service charges and fees increased \$456 thousand or 2% over the second quarter of 2006. Overdraft fees grew \$721 thousand or 4% due to increased volume while service charges on retail accounts decreased \$286 thousand or 17% due to service-charge free deposit products. Commercial deposit account fees were largely unchanged compared with the second quarter of 2006.

Mortgage banking revenue decreased \$513 thousand or 7% compared with 2006. Servicing revenue totaled \$4.3 million for the second quarter of 2007, up \$37 thousand over the same period last year. Net gains on mortgage loans sold totaled \$2.4 million, down \$550 thousand from the second quarter of 2006.

Changes in the cash surrender value of life insurance provided revenue of \$2.5 million in the second quarter of 2007 and \$32 thousand in the second quarter of 2006. The Company invested \$202 million in bank-owned life insurance during the third quarter of 2006. The increase in revenue earned on life insurance is partially offset by a decrease in net interest revenue due to increased costs to fund insurance assets.

Other operating revenue included \$969 thousand of fees earned on margin assets in the second quarter of 2007 and \$3.6 million in the second quarter of 2006. Margin assets which are held primarily as part of the Company's customer derivatives programs averaged \$96 million for the second quarter of 2007, compared with \$260 million for the second quarter of 2006. The decrease in revenue earned on margin assets is partially offset by an increase in net interest revenue due to lower costs to fund the margin assets.

Year-to-date fees and commissions revenue grew \$7.0 million or 4% over 2006. Other revenue decreased \$6.2 million due primarily to lower margin interest fees while revenue from bank-owned life insurance increased \$4.8 million. Transaction card revenue was up \$4.6 million or 12% due to increases in transaction volumes and the number of ATM locations. Trust fees increased \$2.8 million or 8% due largely to growth in the fair value of trust assets. Brokerage and trading revenue and deposit service charges each grew 2% over the same period last year.

Securities and derivatives

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

BOK Financial recognized net losses of \$6.3 million on securities for the second quarter of 2007, including net losses of \$5.7 million on securities held as an economic hedge of mortgage servicing rights. Securities held as an economic hedge of the mortgage servicing rights which are separately identified on the balance sheet as "mortgage trading securities" are carried at fair value. Changes in fair value are recognized in earnings as they occur. The Company's use of securities as an economic hedge of mortgage servicing rights is more-fully discussed in the Line of Business - Mortgage Banking section of this report. During the second quarter of 2006, BOK Financial recognized net losses of \$2.5 million on securities held as an economic hedge of mortgage servicing rights and net losses of \$1.3 million on other securities.

Net losses on derivatives totaled \$183 thousand for the second quarter of 2007, compared with net losses of \$172

6

thousand in 2006. Net gains or losses on derivatives consist of fair value adjustments of derivatives used to manage interest rate risk and the related hedged liabilities.

Table 2 - Other Operating Revenue
(In thousands)

	Three Months Ended			
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Se
Brokerage and trading revenue	\$ 13,317	\$ 13,282	\$ 14,382	\$ 1
Transaction card revenue	22,917	20,184	20,224	1
Trust fees and commissions	19,458	18,995	18,240	1
Deposit service charges and fees	26,797	24,598	25,787	2
Mortgage banking revenue	6,682	6,540	6,077	
Bank-owned life insurance	2,525	2,399	2,346	
Other revenue	7,096	5,990	7,799	
Total fees and commissions	98,792	91,988	94,855	9
Gain (loss) on sales of assets	(348)	694	252	
Gain (loss) on securities, net	(6,262)	(563)	(864)	
Gain (loss) on derivatives, net	(183)	71	(520)	
Total other operating revenue	\$ 91,999	\$ 92,190	\$ 93,723	\$ 9

Other Operating Expense

Other operating expense for the second quarter of 2007 totaled \$136.0 million, a \$13.8 million increase from 2006. Increases in the fair value of mortgage servicing rights decreased operating expenses by \$5.1 million in the second quarter of 2007 and \$3.6 million in the second quarter of 2006. Excluding changes in the value of mortgage servicing rights, operating expenses increased \$15.3 million or 12% over the second quarter of 2006 due primarily to higher personnel expense.

Personnel expense

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Personnel expense totaled \$81.9 million for the second quarter of 2007 compared with \$72.4 million for the second quarter of 2006.

Table 3 - Personnel Expense
(Dollars in thousands)

	Three Months Ended			
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Regular compensation	\$ 52,319	\$ 49,144	\$ 48,854	\$ 47,113
Incentive compensation:				
Cash-based	13,695	15,430	16,130	13,228
Stock-based	3,097	1,527	2,866	3,283
Total incentive compensation	16,792	16,957	18,996	16,511
Employee benefits	12,771	12,628	10,204	10,981
Total personnel expense	\$ 81,882	\$ 78,729	\$ 78,054	\$ 74,605
Number of employees (full-time equivalent)	4,093	3,918	3,908	3,859

Regular compensation expense increased \$6.8 million or 15% over the second quarter of 2006. The increase in regular compensation expense was due to a 7% increase in average regular compensation per full-time equivalent employee and an 8% increase in average staffing. Growth in average compensation per full-time equivalent employee reflects the cost of hiring top talent to support expansion in the regional markets, product development, and technology.

Incentive compensation expense includes the recognized costs of cash-based commissions, bonus and incentive

7

programs, stock-based compensation plans and deferred compensation plans. Stock-based compensation plans include both equity and liability awards.

Second quarter 2007 expense for the Company's various cash-based incentive programs totaled \$13.7 million, up \$580 thousand or 4% over last year. These programs consist primarily of formula-based plans that determine incentive amounts based on pre-established growth criteria. Compensation expense for stock-based compensation plans totaled \$3.1 million for the second quarter of 2007 and \$2.4 million for the second quarter of 2006. Compensation expense for stock-based compensation plans accounted for as equity awards totaled \$1.7 million in the second quarter of 2007, compared with \$1.6 million in the second quarter of 2006. Expense for these awards is determined by award's grant-date fair value and is not affected by subsequent changes in the market value of BOK Financial common stock. Compensation expense for stock-based compensation plans accounted for as liability awards was \$1.4 million for the second quarter of 2007, compared with \$794 thousand in 2006. Expense for these liability awards is based on current fair value, including current period changes due to the market value of BOK Financial common stock. The market value of BOK Financial common stock increased \$3.89 per share during the second quarter of 2007 and \$2.12 per share during the second quarter of 2006.

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Employee benefit expenses totaled \$12.8 million for the second quarter of 2007 and \$11.4 million for the second quarter of 2006 due to higher medical insurance costs, increased participation in the Company's thrift plan and payroll taxes.

Data processing and communications expense

Data processing and communication expenses increased \$2.2 million or 14% compared with the second quarter of 2006. This expense consists of two broad categories, data processing systems and transaction card processing. Data processing systems costs increased \$1.8 million or 19% compared with the second quarter of 2006, including increased hardware and software purchases and related maintenance costs for expansion in treasury services, customer hedging and mortgage loan origination activities. Transaction card processing costs increased \$423 thousand or 6% due to growth in transaction volume.

Professional fees and services

Professional fees totaled \$6.0 million for the second quarter of 2007, up \$1.6 million or 37% over the second quarter of 2006. The increase in professional fees included costs related to the Worth and First United acquisitions and the issuance of \$250 million of subordinated debt during the second quarter of 2007.

Table 4 - Other Operating Expense
(In thousands)

	Three Months Ended			
	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Personnel	\$ 81,882	\$ 78,729	\$ 78,054	\$ 74,605
Business promotion	5,391	4,570	5,345	4,401
Professional fees and services	5,963	4,874	4,734	4,734
Net occupancy and equipment	13,860	13,206	12,741	13,222
Data processing & communications	18,402	16,974	16,843	16,931
Printing, postage and supplies	4,179	3,969	3,774	4,182
Net losses and operating expenses of repossessed assets	192	207	167	34
Amortization of intangible assets	1,443	1,136	1,299	1,299
Mortgage banking costs	2,987	2,944	3,034	2,869
Change in fair value of mortgage servicing rights	(5,061)	1,164	(236)	7,921
Other expense	6,721	4,739	8,236	8,612
Total other operating expense	\$ 135,959	\$ 132,512	\$ 133,991	\$ 138,810

Year-to-date operating expenses increased \$29.0 million or 12%, \$22.2 million or 9% excluding changes in the fair value of mortgage servicing rights. Personnel expense grew \$17.0 million or 12% due largely to growth in the average compensation cost per employee and total employment. All other operating expenses grew 5% over the first half of 2006.

Income Taxes

Income tax expense was \$29.3 million or 35% of book taxable income for the

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

second quarter of 2007 compared with \$31.1 million or 36% of book taxable income for the second quarter of 2006.

Lines of Business

BOK Financial operates five principal lines of business: Oklahoma corporate banking, Oklahoma consumer banking, mortgage banking, wealth management, and regional banking. Mortgage banking activities include loan origination and servicing across all markets served by the Company. Wealth management provides brokerage and trading, private financial services and investment advisory services in all markets. It also provides fiduciary services in all markets except Colorado. Fiduciary services in Colorado are included in regional banking. Regional banking consist primarily of corporate and consumer banking activities in the respective local markets. Worth National Bank and First United Bank are included in regional banking results for the second quarter of 2007 in Texas and Colorado, respectively.

In addition to its lines of business, BOK Financial has a funds management unit. The primary purpose of this unit is to manage the Company's overall liquidity needs and interest rate risk. Each line of business borrows funds from and provides funds to the funds management unit as needed to support their operations. Operating results for Funds Management and Other include the effect of interest rate risk positions and risk management activities, the provision for credit losses, tax-exempt income and tax credits and certain executive compensation costs that are not attributed to the lines of business.

BOK Financial allocates resources and evaluates performance of its lines of business after allocation of funds, certain indirect expenses, taxes and capital costs. The cost of funds borrowed from the funds management unit by the operating lines of business is transfer priced at rates that approximate market for funds with similar duration. Market is generally based on the applicable LIBOR or interest rate swap rates, adjusted for prepayment risk. This method of transfer-pricing funds that support assets of the operating lines of business tends to insulate them from interest rate risk.

The value of funds provided by the operating lines of business to the funds management unit is based on applicable Federal Home Loan Bank advance rates. Deposit accounts with indeterminate maturities, such as demand deposit accounts and interest-bearing transaction accounts, are transfer-priced at a rolling average based on expected duration of the accounts. The expected duration ranges from 90 days for certain rate-sensitive deposits to five years.

Economic capital is assigned to the business units by a capital allocation model that reflects management's assessment of risk. This model assigns capital based upon credit, operating, interest rate and market risk inherent in our business lines and recognizes the diversification benefits among the units. The level of assigned economic capital is a combination of the risk taken by each business line, based on its actual exposures and calibrated to its own loss history where possible. Additional capital is assigned to the regional banking line of business based on our investment in those entities.

Consolidated net income provided by the regional banking unit continued to increase due largely to asset growth. Also, performance by business units that generate deposits for the Company, such as the Oklahoma consumer banking unit and the regional banking unit continued to improve due primarily to internal funds pricing credits. Rising short-term interest rates increased the internal transfer pricing credit provided to units that generate lower-costing funds for the Company. Losses in Funds Management and Other was due primarily to the transfer pricing credit provided to operating units that generate lower-costing funds for the Company and the provision for credit losses in excess of actual net charge-offs during the quarter.

Table 5 - Net Income by Line of Business
(In thousands)

	Three months ended June 30,		Six mo
	2007	2006	200
Regional banking	\$ 24,354	\$ 22,413	\$ 49,26
Oklahoma corporate banking	19,138	20,168	37,18
Mortgage banking	122	1,341	16
Oklahoma consumer banking	9,079	8,545	18,54
Wealth management	6,510	6,528	13,87
Subtotal	59,203	58,995	119,02
Funds management and other	(5,340)	(4,011)	(12,36
Total	\$ 53,863	\$ 54,984	\$106,65

Oklahoma Corporate Banking

The Oklahoma Corporate Banking Division provides loan and lease financing and treasury and cash management services to businesses throughout Oklahoma and certain relationships in surrounding states. In addition to serving the banking needs of small businesses, middle market and larger customers, the Oklahoma Corporate Banking Division has specialized groups that serve customers in the energy, agriculture, healthcare and banking/finance industries, and includes TransFund, our electronic funds transfer network.

The Oklahoma Corporate Banking Division contributed \$19.1 million or 36% to consolidated net income for the second quarter of 2007. This compares to \$20.2 million or 37% of consolidated net income for 2006. Average loans attributed to the Oklahoma Corporate Banking Division were \$4.7 billion for the second quarter of 2007, compared with \$4.2 billion for the second quarter of 2006. Deposits attributed to Oklahoma Corporate Banking averaged \$2.1 billion for the second quarter of 2007, up 20% over last year. Increased average loans and deposits combined to increase net interest revenue \$2.3 million or 6%. In addition, other operating revenue increased \$421 thousand or 2% due to growth in ATM processing fees. Operating expenses increased \$1.2 million or 5%. Personnel expense increased \$804 thousand or 9% due to growth in both regular salaries and incentive compensation. Net loans charged off increased to \$3.3 million from \$252 thousand.

Table 6 - Oklahoma Corporate Banking
(Dollars in Thousands)

	Three months ended June 30,		Six mo
	2007	2006	2007
NIR (expense) from external sources	\$ 64,335	\$ 61,941	\$ 125,46
NIR (expense) from internal sources	(24,648)	(24,553)	(47,77
Net interest revenue	39,687	37,388	77,69

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Other operating revenue	23,474	23,053	44,50
Operating expense	28,526	27,293	56,67
Net loans charged off	3,313	252	4,64
Net income	19,138	20,168	37,18
Average assets	\$ 5,862,417	\$ 5,079,926	\$ 5,824,81
Average economic capital	411,970	387,510	413,01
Return on assets	1.31%	1.59%	1.2
Return on economic capital	18.63%	20.88%	18.1
Efficiency ratio	45.16%	45.16%	46.3

Oklahoma Consumer Banking

The Oklahoma Consumer Banking Division provides a full line of deposit, loan and fee-based services to customers throughout Oklahoma through four major distribution channels: traditional branches, supermarket branches, the 24-hour ExpressBank call center and the Internet. Additionally, the division is a significant referral source for the Bank of Oklahoma Mortgage Division ("BOK Mortgage") and BOSC's retail brokerage division. Consumer banking activities outside of Oklahoma are included in the Regional Banking division.

10

The Oklahoma Consumer Banking Division contributed \$9.1 million or 17% to consolidated net income for the second quarter of 2007. This compares to \$8.5 million or 16% of consolidated net income for 2006. Net interest revenue, which consisted primarily of credits for funds provided to the funds management unit, increased \$1.4 million or 8%. Average deposits attributed to this Division increased \$82 million, or 3% compared with last year, including a \$22 million or 7% increase in average demand deposits. The value to the Company of these lower-costing retail deposits continues to increase as short-term interest rates rise. Operating revenue increased \$1.2 million or 7% over last year. Check card fees increased \$771 thousand or 22% and overdraft charges increased \$485 thousand or 4%. Deposit account service charges decreased \$208 thousand or 18%. Operating expenses increased \$1.7 million or 8%. Personnel expense grew \$675 thousand or 9%.

During the second quarter of 2007, Albertson's announced that it was selling or closing its supermarket locations in Oklahoma, affecting 24 of our supermarket branch locations. Twenty-one locations are being sold to four different retailers and three locations are being closed. Management has tentatively reached agreement with each of the purchasers to maintain BOK's twenty-one branch locations. We do not expect the closed locations to have a significant impact on our branch network.

Table 7 - Oklahoma Consumer Banking
(Dollars in Thousands)

	Three months ended June 30,		Six mo
	2007	2006	2007
NIR (expense) from external sources	\$ (16,740)	\$ (14,853)	\$ (33,89
NIR (expense) from internal sources	35,224	31,978	70,43
Net interest revenue	18,484	17,125	36,54

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Other operating revenue	19,329	18,139	37,20
Operating expense	22,207	20,511	42,38
Net loans charged off	801	775	1,06
Net income	9,079	8,545	18,54
Average assets	\$ 2,905,822	\$ 2,818,034	\$ 2,917,36
Average economic capital	66,370	58,370	65,82
Return on assets	1.25%	1.22%	1.2
Return on economic capital	54.87%	58.72%	56.8
Efficiency ratio	58.73%	58.16%	57.4

Mortgage Banking

BOK Financial engages in mortgage banking activities through the BOK Mortgage Division of Bank of Oklahoma. These activities include the origination, marketing and servicing of conventional and government-sponsored mortgage loans. Mortgage banking activities provided net income of \$122 thousand in the second quarter of 2007, compared with \$1.3 million in the second quarter of 2006. The change in fair value of mortgage servicing rights, net of economic hedging decreased net income \$379 thousand in the second quarter of 2007 and increased net income \$660 thousand in the second quarter of 2006.

Mortgage banking activities consisted of two primary sectors, loan production and loan servicing. The loan production sector generally performs best when mortgage rates are relatively low and loan origination volumes are high. Conversely, the loan servicing sector generally performs best when mortgage rates are relatively high and prepayments are low. Mortgage commitment rates increased 39 basis points during the second quarter of 2007 ending the quarter at 6.45%. During the second quarter of 2006, mortgage commitment rates increased 36 basis points to 6.61% at June 30, 2006.

Loan Production Sector

Loan production activities resulted in net pre-tax income of \$331 thousand for the second quarter of 2007 and pre-tax income of \$696 thousand for the second quarter of 2006. Loan production revenue totaled \$4.1 million for the second quarter of 2007, including \$3.6 million of capitalized mortgage servicing rights. Loan production revenue totaled \$3.4 million for the second quarter of 2006, including \$3.3 million of capitalized mortgage servicing rights. Mortgage loans funded in the second quarter of 2007 totaled \$315 million, including \$256 million of loans funded for resale and \$59 million of loans funded for retention by affiliates. Mortgage loans funded in the same period of 2006 totaled \$243

11

million. Approximately 63% of the loans funded during the second quarter of 2007 were to borrowers in Oklahoma. The pipeline of mortgage loan applications totaled \$306 million at June 30, 2007, compared with \$267 million at March 31, 2007 and \$276 million at June 30, 2006. Personnel expenses associated with loan production activities increased from \$677 thousand in the second quarter of 2006 to \$1.4 million in the second quarter of 2007 due primarily to increased staffing and incentive compensation rates in markets outside of Oklahoma.

Loan Servicing Sector

The loan servicing sector had a net pre-tax loss of \$552 thousand for the second quarter of 2007 compared to a pre-tax profit of \$1.3 million for the same period of 2006. The fair value of mortgage servicing rights increased \$5.1 million due

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

to changes in commitment rates and prepayment speeds. At the same time, the fair value of securities held as an economic hedge of the servicing rights decreased \$5.7 million. During the second quarter of 2006, the fair value of mortgage servicing rights appreciated \$3.6 million due to changes in mortgage commitment rates and a slow-down in housing turnover. Appreciation in the value of servicing rights was partially offset by a \$2.5 million decrease in the fair value of securities held as an economic hedge.

Servicing revenue, which is included in mortgage banking revenue on the Consolidated Statements of Earnings, totaled \$4.3 million for the second quarter of 2007 and \$4.2 million for the second quarter of 2006. The average outstanding balance of loans serviced for others was \$4.6 billion during 2007 compared to \$4.5 billion during 2006. Annualized servicing revenue per outstanding loan principal was 37 basis points for the second quarter of 2007 and 2006.

Table 8 - Mortgage Banking
(Dollars in Thousands)

	Three months ended June 30,		Six months ended June 30,
	2007	2006	2007
NIR (expense) from external sources	\$ 8,529	\$ 5,624	\$ 16,341
NIR (expense) from internal sources	(7,591)	(4,683)	(14,541)
Net interest revenue	938	941	1,800
Capitalized mortgage servicing rights	3,566	3,333	5,911
Other operating revenue	5,654	4,391	10,591
Operating expense	9,215	7,328	16,311
Change in fair value of mortgage servicing rights	(5,061)	(3,613)	(3,891)
Losses on financial instruments, net	(5,681)	(2,533)	(5,421)
Net income	122	1,341	1,600
Average assets	\$ 684,483	\$ 498,495	\$ 653,331
Average economic capital	23,890	21,590	25,091
Return on assets	0.07%	1.08%	0.07%
Return on economic capital	2.05%	24.91%	1.30%
Efficiency ratio	90.72%	84.57%	89.11%

BOK Financial designates a portion of its securities portfolio as an economic hedge against the risk of loss on its mortgage servicing rights. Mortgage-backed securities and U.S. government agency debentures are designated as "mortgage trading securities" when prepayment risks exceed certain levels. Additionally, interest rate derivative contracts may also be designated as an economic hedge of the risk of loss on mortgage servicing rights. Because the fair values of these instruments are expected to vary inversely to the fair value of the servicing rights, they are expected to partially offset risk. These financial instruments are carried at fair value. Changes in fair value are recognized in current period income. No special hedge accounting treatment is applicable to either the mortgage servicing rights or the financial instruments designated as an economic hedge.

This hedging strategy presents certain risks. A well-developed market determines the fair value for the securities and derivatives, however there is no comparable market for mortgage servicing rights. Therefore, the computed change

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

in value of the servicing rights for a specified change in interest rates may not correlate to the change in value of the securities.

At June 30, 2007, financial instruments with a fair value of \$139 million and a net unrealized loss of \$5.3 million were held for the economic hedge program. The interest rate sensitivity of the mortgage servicing rights and securities held as a hedge is modeled over a range of +/- 50 basis points. At June 30, 2007, the pre-tax results of this modeling on

12

reported earnings were:

Table 9 - Interest Rate Sensitivity - Mortgage Servicing
(Dollars in Thousands)

	50 bp increase	50 bp decrease
Anticipated change in:		
Fair value of mortgage servicing rights	\$ 2,866	\$ (3,760)
Fair value of hedging instruments	(3,769)	3,671
	-----	-----
Net	\$ (903)	\$ (89)
	-----	-----

Table 9 shows the non-linear effect of changes in mortgage commitment rates on the value of mortgage servicing rights. A 50 basis point increase in rates is expected to increase value by \$2.9 million while a 50 basis point decrease is expected to reduce value by \$3.8 million. This considers that there is an upper limit to appreciation in the value of servicing rights as rates rise due to the contractual repayment terms of the loans and other factors. There is much less of a limit on the speed at which mortgage loans may prepay in a declining rate environment.

Modeling changes in value of the mortgage servicing rights due to changes in interest rates assumes stable relationships between mortgage commitment rates and discount rates used to determine the present value of future cash flows. It also assumes a stable relationship between assumed loan prepayments and actual prepayments of our loans. Changes in market conditions can increase or decrease the discount spread over benchmark rates expected by investors in mortgage servicing rights and actual prepayment speeds may increase or decrease due to factors other than changes in interest rates. These factors and others may cause changes in the value of our mortgage servicing rights to differ from our expectations. In addition, hedge coverage is a dynamic process. Securities designated as an economic hedge will increase or decrease over time based on management's assessment of expected changes in the value of the servicing rights. These changes will cause the value of hedging instruments to differ from value projected in our modeling.

Wealth Management

BOK Financial provides a wide range of financial services through its wealth management line of business, including banking, fiduciary and brokerage services. Clients include affluent individuals, businesses, not-for-profit organizations, and governmental agencies. Wealth management services are provided primarily to clients throughout Oklahoma, Texas and New Mexico. Wealth management services are provided to clients in Colorado through our Regional Banking line of business. Additionally, wealth management includes a nationally competitive, self-directed 401-(k) program and administration and advisory services to the American Performance family of mutual funds. Activities within the Wealth Management unit also includes retail sales of mutual funds, securities and annuities, institutional sales of securities, bond underwriting and other financial advisory services and customer risk management programs.

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Wealth Management contributed \$6.5 million to consolidated net income for the second quarters of 2007 and 2006. Trust and private financial services provided \$5.8 million of net income in the second quarter of 2007, up 5% over last year. Net income provided by brokerage and trading activities totaled \$668 thousand down \$300 thousand compared with the second quarter of 2006.

Other operating revenue for the second quarter of 2007 totaled \$31.3 million, up \$1.1 million or 4% over 2006. Other operating revenue for the wealth management division consists primarily of trust fees and commissions, investment banking revenue, and brokerage and trading revenue.

Trust fees and commissions totaled \$16.8 million for the second quarter of 2007, a \$1.5 million or 9% increase over 2006. At June 30, 2007 and 2006, the wealth management line of business was responsible for trust assets with aggregate market values of \$30.8 billion and \$26.2 billion, respectively, under various fiduciary arrangements. The growth in trust assets reflected increased market value of assets managed in addition to new business generated during the year. We have sole or joint discretionary authority over \$11.4 billion of trust assets at June 30, 2007 compared with \$9.7 billion at June 30, 2006.

Retail brokerage fees totaled \$4.5 million for the second quarter of 2007, up \$822 thousand or 22%. Securities trading profits and revenue from our customer hedging programs totaled \$7.6 million for the second quarters of both 2007 and 2006. Investment banking revenue totaled \$1.1 million, down \$82 thousand from a year ago.

13

Operating expenses totaled \$28.3 million for the second quarter of 2007, a \$2.3 million or 9% increase over 2006. Personnel costs rose \$1.4 million or 9%.

Table 10 - Wealth Management
(Dollars in Thousands)

	Three months ended June 30,		Six months ended June 30,
	2007	2006	2007
NIR (expense) from external sources	\$ 3,480	\$ 3,012	\$ 8,000
NIR (expense) from internal sources	4,608	3,660	8,890
Net interest revenue	8,088	6,672	16,890
Other operating revenue	31,285	30,211	61,460
Operating expense	28,337	26,045	55,260
Net income	6,510	6,528	13,870
Average assets	\$ 1,774,525	\$ 1,913,243	\$ 1,733,090
Average economic capital	160,850	139,100	163,750
Return on assets	1.47%	1.37%	1.60%
Return on economic capital	16.23%	18.82%	17.00%
Efficiency ratio	71.97%	70.62%	70.50%

Regional Banking

Regional Banking consists primarily of the corporate and commercial banking

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

services provided by Bank of Texas, Bank of Albuquerque, Bank of Arkansas, Colorado State Bank and Trust, Bank of Arizona and Bank of Kansas City in their respective markets. It also includes fiduciary services provided by Colorado State Bank and Trust. Small businesses and middle-market corporations are Regional Banking's primary customer focus. Regional Banking contributed \$24.4 million or 45% to consolidated net income during the second quarter of 2007. This compares with \$22.4 million or 41% of consolidated net income for the same period in 2006. Growth in net income contributed by the regional banks came primarily from operations in Texas. Net income from Texas operations increased \$1.5 million or 12% compared with the same period of 2006. In addition, net income for 2007 in Colorado and Arizona increased \$716 thousand and \$107 thousand, respectively. Net income in New Mexico decreased \$246 thousand from last year.

Net income from Texas operations totaled \$14.0 million for the second quarter of 2007, up \$1.5 million or 12% over last year. Net charge-offs / recoveries improved from a \$1.8 million pre-tax loss in the second quarter of 2006 to a \$609 thousand pre-tax recovery in the second quarter of 2007. Net interest revenue grew \$2.6 million or 7%. Average earning assets increased \$347 million or 10% from the second quarter of 2006. This increase resulted from a \$506 million increase in average outstanding loan balances and an \$111 million increase in securities. The growth in average earning assets was funded primarily by a \$278 million increase in average deposits and a decrease in funds sold to the funds management unit. Operating expenses increased \$3.1 million or 15%. Personnel costs were up \$2.1 million or 18% over the same period last year.

Net income from operations in Colorado was \$4.0 million for the second quarter of 2007, compared with \$3.3 million for the second quarter of 2006. Net interest revenue increased \$1.7 million or 19% due primarily to a \$426 million increase in average earning assets. Average loans increased \$200 million while average securities and funds sold to the funds management unit increased \$226 million. The growth in earning assets was funded primarily by a \$239 million increase in deposits and borrowings from the funds management unit. Other operating revenue grew \$307 thousand or 11% due primarily to trust fees and commissions. At June 30, 2007 and 2006, Colorado regional banking was responsible for trust assets with aggregate fair values of \$2.9 billion and \$2.5 billion, respectively under various fiduciary arrangements. We have sole or joint discretionary authority over \$1.1 billion of trust assets at June 30, 2007, compared with \$955 million at June 30, 2006. Operating expenses increased \$796 thousand or 12% including a \$642 thousand or 20% increase in personnel costs.

Net income from New Mexico operations decreased \$246 thousand or 5%. Net loans charged off increased to \$1.4 million in the second quarter of 2007 compared with net charge-offs of \$692 thousand in the second quarter of 2006. Net interest revenue totaled \$13.2 million, up \$1.3 million or 11%. Average earning assets grew \$181 million or 13%, including a \$134 million increase in average outstanding loans. Average deposits in the New Mexico market increased \$67 million. Operating expenses increased \$1.2 million or 18%.

14

We continue to expand operations in the Arizona market since the acquisition of Bank of Arizona in the second quarter of 2005. Net interest revenue was up \$1.3 million or 35% over the second quarter of 2006. Outstanding loans attributed to the Arizona market averaged \$502 million for the second quarter of 2007, up \$232 million from the second quarter of 2006's average of \$270 million. Deposits averaged \$115 million for the second quarter of 2007, down \$6 million from the second quarter of 2006. Loan growth was funded by borrowings from the funds management unit. Operating expenses increased \$1.1 million or 35%. Personnel costs were up \$532 thousand and occupancy and equipment expense was up \$126 thousand as we continue to build a commercial banking presence in Phoenix and Tucson.

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Table 11 - Bank of Texas
(Dollars in Thousands)

	Three months ended June 30,		Six months ended June 30,
	2007	2006	2007
NIR (expense) from external sources	\$ 45,929	\$ 41,190	\$ 91,230
NIR (expense) from internal sources	(7,483)	(5,345)	(14,680)
Net interest revenue	38,446	35,845	76,550
Other operating revenue	6,852	6,060	13,130
Operating expense	23,871	20,819	45,580
Net loans charged off (recovered)	(609)	1,789	530
Net income	14,022	12,543	27,920
Average assets	\$ 4,102,189	\$ 3,610,316	\$ 4,029,680
Average economic capital	296,580	228,140	291,810
Average invested capital	463,660	395,220	458,890
Return on assets	1.37%	1.39%	1.40%
Return on economic capital	18.96%	22.05%	19.30%
Return on average invested capital	12.13%	12.73%	12.20%
Efficiency ratio	52.70%	49.68%	50.80%

Table 12 - Bank of Albuquerque
(Dollars in Thousands)

	Three months ended June 30,		Six months ended June 30,
	2007	2006	2007
NIR (expense) from external sources	\$ 18,735	\$ 15,992	\$ 36,440
NIR (expense) from internal sources	(5,544)	(4,126)	(10,770)
Net interest revenue	13,191	11,866	25,670
Other operating revenue	4,360	4,122	8,280
Operating expense	7,797	6,609	15,110
Net loans charged off	1,428	692	1,550
Net income	5,079	5,325	10,580
Average assets	\$ 1,616,356	\$ 1,446,500	\$ 1,577,580
Average economic capital	89,430	73,620	88,510
Average invested capital	108,520	92,710	107,600
Return on assets	1.26%	1.48%	1.30%
Return on economic capital	22.78%	29.01%	24.10%
Return on average invested capital	18.77%	23.04%	19.80%
Efficiency ratio	44.42%	41.34%	44.40%

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

15

Table 13 - Bank of Arkansas
(Dollars in Thousands)

	Three months ended June 30,		Six months ended June 30,
	2007	2006	2007
NIR (expense) from external sources	\$ 4,196	\$ 2,616	\$ 7,631
NIR (expense) from internal sources	(1,726)	(819)	(3,111)
Net interest revenue	2,470	1,797	4,521
Other operating revenue	311	273	644
Operating expense	1,098	870	2,131
Net loans charged off / (recovered)	264	(70)	401
Net income	867	775	1,591
Average assets	\$ 333,995	\$ 188,922	\$ 308,321
Average economic capital	19,430	14,040	18,281
Average invested capital	19,430	14,040	18,281
Return on assets	1.04%	1.65%	1.00%
Return on economic capital	17.90%	22.14%	17.50%
Return on average invested capital	17.90%	22.14%	17.50%
Efficiency ratio	39.48%	42.03%	41.40%

Table 14 - Colorado State Bank and Trust
(Dollars in Thousands)

	Three months ended June 30,		Six months ended June 30,
	2007	2006	2007
NIR (expense) from external sources	\$ 17,734	\$ 12,870	\$ 35,141
NIR (expense) from internal sources	(7,123)	(3,929)	(14,151)
Net interest revenue	10,611	8,941	20,981
Other operating revenue	3,157	2,850	6,341
Operating expense	7,197	6,401	13,941
Net loans charged off / (recovered)	7	(5)	81
Net income	4,012	3,296	8,171
Average assets	\$ 1,594,657	\$ 1,151,708	\$ 1,576,321
Average economic capital	84,690	62,030	86,831
Average invested capital	126,680	104,020	128,811
Return on assets	1.01%	1.15%	1.00%
Return on economic capital	19.00%	21.31%	18.90%
Return on average invested capital	12.70%	12.71%	12.80%
Efficiency ratio	52.27%	54.29%	51.00%

16

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Table 15 - Bank of Arizona
(Dollars in Thousands)

	Three months ended June 30,		Six months ended June 30,
	2007	2006	2007
NIR (expense) from external sources	\$ 10,185	\$ 6,076	\$ 19,741
NIR (expense) from internal sources	(5,263)	(2,441)	(10,241)
Net interest revenue	4,922	3,635	9,499
Other operating revenue	185	122	366
Operating expense	4,319	3,206	7,951
Net loans charged off / (recovered)	1	(2)	1
Net income	481	374	1,166
Average assets	\$ 576,311	\$ 366,609	\$ 564,511
Average economic capital	50,320	19,510	47,270
Average invested capital	66,970	36,160	63,920
Return on assets	0.33%	0.41%	0.41%
Return on economic capital	3.83%	7.69%	4.91%
Return on average invested capital	2.88%	4.15%	3.61%
Efficiency ratio	84.57%	85.33%	80.61%

Financial Condition

Securities

Securities are classified as either held for investment, available for sale or trading based upon asset/liability management strategies, liquidity, profitability objectives and regulatory requirements. Investment securities, which consist primarily of Oklahoma municipal bonds, are carried at cost and adjusted for amortization of premiums or accretion of discounts. Management has the ability and intent to hold these securities until they mature. Available for sale securities, which may be sold prior to maturity, are carried at fair value. Unrealized gains or losses, less deferred taxes, are recorded as accumulated other comprehensive income in shareholders' equity. Certain mortgage-backed securities, identified as mortgage trading securities, have been designated as economic hedges of mortgage servicing rights. These securities are carried at fair value with changes in fair value recognized in current period income. These securities are held with the intent that gains or losses will offset changes in the fair value of mortgage servicing rights. The Company also maintains a separate trading securities portfolio. Trading portfolio securities, which are also carried at fair value with changes in fair value recognized in current period income, are acquired and held with the intent to sell at a profit.

The amortized cost of available for sale securities totaled \$5.1 billion at June 30, 2007 and \$4.8 billion at March 31, 2007. Mortgage-backed securities continued to represent substantially all available for sale securities. As previously discussed in the Net Interest Revenue section of this report, we hold mortgage backed securities as part of our overall interest rate risk management strategy.

The primary risk of holding mortgage-backed securities comes from extension during periods of rising interest rates or prepayment during periods of falling interest rates. We evaluate this risk through extensive modeling of risk both before making an investment and throughout the life of the security. The effective duration of the mortgage-backed securities portfolio was approximately

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

2.8 years at June 30, 2007 and 2.5 years at March 31, 2007. Management estimates that the effective duration of the mortgage-backed securities portfolio would extend to 3.4 years assuming a 300 basis point immediate rate shock.

The gross amount of unrealized losses on available for sale securities totaled \$140 million at June 30, 2007 compared with gross unrealized losses of \$83 million at March 31, 2007. The increase in unrealized losses during the quarter was due primarily to rising interest rates and an increase in the spread between market rates on mortgage-backed securities and benchmark interest rates. Management evaluated the securities with unrealized losses to determine if we believe that the losses were temporary. This evaluation considered factors such as causes of the unrealized losses and prospects for recovery over various interest rate scenarios and time periods. The portfolio does not hold any securities backed by sub-prime mortgage loans, collateralized debt obligations or collateralized loan obligations. Approximately \$400

17

million of Alt-A mortgage-backed securities were held at June 30, 2007. Alt-A mortgage loans generally include loans that lack some documentation required of prime loans such as verified borrower income or assets and loans to borrowers where credit scores fall between the definitions of sub-prime and prime. Approximately 77% of the Alt-A backed securities, including all Alt-A mortgage-backed securities originated in 2006 and 2007, are AAA rated and are credit enhanced with additional collateral support. Management does not believe that any of the unrealized losses are due to credit quality concerns. Changes in market rates and conditions reduced the gross unrealized loss on available for sale securities to \$105 million at July 31, 2007. We also considered our intent and ability to either hold or sell the securities. It is our belief, based on currently available information and our evaluation, that the unrealized losses in these securities are temporary.

Bank-Owned Life Insurance

During the third quarter of 2006, the Company invested \$202 million in bank-owned life insurance. This investment is expected to provide a long-term source of earnings to support existing employee benefit obligations. Substantially all of the funds are held in separate accounts and invested in U.S. government, mortgage-backed and corporate debt securities. The cash surrender value of the life insurance policies is further supported by a stable value wrap, which protects against changes in the fair value of the investments. The cash surrender value of the policies, including the value of the stable value wrap, was \$201 million at June 30, 2007. In addition to investment in the separate accounts, \$8 million of the amount invested paid taxes on the insurance premiums. These taxes will be recovered over a ten-year period. At June 30, 2007, a \$7 million receivable was recorded based on the present value of the taxes. The Company also has life insurance policies obtained through various bank acquisitions with an aggregate cash surrender value of \$16 million.

Loans

The aggregate loan portfolio at June 30, 2007 totaled \$11.7 billion, a \$556 million increase since March 31, 2007. The acquisitions of Worth National Bank and First United Bank added \$378 million to the loan portfolio during the second quarter. Excluding acquisitions, the loan portfolio grew at an annualized rate of 6%. Commercial and commercial real estate loan growth was partially offset by approximately \$140 million of payoffs of energy, healthcare and real estate loans. These payoffs affected the outstanding loan balances in the Texas, New Mexico and Arizona markets. Excluding acquisitions, commercial loans increased \$38 million or 2% annualized and commercial real estate loans were unchanged during the quarter. Residential mortgage loans and consumer loans increased \$43 million and \$59 million, respectively.

Table 16 - Loans
(In thousands)

	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Commercial:				
Energy	\$ 1,842,888	\$ 1,781,224	\$ 1,763,180	\$ 1,538,600
Services	1,686,650	1,596,844	1,555,141	1,432,100
Wholesale/retail	1,017,486	1,015,229	932,531	894,600
Manufacturing	596,002	622,329	609,571	598,400
Healthcare	606,965	642,876	602,273	572,900
Agriculture	313,247	309,439	321,380	299,900
Other commercial and industrial	485,594	474,415	424,808	340,900
Total commercial	6,548,832	6,442,356	6,208,884	5,677,500
Commercial real estate:				
Construction and land development	916,526	925,762	889,925	826,000
Multifamily	221,069	249,080	239,000	253,100
Other real estate loans	1,654,385	1,375,805	1,317,615	1,245,900
Total commercial real estate	2,791,980	2,550,647	2,446,540	2,325,000
Residential mortgage:				
Secured by 1-4 family residential properties	1,399,637	1,318,291	1,256,259	1,242,100
Residential mortgages held for sale	116,257	75,011	64,625	58,000
Total residential mortgage	1,515,894	1,393,302	1,320,884	1,300,200
Consumer	842,676	756,989	739,495	702,900
Total	\$ 11,699,382	\$ 11,143,294	\$ 10,715,803	\$ 10,005,900

18

The commercial loan portfolio totaled \$6.5 billion at June 30, 2007. Energy loans totaled \$1.8 billion or 16% of total loans. Outstanding energy loans increased \$62 million, or 14% annualized, during the second quarter of 2007. Approximately \$1.6 billion of loans in the energy portfolio was to oil and gas producers. The amount of credit available to these customers generally depends on a percentage of the value of their proven energy reserves based on anticipated prices. The energy category also included loans to borrowers involved in the transportation and sale of oil and gas and to borrowers that manufacture equipment or provide other services to the energy industry. The services sector of the portfolio totaled \$1.7 billion, or 14% of the Company's total outstanding loans. Loans in this sector of the portfolio increased \$90 million since March 31, 2007. The services sector consists of a large number of loans to a variety of businesses, including communications, gaming and transportation services. Approximately \$1.1 billion of the services sector is made up of loans with balances of less than \$10 million.

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Other notable loan concentrations by primary industry of the borrowers are presented in Table 16.

BOK Financial participates in shared national credits when appropriate to obtain or maintain business relationships with local customers. Shared national credits are defined by banking regulators as credits of more than \$20 million and with three or more non-affiliated banks as participants. The outstanding principal balances of these loans totaled \$1.5 billion at June 30, 2007 and \$1.4 billion at March 31, 2007. Substantially all of these loans were to borrowers with local market relationships. BOK Financial serves as the agent lender in approximately 24% of the shared national credits, based on dollars committed. Our lending policies generally avoid loans in which we do not have the opportunity to maintain or achieve other business relationships with the customer.

Commercial real estate loans totaled \$2.8 billion or 24% of the loan portfolio at June 30, 2007. Construction and land development loans totaled \$917 million, down \$9 million since March 31, 2007. Construction and land development included \$718 million of loans secured by single family residential lots and premises, unchanged from the previous quarter's end. The major components of other commercial real estate loans were office buildings - \$434 million and retail facilities - \$396 million.

Residential mortgage loans, excluding mortgage loans held for sale, included \$415 million of home equity loans, \$449 million of loans held for business relationship purposes, \$317 million of first lien adjustable rate mortgages and \$152 million of loans held for community development. Consumer loans included \$554 million of indirect automobile loans. Indirect auto loans have increased \$53 million since March 31, 2007. Approximately \$416 million of these loans were purchased from dealers in Oklahoma and \$124 million were purchased from dealers in Arkansas. Growth during the quarter included \$25 million from indirect lending activities in Arkansas and \$23 million in Oklahoma.

Table 17 presents the distribution of the major loan categories among our primary market areas.

19

Table 17 - Loans by Principal Market Area
(In thousands)

	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Oklahoma:				
Commercial	\$ 3,397,273	\$ 3,377,819	\$ 3,261,592	\$ 3,078,819
Commercial real estate	897,838	895,585	979,251	968,251
Residential mortgage	968,031	945,147	896,567	878,311
Residential mortgage held for sale	116,257	75,011	64,625	58,011
Consumer	540,986	509,787	512,032	502,611
Total Oklahoma	\$ 5,920,385	\$ 5,803,349	\$ 5,714,067	\$ 5,486,109
Texas:				
Commercial	\$ 1,856,049	\$ 1,797,262	\$ 1,722,627	\$ 1,557,311
Commercial real estate	888,118	721,207	670,635	639,311
Residential mortgage	263,344	216,087	213,801	212,111
Consumer	135,659	105,604	95,652	80,811

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Total Texas	\$	3,143,170	\$	2,840,160	\$	2,702,715	\$	2,489,6
New Mexico:								
Commercial	\$	434,394	\$	424,539	\$	411,272	\$	387,1
Commercial real estate		263,342		279,203		257,079		219,9
Residential mortgage		81,521		77,800		75,159		76,8
Consumer		13,225		11,493		13,256		13,8
Total New Mexico	\$	792,482	\$	793,035	\$	756,766	\$	697,8
Arkansas:								
Commercial	\$	103,534	\$	96,084	\$	95,483	\$	89,8
Commercial real estate		102,537		97,190		94,395		91,1
Residential mortgage		22,508		21,825		23,076		21,9
Consumer		129,431		103,662		86,017		67,2
Total Arkansas	\$	358,010	\$	318,761	\$	298,971	\$	270,1
Colorado:								
Commercial	\$	480,097	\$	457,758	\$	451,046	\$	353,6
Commercial real estate		274,610		199,736		193,747		170,0
Residential mortgage		18,516		15,501		15,812		17,6
Consumer		18,470		17,746		26,591		32,6
Total Colorado	\$	791,693	\$	690,741	\$	687,196	\$	574,0
Arizona:								
Commercial	\$	124,765	\$	120,351	\$	96,453	\$	76,0
Commercial real estate		326,951		316,661		207,035		196,2
Residential mortgage		43,192		41,731		31,280		34,7
Consumer		4,683		8,654		5,947		5,7
Total Arizona	\$	499,591	\$	487,397	\$	340,715	\$	312,8
Kansas:								
Commercial	\$	152,720	\$	168,543	\$	170,411	\$	134,6
Commercial real estate		38,584		41,065		44,398		40,0
Residential mortgage		2,525		200		564		4
Consumer		222		43		-		
Total Kansas	\$	194,051	\$	209,851	\$	215,373	\$	175,2
Total BOK Financial loans	\$	11,699,382	\$	11,143,294	\$	10,715,803	\$	10,005,9

Loan Commitments

BOK Financial enters into certain off-balance sheet arrangements in the normal course of business. These arrangements included loan commitments which totaled \$5.4 billion and standby letters of credit which totaled \$519 million at June 30, 2007. Loan commitments may be unconditional obligations to provide financing or conditional obligations that

20

depend on the borrower's financial condition, collateral value or other factors. Standby letters of credit are unconditional commitments to guarantee the performance of our customer to a third party. Since some of these commitments are expected to expire before being drawn upon, the total commitment amounts do

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

not necessarily represent future cash requirements.

Derivatives with Credit Risk

BOK Financial offers programs that permit its customers to hedge various risks, including fluctuations in energy and cattle prices, interest rates and foreign exchange rates, or to take positions in derivative contracts. Each of these programs work essentially the same way. Derivative contracts are executed between the customers and BOK Financial. Offsetting contracts are executed between the Company and selected counterparties to minimize the risk to us of changes in commodity prices, interest rates, or foreign exchange rates. The counterparty contracts are identical to the customer contracts, except for a fixed pricing spread or a fee paid to us as compensation for administrative costs, credit risk and profit.

The Company adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurement" ("FAS 157") as of January 1, 2007. FAS 157 established a single authoritative definition of fair value, set out a framework for measuring fair value and required additional disclosures about fair value measurements. It also nullified EITF guidance that prohibited recognition of gains at inception for derivative transactions whose fair value is estimated by modeling.

Beginning January 1, 2007, the fair value of customer derivative assets and liabilities fully reflects the discounted cash flows based on forward curves, volatilities, credit risks and other market-observable inputs. Changes in the net fair values of customer derivative contracts are a component of Brokerage and Trading Revenue. Retained earnings were charged \$1.1 million for effect of the initial adoption of FAS 157 on the fair value of customer derivative assets and liabilities.

The customer derivative programs create credit risk for potential amounts due from customers and from the counterparties. Customer credit risk is monitored through existing credit policies and procedures. The effects of changes in commodity prices, interest rates or foreign exchange rates are evaluated across a range of possible options to determine the maximum exposure we are willing to have individually to any customer. Customers may also be required to provide margin collateral to further limit our credit risk.

Counterparty credit risk is evaluated through existing policies and procedures. This evaluation considers the total relationship between BOK Financial and each of the counterparties. Individual limits are established by management, approved by Credit Administration and reviewed by the Asset / Liability Committee. Margin collateral is required if the exposure between the Company and any counterparty exceeds established limits. Based on declines in the counterparties' credit rating, these limits are reduced and additional margin collateral is required.

A deterioration of the credit standing of one or more of the customers or counterparties to these contracts may result in BOK Financial recognizing a loss as the fair value of the affected contracts may no longer move in tandem with the offsetting contracts. This could occur if the credit standing of the customer or counterparty deteriorated such that either the fair value of underlying collateral no longer supported the contract or the counterparty's ability to provide margin collateral was impaired.

Derivative contracts are carried at fair value. At June 30, 2007, the fair value of derivative contracts reported as assets under these programs totaled \$265 million. This included energy contracts with fair values of \$203 million, interest rate contracts with fair values of \$45 million and foreign exchange contracts with fair values of \$15 million. The aggregate fair values of derivative contracts reported as liabilities totaled \$277 million. Approximately 78% of the fair value of asset contracts was with customers. The credit risk of

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

these contracts is generally backed by energy production. The remaining 22% was with dealer counterparties. The maximum net exposure to any single customer or counterparty totaled \$34 million.

Summary of Loan Loss Experience

The reserve for loan losses, which is available to absorb losses inherent in the loan portfolio, totaled \$120 million at June 30, 2007, compared with \$114 million at March 31, 2007 and \$105 million at June 30, 2006. These amounts represented 1.03%, 1.03% and 1.07% of outstanding loans, excluding loans held for sale, at June 30, 2007, March 31, 2007 and June 30, 2006, respectively. Losses on loans held for sale, principally mortgage loans accumulated for

21

placement into security pools, are charged to earnings through adjustment in the carrying value. The reserve for loan losses also represented 230% of outstanding balance of non-accruing loans at June 30, 2007, compared with 365% at March 31, 2007 and 337% at June 30, 2006. Non-accruing loans totaled \$52 million at June 30, 2007, compared with \$31 million at March 31, 2007 and June 30, 2006. Net loans charged off during the second quarter of 2007 totaled \$5.8 million, up from \$3.1 million in the preceding quarter and \$3.8 million for the second quarter of 2006. Net charge-offs were disbursed among our operating regions and across borrowers' industries with no significant concentration in any area.

Loans with an outstanding balance of \$92 million acquired from First United Bank are subject to a guaranty by the sellers through an escrow fund held in trust by Colorado State Bank and Trust. The Company will be reimbursed for up to \$8 million on losses, including principal, interest and collection costs, on any acquired loans in a three-year period after the acquisition date.

The Company considers credit risk from loan commitments and letters of credit in its evaluation of the adequacy of the reserve for loan losses. A separate reserve for off-balance sheet credit risk is maintained. Table 18 presents the trend of reserves for off-balance sheet credit losses and the relationship between the reserve and loan commitments. The relationship between the combined reserve for credit losses and outstanding loans is also presented to facilitate comparison with peer banks and others who have not adopted this preferred presentation. The provision for credit losses included the combined charge to expense for both the reserve for loan losses and the reserve for off-balance sheet credit losses. All losses incurred from lending activities will ultimately be reflected in charge-offs against the reserve for loan losses following funds advanced against outstanding commitments and after the exhaustion of collection efforts. The reserve for off-balance sheet credit losses would decrease and the reserve for loan losses would increase as outstanding commitments are funded.

22

Table 18 - Summary of Loan Loss Experience
(In thousands)

	Three Months Ended		
	June 30, 2007	March 31, 2007	Dec. 31, 2006
Reserve for loan losses:			
Beginning balance	\$ 114,371	\$ 109,497	\$ 105,465
Loans charged off:			

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Commercial	5,454	3,123	2,202
Commercial real estate	57	30	87
Residential mortgage	300	124	465
Consumer	3,000	3,110	3,113
Total	8,811	6,387	5,867
Recoveries of loans previously charged off:			
Commercial	1,649	1,471	1,853
Commercial real estate	37	41	5
Residential mortgage	15	189	25
Consumer	1,338	1,567	1,196
Total	3,039	3,268	3,079
Net loans charged off	5,772	3,119	2,788
Provision for loan losses	7,570	7,993	6,820
Additions due to acquisitions	3,590	-	-
Ending balance	\$ 119,759	\$ 114,371	\$ 109,497
Reserve for off-balance sheet credit losses:			
Beginning balance	\$ 19,397	\$ 20,890	\$ 21,757
Provision for off-balance sheet credit losses	250	(1,493)	(867)
Ending balance	\$ 19,647	\$ 19,397	\$ 20,890
Total provision for credit losses	\$ 7,820	\$ 6,500	\$ 5,953
Reserve for loan losses to loans outstanding at period-end (1)	1.03%	1.03%	1.03%
Net charge-offs (annualized) to average loans (1)	0.21	0.12	0.11
Total provision for credit losses (annualized) to average loans (1)	0.28	0.24	0.23
Recoveries to gross charge-offs	34.49	51.17	52.48
Reserve for loan losses as a multiple of net charge-offs (annualized)	5.19x	9.17x	9.82x
Reserve for off-balance sheet credit losses to off-balance sheet credit commitments	0.33%	0.34%	0.36%
Combined reserves for credit losses to loans outstanding at period-end (1)	1.20	1.21	1.22

(1) Excludes residential mortgage loans held for sale.

Specific impairment reserves are determined through evaluation of estimated future cash flows and collateral value. At June 30, 2007, specific impairment reserves totaled \$2.9 million on total impaired loans of \$44 million. Required specific impairment reserves were \$2.4 million at March 31, 2007.

Nonspecific reserves are maintained for risks beyond factors specific to an individual loan or those identified through migration analysis. A range of potential losses is determined for each risk factor identified. The ranges of potential losses for the more significant factors were:

	June 30, 2007	March 31, 2007
General economic conditions -	\$4.2 million to \$8.4 million	\$4.2 million to \$8.4 million
Concentration in large loans -	\$1.4 million to \$2.8 million	\$1.4 million to \$2.8 million

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

The provision for credit losses totaled \$7.8 million for the second quarter of 2007, compared with \$6.5 million for the first quarter of 2007 and \$3.8 million for the second quarter of 2006. Factors considered in determining the provision for credit losses included increases in net losses and non-accruing loans during the quarter along with continued growth in outstanding loans.

23

Nonperforming Assets

Information regarding nonperforming assets, which totaled \$60 million at June 30, 2007, \$41 million at March 31, 2007 and \$39 million at June 30, 2006, is presented in Table 19. Nonperforming assets included non-accrual loans and excluded loans 90 days or more past due but still accruing interest. Non-accrual loans totaled \$52 million at June 30, 2007, including \$6.9 million of non-accrual loans subject to the First United Bank seller's guaranty (see Note 2). Non-accrual loans totaled \$31 million at March 31, 2007 and at June 30, 2006. Newly identified non-accruing loans totaled \$22 million during the second quarter of 2007 and acquisitions increased non-accruing loans \$7.8 million. Newly identified non-accruing loans were disbursed among our geographic regions and across our loan portfolio. No significant concentrations were identified. Non-accruing loans decreased \$5.9 million for loans charged off or foreclosed, and \$4.8 million for cash payments received.

Table 19 - Nonperforming Assets
(In thousands)

	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept 20
Nonaccrual loans:				
Commercial	\$ 20,456	\$ 14,218	\$ 10,737	\$ 15
Commercial real estate	19,470	6,832	4,771	3
Residential mortgage	11,418	9,920	10,325	7
Consumer	675	364	222	3
Total nonaccrual loans	52,019	31,334	26,055	30
Renegotiated loans	731	964	1,111	1
Other nonperforming assets	7,664	8,414	8,486	9
Total nonperforming assets	\$ 60,414	\$ 40,712	\$ 35,652	\$ 40
Ratios:				
Reserve for loan losses to nonaccrual loans	230.22%	365.01%	420.25%	346
Combined reserves for credit losses to nonaccrual loans	267.99	426.91	500.43	417
Nonaccrual loans to period-end loans (2)	0.45	0.28	0.24	0
Loans past due (90 days) (1)	\$ 4,215	\$ 20,623	\$ 5,945	\$ 5,
(1) Includes residential mortgages guaranteed by agencies of the U.S. Government.	\$ 2,028	\$ 1,728	\$ 2,233	\$ 1,
(2) Excludes residential mortgage loans held for sale.				

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

The loan review process also identifies loans that possess more than the normal amount of risk due to deterioration in the financial condition of the borrower or the value of the collateral. Because the borrowers are still performing in accordance with the original terms of the loan agreements, and no loss of principal or interest is anticipated, these loans were not included in Nonperforming Assets. Known information does, however, cause management concerns as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled \$45 million at June 30, 2007 and \$27 million at March 31, 2007. Potential problem loans by primary industry included healthcare - \$23 million, services - \$14 million and real estate - \$6 million.

Deposits

Deposit accounts represent our primary funding source. We compete for retail and commercial deposits by offering a broad range of products and services and focusing on customer convenience. Retail deposit growth is supported through our Perfect Banking program, free checking and on-line Billpay services, an extensive network of branch locations and ATMs and a 24-hour Express Bank call center. Commercial deposit growth is supported by offering treasury management and lockbox services.

Total deposits averaged \$12.4 billion for the second quarter of 2007, up \$314 million, or 10% annualized compared with average deposits in the first quarter of 2007. Average deposits attributed to funds management, which includes

23

brokered deposits and public funds, increased \$103 million to \$1.1 billion for the second quarter. In addition, deposits provided by the Worth National Bank acquisition averaged \$126 million for the second quarter of 2007. Average commercial deposits decreased \$7.3 million or 1%. Average deposits attributed to consumer banking increased \$17 million or 1%. Average deposits attributed to trust and private financial services increased \$69 million or 19% annualized.

Core deposits, which we define as deposits of less than \$100,000, excluding public funds and brokered deposits, averaged \$6.4 billion for the second quarter of 2007, an annualized increase of 36% over the first quarter of 2007. Average core deposits comprised 51% of total deposits for the second quarter of 2007. Deposit accounts with balances in excess of \$100,000 averaged \$4.7 billion or 38% of total average deposits, down from \$5.1 billion for the preceding quarter.

The distribution of deposit accounts among our principal markets is shown in Table 20.

25

Table 20 - Deposits by Principal Market Area
(In thousands)

	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Oklahoma:				
Demand	\$ 876,671	\$ 877,623	\$ 915,101	\$ 868,500
Interest-bearing:				
Transaction	3,470,896	3,481,859	3,456,322	3,001,700
Savings	88,133	92,678	83,017	83,400
Time	2,798,719	2,556,423	2,595,890	2,621,500

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Total interest-bearing	6,357,748	6,130,960	6,135,229	5,706,7
Total Oklahoma	\$ 7,234,419	\$ 7,008,583	\$ 7,050,330	\$ 6,575,2
Texas:				
Demand	\$ 626,193	\$ 602,315	\$ 640,159	\$ 582,0
Interest-bearing:				
Transaction	2,019,311	1,701,382	1,688,131	1,671,9
Savings	36,989	24,558	24,074	25,8
Time	804,877	682,292	829,255	736,3
Total interest-bearing	2,861,177	2,408,232	2,541,460	2,434,1
Total Texas	\$ 3,487,370	\$ 3,010,547	\$ 3,181,619	\$ 3,016,2
New Mexico:				
Demand	\$ 113,579	\$ 126,111	\$ 124,088	\$ 144,1
Interest-bearing:				
Transaction	521,154	464,569	432,342	434,5
Savings	17,662	17,972	16,417	16,8
Time	500,443	485,662	490,460	481,9
Total interest-bearing	1,039,259	968,203	939,219	933,3
Total New Mexico	\$ 1,152,838	\$ 1,094,314	\$ 1,063,307	\$ 1,077,4
Arkansas:				
Demand	\$ 11,030	\$ 10,980	\$ 12,589	\$ 11,9
Interest-bearing:				
Transaction	22,096	21,762	17,905	19,5
Savings	1,011	1,029	1,010	1,0
Time	46,597	54,687	57,446	61,9
Total interest-bearing	69,704	77,478	76,361	82,5
Total Arkansas	\$ 80,734	\$ 88,458	\$ 88,950	\$ 94,4
Colorado:				
Demand	\$ 42,006	\$ 39,821	\$ 48,756	\$ 38,2
Interest-bearing:				
Transaction	398,972	314,506	328,254	275,7
Savings	62,211	12,092	12,632	13,0
Time	549,676	502,880	485,200	421,8
Total interest-bearing	1,010,859	829,478	826,086	710,5
Total Colorado	\$ 1,052,865	\$ 869,299	\$ 874,842	\$ 748,8
Arizona:				
Demand	\$ 31,196	\$ 29,461	\$ 39,352	\$ 62,2
Interest-bearing:				
Transaction	74,892	67,364	73,729	74,7
Savings	1,233	1,367	1,978	2,4
Time	11,563	10,018	6,574	4,5
Total interest-bearing	87,688	78,749	82,281	81,7

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Total Arizona	\$	118,884	\$	108,210	\$	121,633	\$	143,9
Kansas:								
Demand	\$	1,081	\$	325	\$	14	\$	
Interest-bearing:								
Transaction		1,356		670		287		
Savings		12		11		2		
Time		32,695		28,166		5,721		
Total interest-bearing		34,063		28,847		6,010		
Total Kansas	\$	35,144	\$	29,172	\$	6,024	\$	
Total BOK Financial deposits	\$	13,162,254	\$	12,208,583	\$	12,386,705	\$	11,656,1

26

Borrowings and Capital

BOK Financial (parent company) has a \$100 million unsecured revolving line of credit with certain banks that expires in December 2010. There was no outstanding principal balance on this credit agreement at June 30, 2007. Interest is based on LIBOR plus a defined margin that is determined by the Company's credit rating or a base rate. This margin ranges from 0.375% to 1.125%. The margin currently applicable to borrowings against this line is 0.375%. The base rate is defined as the greater of the daily federal funds rate plus 0.500% or the SunTrust Bank prime rate. Interest is generally paid monthly. Facility fees are paid quarterly on the unused portion of the commitment at rates that range from 0.100% to 0.250% based on the Company's credit rating.

This credit agreement includes certain restrictive covenants that limit the Company's ability to borrow additional funds, to make investments and to pay cash dividends on common stock. These covenants also require BOK Financial and subsidiary banks to maintain minimum capital levels and to exceed minimum net worth ratios. BOK Financial met all of the restrictive covenants at June 30, 2007.

The primary source of liquidity for BOK Financial is dividends from subsidiary banks, which are limited by various banking regulations to net profits, as defined, for the preceding two years. Dividends are further restricted by minimum capital requirements. After issuing dividends in the second quarter of 2007 to fund acquisitions, the subsidiary banks could declare up to \$35 million of dividends based on the most restrictive limitations without regulatory approval. Management has developed and the Board of Directors has approved an internal capital policy that is more restrictive than the regulatory capital standards. The subsidiary banks could declare dividends of up to \$18 million under this policy.

Equity capital for BOK Financial totaled \$1.8 billion at June 30, 2007, up \$10 million during the quarter. Retained earnings, net income less cash dividends provided \$40 million of the increase. Accumulated other comprehensive losses increased \$33 million due primarily to net unrealized losses on available for sale securities. Employee stock option transactions increased equity capital \$4 million during the second quarter of 2007.

Capital is managed to maximize long-term value to the shareholders. Factors considered in managing capital include projections of future earnings, asset growth and acquisition strategies, and regulatory and debt covenant

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

requirements. Capital management may include subordinated debt issuance, share repurchase and stock and cash dividends.

On April 26, 2005, the Board of Directors authorized a share repurchase program, which replaced a previously authorized program. The maximum of two million common shares may be repurchased. The specific timing and amount of shares repurchased will vary based on market conditions, securities law limitations and other factors. Repurchases may be made over time in open market or privately negotiated transactions. The repurchase programs may be suspended or discontinued at any time without prior notice. During the second quarter of 2007, the Company repurchased 18,783 common shares at an average price of \$51.49 per share. The Company may repurchase 1.7 million common shares in the future under this program.

Cash dividends of \$13.5 million or \$0.20 per common share were paid during the second quarter of 2007. On July 31, 2007 the Board of Directors approved quarterly cash dividend of \$0.20 per common share. The dividend will be payable on or about August 30, 2007 to shareholders of record on August 15, 2007.

BOK Financial and its subsidiary banks are subject to various capital requirements administered by federal agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that could have material impact on operations. These capital requirements include quantitative measures of assets, liabilities, and off-balance sheet items. The capital standards are also subject to qualitative judgments by the regulators.

For a banking institution to qualify as well capitalized, its Tier 1, Total and Leverage capital ratios must be at least 6%, 10% and 5%, respectively. All of the Company's banking subsidiaries exceeded the regulatory definition of well capitalized. The capital ratios for BOK Financial on a consolidated basis are presented in Table 21.

27

Table 21 - Capital Ratios

	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Average shareholders' equity				
to average assets	9.61%	9.71%	9.67%	9.62%
Risk-based capital:				
Tier 1 capital	9.12	9.97	9.78	9.99
Total capital	12.36	11.76	11.58	12.07
Leverage	8.30	8.95	8.79	8.88

During the second quarter of 2007, Bank of Oklahoma issued \$250 million of subordinated debt due May 15, 2017. Interest on this debt is based on a fixed rate of 5.75% through May 14, 2012 and on a floating rate of three-month LIBOR plus 0.69% thereafter. The proceeds of this debt, which qualifies as Tier 2 regulatory capital, was used to fund the Worth National Bank and First United Bank acquisitions and to fund continued asset growth.

Off-Balance Sheet Arrangements

During 2002, BOK Financial agreed to a limited price guarantee on a portion of the common shares issued to purchase of Bank of Tanglewood. Any holder of BOK Financial common shares issued in this acquisition may annually make a claim for

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

the excess of the guaranteed price over the actual sales price of any shares sold during a 60-day period after each of the first five anniversary dates after October 25, 2002. The final anniversary date of this guarantee is October 25, 2007. The maximum annual number of shares subject to this guarantee is 210,069. The price guarantee is non-transferable and non-cumulative. BOK Financial may elect, in its sole discretion, to issue additional shares of common stock or to pay cash to satisfy any obligation under the price guarantee. The Company will have no obligation to issue additional common shares or pay cash to satisfy any benchmark price protection obligation if the market value per share of BOK Financial common stock remains above the highest benchmark price of \$42.53. The closing price of BOK Financial common stock on June 30, 2007 was \$53.42 per share.

Market Risk

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange prices, commodity prices or equity prices. Financial instruments that are subject to market risk can be classified either as held for trading or held for purposes other than trading.

BOK Financial is subject to market risk primarily through the effect of changes in interest rates on both its assets held for purposes other than trading and trading assets. The effects of other changes, such as foreign exchange rates, commodity prices or equity prices do not pose significant market risk to BOK Financial. BOK Financial has no material investments in assets that are affected by changes in foreign exchange rates or equity prices. Energy derivative contracts, which are affected by changes in commodity prices, are matched against offsetting contracts as previously discussed.

Responsibility for managing market risk rests with the Asset / Liability Committee that operates under policy guidelines established by the Board of Directors. The acceptable negative variation in net interest revenue, net income or economic value of equity due to a specified basis point increase or decrease in interest rates is generally limited by these guidelines to +/- 10%. These guidelines also set maximum levels for short-term borrowings, short-term assets, public funds, and brokered deposits, and establish minimum levels for unpledged assets, among other things. Compliance with these guidelines is reviewed monthly.

Interest Rate Risk - Other than Trading

BOK Financial has a large portion of its earning assets in variable rate loans and a large portion of its liabilities in demand deposit accounts and interest bearing transaction accounts. Changes in interest rates affect earning assets more rapidly than interest bearing liabilities in the short term. Management has adopted several strategies to position the balance sheet to be neutral to interest rate changes. As previously noted in the Net Interest Revenue section of this report, management acquires securities that are funded by borrowings in the capital markets. The average duration of these securities is expected to be approximately 2.8 years based on a range of interest rate and prepayment assumptions.

BOK Financial also uses interest rate swaps in managing its interest rate sensitivity. These products are generally used to more closely match interest on certain variable-rate loans with funding sources and long-term certificates of deposit

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

with earning assets. During the second quarter of 2007, net interest revenue was reduced by \$2.1 million from periodic settlements of these contracts. Net interest revenue was decreased by \$2.1 million from periodic settlements of these contracts in the second quarter of 2006. These contracts are carried on the balance sheet at fair value and changes in fair value are reporting in income as derivatives gains or losses. Net losses of \$183 thousand and \$172 thousand were recognized in the second quarters of 2007 and 2006, respectively, from adjustments of these swaps and hedged liabilities to fair value. Credit risk from interest rate swaps is closely monitored as part of our overall process of managing credit exposure to other financial institutions.

The effectiveness of these strategies in managing the overall interest rate risk is evaluated through the use of an asset/liability model. BOK Financial performs a sensitivity analysis to identify more dynamic interest rate risk exposures, including embedded option positions, on net interest revenue, net income and economic value of equity. A simulation model is used to estimate the effect of changes in interest rates over the next 12 and 24 months based on eight interest rate scenarios. Two specified interest rate scenarios are used to evaluate interest rate risk against policy guidelines. The first scenario assumes a sustained parallel 200 basis point increase and the second assumes a sustained parallel 200 basis point decrease in interest rates. The Company also performs a sensitivity analysis based on a "most likely" interest rate scenario, which includes non-parallel shifts in interest rates. An independent source is used to determine the most likely interest rate scenario.

The Company's primary interest rate exposures included the Federal Funds rate, which affects short-term borrowings, and the prime lending rate and LIBOR, which are the basis for much of the variable-rate loan pricing. Additionally, mortgage rates directly affect the prepayment speeds for mortgage-backed securities and mortgage servicing rights. Derivative financial instruments and other financial instruments used for purposes other than trading are included in this simulation. The model incorporates assumptions regarding the effects of changes in interest rates and account balances on indeterminable maturity deposits based on a combination of historical analysis and expected behavior. The impact of planned growth and new business activities is factored into the simulation model. The effects of changes in interest rates on the value of mortgage servicing rights are excluded from Table 22 due to the extreme volatility over such a large rate range. The effects of interest rate changes on the value of mortgage servicing rights and securities identified as economic hedges are presented in the Lines of Business - Mortgage Banking section of this report.

The simulations used to manage market risk are based on numerous assumptions regarding the effects of changes in interest rates on the timing and extent of repricing characteristics, future cash flows and customer behavior. These assumptions are inherently uncertain and, as a result, the model cannot precisely estimate net interest revenue, net income or economic value of equity or precisely predict the impact of higher or lower interest rates on net interest revenue, net income or economic value of equity. Actual results will differ from simulated results due to timing, magnitude and frequency of interest rate changes, market conditions and management strategies, among other factors.

Table 22 - Interest Rate Sensitivity
(Dollars in Thousands)

200 bp Increase		200 bp Decrease		
2007	2006	2007	2006	
Anticipated impact over the next twelve months on				

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

net interest revenue	\$ (3,335)	\$ (4,269)	\$ 764	\$ 6,052	\$
	(0.6)%	(0.8)%	0.1%	1.1%	

Trading Activities

BOK Financial enters into trading activities both as an intermediary for customers and for its own account. As an intermediary, BOK Financial will take positions in securities, generally mortgage-backed securities, government agency securities, and municipal bonds. These securities are purchased for resale to customers, which include individuals, corporations, foundations and financial institutions. BOK Financial will also take trading positions in U.S. Treasury securities, mortgage-backed securities, municipal bonds and financial futures for its own account. These positions are taken with the objective of generating trading profits. Both of these activities involve interest rate risk.

A variety of methods are used to manage the interest rate risk of trading activities. These methods include daily marking of all positions to market value, independent verification of inventory pricing, and position limits for each trading activity. Hedges in either the futures or cash markets may be used to reduce the risk associated with some trading programs.

Management uses a Value at Risk ("VAR") methodology to measure the market risk inherent in its trading activities.

29

VAR is calculated based upon historical simulations over the past five years using a variance / covariance matrix of interest rate changes. It represents an amount of market loss that is likely to be exceeded only one out of every 100 two-week periods. Trading positions are managed within guidelines approved by the Board of Directors. These guidelines limit the VAR to \$1.8 million. At June 30, 2007, the VAR was \$558 thousand. The greatest value at risk during the quarter was \$1.2 million.

Controls and Procedures

As required by Rule 13a-15(b), BOK Financial's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation as of the end of the period covered by their report, of the effectiveness of the company's disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report. As required by Rule 13a-15(d), BOK Financial's management, including the Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of the company's internal controls over financial reporting to determine whether any changes occurred during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the company's internal controls over financial reporting. Based on that evaluation, there has been no such change during the quarter covered by this report.

Forward-Looking Statements

This report contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections about BOK Financial, the financial services industry and the economy in general. Words

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the provision and reserve for loan losses involve judgments as to expected events and are inherently forward-looking statements. Assessments that BOK Financial's acquisitions and other growth endeavors will be profitable are necessary statements of belief as to the outcome of future events, based in part on information provided by others that BOK Financial has not independently verified. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what is expressed, implied, or forecasted in such forward-looking statements. Internal and external factors that might cause such a difference include, but are not limited to: (1) the ability to fully realize expected cost savings from mergers within the expected time frames, (2) the ability of other companies on which BOK Financial relies to provide goods and services in a timely and accurate manner, (3) changes in interest rates and interest rate relationships, (4) demand for products and services, (5) the degree of competition by traditional and nontraditional competitors, (6) changes in banking regulations, tax laws, prices, levies, and assessments, (7) the impact of technological advances and (8) trends in customer behavior as well as their ability to repay loans. BOK Financial and its affiliates undertake no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

30

Consolidated Statements of Earnings (Unaudited)
(In Thousands Except Share and Per Share Data)

	Three Months Ended June 30,	
	2007	2006

Interest Revenue		
Loans	\$ 224,215	\$ 180,999
Taxable securities	60,223	56,632
Tax-exempt securities	2,922	2,173

Total securities	63,145	58,805

Trading securities	401	229
Funds sold and resell agreements	924	407

Total interest revenue	288,685	240,440

Interest Expense		
Deposits	102,059	80,026
Borrowed funds	44,889	34,378
Subordinated debentures	6,824	4,930

Total interest expense	153,772	119,334

Net Interest Revenue	134,913	121,106
Provision for Credit Losses	7,820	3,795

Net Interest Revenue After Provision for Credit Losses	127,093	117,311

Other Operating Revenue		
Brokerage and trading revenue	13,317	12,597

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Transaction card revenue	22,917	19,951		
Trust fees and commissions	19,458	17,751		
Deposit service charges and fees	26,797	26,341		
Mortgage banking revenue	6,682	7,195		
Bank-owned life insurance	2,525	32		
Other revenue	7,096	10,037		
Total fees and commissions	98,792	93,904		
Gain (loss) on sales of assets	(348)	(269)		
Loss on securities, net	(6,262)	(2,583)		
Loss on derivatives, net	(183)	(172)		
Total other operating revenue	91,999	90,880		
Other Operating Expense				
Personnel	81,882	72,369		
Business promotion	5,391	4,802		
Professional fees and services	5,963	4,362		
Net occupancy and equipment	13,860	13,199		
Data processing and communications	18,402	16,157		
Printing, postage and supplies	4,179	4,001		
Net losses and operating expenses of repossessed assets	192	54		
Amortization of intangible assets	1,443	1,359		
Mortgage banking costs	2,987	2,839		
Change in fair value of mortgage servicing rights	(5,061)	(3,613)		
Other expense	6,721	6,598		
Total other operating expense	135,959	122,127		
Income Before Taxes	83,133	86,064		
Federal and state income tax	29,270	31,080		
Net Income	\$ 53,863	\$ 54,984		
Earnings Per Share:				
Basic	\$ 0.80	\$ 0.82		
Diluted	\$ 0.80	\$ 0.82		
Average Shares Used in Computation:				
Basic	67,116,902	66,775,117		
Diluted	67,606,330	67,317,681		

See accompanying notes to consolidated financial statements.

31

Consolidated Balance Sheets
(In Thousands Except Share Data)

June 30, 2007 December 31, 2006

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

	(Unaudited)	(Footnote 1)
Assets		
Cash and due from banks	\$ 596,827	\$ 775,376
Funds sold and resell agreements	50,635	21,950
Trading securities	30,977	37,076
Securities:		
Available for sale	4,699,735	4,293,938
Available for sale securities pledged to creditors	339,231	361,123
Investment (fair value: June 30, 2007 - \$257,455; December 31, 2006 - \$246,608; June 30, 2006 - \$217,319)	265,507	248,689
Mortgage trading securities	133,967	162,837
Total securities	5,438,440	5,066,587
Loans	11,699,382	10,715,803
Less reserve for loan losses	(119,759)	(109,497)
Loans, net of reserve	11,579,623	10,606,306
Premises and equipment, net	241,579	188,041
Accrued revenue receivable	160,595	118,236
Intangible assets, net	377,957	258,060
Mortgage servicing rights, net	74,067	65,946
Real estate and other repossessed assets	7,664	8,486
Bankers' acceptances	31,702	43,613
Derivative contracts	264,845	284,239
Cash surrender value of bank-owned life insurance	224,250	212,230
Other assets	268,221	373,478
Total assets	\$ 19,347,382	\$ 18,059,624
Liabilities and Shareholders' Equity		
Noninterest-bearing demand deposits	\$ 1,701,756	\$ 1,780,059
Interest-bearing deposits:		
Transaction	6,508,677	5,996,970
Savings	207,251	139,130
Time	4,744,570	4,470,546
Total deposits	13,162,254	12,386,705
Funds purchased and repurchase agreements	2,317,846	2,348,516
Other borrowings	888,362	593,731
Subordinated debentures	547,896	297,800
Accrued interest, taxes and expense	104,224	104,752
Bankers' acceptances	31,702	43,613
Due on unsettled security transactions	71,838	107,420
Derivative contracts	283,286	298,679
Other liabilities	144,066	157,386
Total liabilities	17,551,474	16,338,602
Shareholders' equity:		
Common stock (\$.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: June 30, 2007 - 69,025,829; December 31, 2006 - 68,704,575; June 30, 2006 - 68,291,976)	4	4
Capital surplus	703,682	688,861
Retained earnings	1,248,830	1,166,994
Treasury stock (shares at cost: June 30, 2007 - 1,745,722;		

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

December 31, 2006 - 1,636,825;		
June 30, 2006 - 1,451,735)	(67,081)	(61,393)
Accumulated other comprehensive loss	(89,527)	(73,444)
Total shareholders' equity	1,795,908	1,721,022
Total liabilities and shareholders' equity	\$ 19,347,382	\$ 18,059,624

See accompanying notes to consolidated financial statements.

32

Consolidated Statements of Changes in Shareholders' Equity (Unaudited) (In Thousands)

	Common Stock		Accumulated Other Comprehensive	Capital	Retained	Treasury Stock	
	Shares	Amount	Loss	Surplus	Earnings	Shares	Amount
Balances at							
December 31, 2005	67,905	\$ 4	\$ (67,811)	\$ 656,579	\$990,422	1,202	\$ (40,040)
Effect of implementing FAS 156, net of income taxes	-	-	-	-	383	-	-
Comprehensive income:							
Net income	-	-	-	-	109,732	-	-
Other comprehensive income, net of tax (1)	-	-	(51,884)	-	-	-	-
Comprehensive income							
Treasury stock purchase	-	-	-	-	-	169	(8,019)
Exercise of stock options	387	-	-	9,423	-	81	(3,721)
Tax benefit on exercise of stock options	-	-	-	1,518	-	-	-
Stock-based compensation	-	-	-	3,142	-	-	-
Cash dividends on common stock	-	-	-	-	(16,718)	-	-
Balances at							
June 30, 2006	68,292	\$ 4	\$ (119,695)	\$ 670,662	\$1,083,819	1,452	\$ (51,780)
Balances at							
December 31, 2006	68,705	\$ 4	\$ (73,444)	\$ 688,861	\$1,166,994	1,637	\$ (61,393)
Effect of implementing FAS 157, net of income taxes	-	-	-	-	(679)	-	-
Effect of implementing FIN 48	-	-	-	-	(609)	-	-
Comprehensive income:							
Net income	-	-	-	-	106,656	-	-
Other comprehensive income, net of tax (1)	-	-	(16,083)	-	-	-	-

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Comprehensive income

Treasury stock purchase	-	-	-	-	-	44	(2,223)
Exercise of stock options	321	-	-	9,571	-	65	(3,465)
Tax benefit on exercise of stock options	-	-	-	1,423	-	-	-
Stock-based compensation	-	-	-	3,828	-	-	-
Cash dividends on common stock	-	-	-	-	(23,533)	-	-

Balances at

June 30, 2007	69,026	\$	4	\$ (89,527)	\$ 703,683	\$1,248,829	1,746	\$ (67,081)	\$
---------------	--------	----	---	-------------	------------	-------------	-------	-------------	----

(1)	June 30, 2007	June 30, 2006
Changes in other comprehensive loss:		
Unrealized losses on securities	\$ (32,306)	\$ (84,970)
Unrealized gains (losses) on cash flow hedges	658	(183)
Tax benefit on unrealized losses	11,143	30,843
Reclassification adjustment for losses realized and included in net income	6,825	3,804
Reclassification adjustment for tax benefit on realized losses	(2,403)	(1,378)
Net change in other comprehensive loss	\$ (16,083)	\$ (51,884)

See accompanying notes to consolidated financial statements.

33

Consolidated Statements of Cash Flows (Unaudited)

(In Thousands)

Six Months

2007

Cash Flows From Operating Activities:

Net income	\$ 106,656
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for credit losses	14,320
Change in fair value of mortgage servicing rights	(3,897)
Unrealized (gains) losses from derivatives	(3,332)
Tax benefit on exercise of stock options	(1,423)
Change in bank-owned life insurance	(12,020)
Stock-based compensation	4,936
Depreciation and amortization	18,448
Net accretion of securities discounts and premiums	474
Net (gain) loss on sale of assets	660
Mortgage loans originated for resale	(242,089)
Proceeds from sale of mortgage loans held for resale	227,007
Change in trading securities, including mortgage trading securities	35,683
Change in accrued revenue receivable	(53,071)
Change in other assets	31,918
Change in accrued interest, taxes and expense	(528)
Change in other liabilities	(53,114)

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Net cash provided by operating activities	70,628
Cash Flows From Investing Activities:	
Proceeds from maturities of investment securities	39,775
Proceeds from maturities of available for sale securities	595,664
Purchases of investment securities	(56,670)
Purchases of available for sale securities	(1,483,082)
Proceeds from sales of investment securities	-
Proceeds from sales of available for sale securities	495,026
Loans originated or acquired net of principal collected	(575,558)
Payments on derivative asset contracts	(21,391)
Net change in other investment assets	11,694
Proceeds from disposition of assets	45,593
Purchases of assets	(37,503)
Cash and equivalents of subsidiaries and branches acquired and sold, net	(47,258)
Net cash used in investing activities	(1,033,710)
Cash Flows From Financing Activities:	
Net change in demand deposits, transaction deposits and savings accounts	149,644
Net change in time deposits	124,439
Net change in other borrowings	254,606
Proceeds from derivative liability contracts	27,503
Net change in derivative margin accounts	62,221
Change in amount receivable (due) on unsettled security transactions	(35,582)
Issuance of common and treasury stock, net	6,102
Issuance of subordinated debenture, net	248,618
Tax benefit on exercise of stock options	1,423
Repurchase of common stock	(2,223)
Dividends paid	(23,533)
Net cash provided by financing activities	813,218
Net decrease in cash and cash equivalents	(149,864)
Cash and cash equivalents at beginning of period	797,326
Cash and cash equivalents at end of period	\$ 647,462
Cash paid for interest	\$ 294,475
Cash paid for taxes	\$ 53,590
Net loans transferred to repossessed real estate and other assets	\$ 4,082

See accompanying notes to consolidated financial statements.

34

Notes to Consolidated Financial Statements (Unaudited)

(1) Accounting Policies

Basis of Presentation

The unaudited consolidated financial statements of BOK Financial Corporation ("BOK Financial" or "the Company") have been prepared in accordance with accounting principles for interim financial information generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

of normal recurring accruals) considered necessary for a fair presentation have been included.

The unaudited consolidated financial statements include accounts of BOK Financial and its subsidiaries, principally Bank of Oklahoma, N.A. and its subsidiaries ("BOK"), Bank of Texas, N.A., Bank of Arkansas, N.A., Bank of Albuquerque, N.A. Colorado State Bank and Trust, N.A., Bank of Arizona, N.A., Bank of Kansas City, N.A., and BOSC, Inc. Certain prior period amounts have been reclassified to conform to current period classification.

The financial information should be read in conjunction with BOK Financial's 2006 Form 10-K filed with the Securities and Exchange Commission, which contains audited financial statements. Amounts presented as of December 31, 2006 have been derived from BOK Financial's 2006 Form 10-K.

Newly Adopted and Pending Accounting Policies

BOK Financial adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurement" (FAS 157) as of January 1, 2007. FAS 157 established a single authoritative definition of fair value, set out a framework for measuring fair value and required additional disclosures about fair value measurements. It also nullified EITF guidance that prohibited recognition of gains at inception for derivative transactions whose fair value is estimated by modeling.

Beginning January 1, 2007, the fair value of customer derivative assets and liabilities fully reflects the discounted cash flows based on forward curves, volatilities, credit risks and other market-observable inputs. Changes in the net fair values of customer derivative contracts are a component of Brokerage and Trading Revenue. Retained earnings were charged \$679 thousand for the after-tax effect of the initial adoption of FAS 157 on the fair value of customer derivative assets and liabilities. FAS 157 did not have a significant effect on other fair value measurements in the Company's financial statements.

The Company adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), effective January 1, 2007. FIN 48 requires that an uncertain tax position must be more likely than not of being upheld upon audit by the taxing authority for the benefit to be recognized. The benefit of uncertain tax positions that do not meet this criterion may not be recognized. In addition, FIN 48 requires that the amount of tax benefit that may be recognized for uncertain positions that meet the recognition criterion shall consider the amounts and probabilities of outcomes that could be realized upon settlement. BOK Financial recognized a \$609 thousand increase in the liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings. As of the date of adoption, total unrecognized tax benefits were \$12.6 million, including the amount recognized in retained earnings. These unrecognized tax benefits, if recognized in the future, could affect the effective tax rate. Interest and penalties accrued related to unrecognized tax benefits are included in income tax expense. As of January 1, 2007, the Company had \$2 million total interest and penalties accrued. Federal statute remains open for federal tax returns filed in the previous three reporting periods. Various state income tax statutes remain open for the previous three to six reporting periods. The IRS intends to audit the 2005 consolidated United States income tax return for Worth Bancorporation Inc. The Company purchased Worth on May 31, 2007. The Company does not believe that the outcome of this examination will have a material impact on its financial statements, including total unrecognized tax benefits.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159") during the first quarter of 2007. The purpose of FAS 159 is to increase the use of fair value measurements in financial statements and to mitigate volatility in reported earnings caused by measuring

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

related assets and liabilities differently without having to apply

35

complex hedge accounting provisions. FAS 159 permits financial statement issuers an option to measure eligible financial assets and financial liabilities at fair value. Unrealized gains and losses on assets and liabilities measured at fair value are reported in earnings. The option to measure eligible assets and liabilities is applied on an instrument-by-instrument basis, is irrevocable and is applied to the entire instrument. FAS 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007 and may be adopted as of a fiscal year that begins on or before November 15, 2007, subject to certain conditions. The Company expects to adopt FAS 159 as required on January 1, 2008. The effect of FAS 159 on the Company's financial statements has not yet been determined.

(2) Acquisitions

On May 31, 2007, BOK Financial paid \$127 million in cash for all the outstanding stock of Texas-based Worth Bancorporation. Worth had total assets of approximately \$410 million, including net loans of \$281 million, and total deposits of \$369 million and five branches in the Fort Worth market. A preliminary allocation of the purchase price to the net assets acquired is as follows (in thousands):

Cash and cash equivalents	\$ 45,238
Funds sold	41,325
Securities	22,676
Loans	284,039
Less reserve for loan losses	(3,528)

Loans, net of reserve	280,511
Premises and equipment, net	6,214
Core deposit premium	13,741
Other assets	15,029

Total assets acquired	424,734

Deposits	369,343
Other borrowings	7,217
Other liabilities	8,759

Net assets acquired	39,415
Less purchase price	127,067

Goodwill	\$ 87,652

On June 18, 2007, BOK Financial paid \$43 million in cash for all the outstanding stock of Colorado-based First United Bank. First United had total assets of approximately \$166 million, including loans of \$94 million, and total deposits of \$133 million and eleven banking locations in the Denver area. Loans acquired from First United Bank are subject to a guaranty by the sellers through an escrow fund held in trust by Colorado State Bank and Trust. The Company will be reimbursed for up to \$8 million of losses, including principal, interest and collection costs, on acquired loans in a three-year period after the acquisition date. Accordingly, none of the purchase price was allocated to an allowance for loan losses. A preliminary allocation of the purchase price to the net assets acquired is as follows (in thousands):

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Cash and cash equivalents	\$ 4,376
Funds sold	32,091
Securities	2,245
Loans	93,810
Premises and equipment, net	31,749
Other assets	2,050
Core deposit premium	5,039

Total assets acquired	171,360

Deposits	133,342
Other borrowings	2,138
Other liabilities	7,362

Net assets acquired	28,518
Less purchase price	42,796

Goodwill	\$ 14,278

36

The results of operations of these acquisitions would not have been significant to the Company's consolidated results during the pre-acquisition periods of 2007 and 2006.

During the first quarter of 2007, the Company paid approximately \$425 thousand to acquire a charter for Bank of Kansas City in order to begin full-service banking operations in Missouri. Previously, the Company's full-service banking rights were restricted to Kansas City, Kansas. The Company currently has two full-service banking locations in the Kansas City market.

(3) Fair Value Measurements

Fair value measurements as of June 30, 2007 are as follows (in thousands):

	Total	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Si Uno
	-----	-----	-----	-----
Assets:				
Trading securities	\$30,977	\$ 9,386	\$21,591	
Available for sale securities	5,038,966	25,397	5,013,569	
Mortgage trading securities	133,967		133,967	
Mortgage servicing rights	74,067			
Derivative contracts	264,845		264,845	
Liabilities:				
Hedged certificates of deposit	472,083		472,083	
Derivative contracts	283,286		283,286	

- (1) A reconciliation of the beginning and ending fair value of mortgage servicing rights and disclosures of significant assumptions used to determine fair value are presented in Note 5, Mortgage Banking Activities.

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

The fair value of assets and liabilities based on significant other observable inputs are generally provided to us by third-party pricing services and are based on one or more of the following:

- o Quoted prices for similar, but not identical, assets or liabilities in active markets;
- o Quoted prices for identical or similar assets or liabilities in inactive markets;
- o Inputs other than quoted prices that are observable, such as interest rate and yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates;
- o Other inputs derived from or corroborated by observable market inputs.

The underlying methods used by the third-party pricing services are considered in determining the primary inputs used to determine fair values.

No fair value measurements of significant assets or liabilities measured on a non-recurring basis were made during the first half of 2007. Assets measured on a non-recurring basis include pension plan assets, which are based on quoted prices in active markets for identical instruments and goodwill, which is based on significant unobservable inputs.

37

(4) Derivatives

The fair values of derivative contracts at June 30, 2007 are as follows (in thousands):

	Assets	Liabilities
	-----	-----
Customer Risk Management Programs:		
Interest rate contracts	\$45,319	\$48,713
Energy contracts	202,751	212,003
Agriculture contracts	966	910
Foreign exchange contracts	14,786	14,786
CD options	1,022	1,022
	-----	-----
Total Customer Derivatives	264,844	277,434
	-----	-----
Interest Rate Risk Management Programs	1	5,852
	-----	-----
Total Derivative Contracts	\$264,845	\$283,286
	-----	-----

(5) Mortgage Banking Activities

At June 30, 2007, BOK Financial owned the rights to service 58,390 mortgage loans with outstanding principal balances of \$5.3 billion, including \$566 million serviced for affiliates. The weighted average interest rate and remaining term was 6.13% and 277 months, respectively.

In the first quarter of 2007, the Company paid approximately \$3.6 million to acquire the rights to service approximately \$270 million of mortgage loans. Substantially all of these loans are to borrowers in our primary market areas.

For the three and six months ended June 30, 2007, mortgage banking revenue

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

includes servicing fee income of \$4.3 million and \$8.5 million, respectively. For the three and six months ended June 30, 2006, mortgage banking revenue includes servicing income of \$4.2 million and \$8.3 million, respectively.

In 2006, BOK Financial implemented Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets." Upon implementation, an initial adjustment of the mortgage servicing rights to fair value of approximately \$351 thousand, net of income taxes, was recognized as an increase to retained earnings and certain securities designated as an economic hedge of mortgage servicing rights were transferred from the available for sale classification to trading.

Activity in capitalized mortgage servicing rights and related valuation allowance during the six months ending June 30, 2007 is as follows (in thousands):

Capitalized Mortgage Servicing Rights				
	Purchased	Originated	Total	
Balance at December 31, 2006	\$ 12,813	\$ 53,133	\$ 65,946	
Additions, net	3,614	5,915	9,529	
Change in fair value due to loan runoff	(1,214)	(4,091)	(5,305)	
Change in fair value due to market changes	747	3,150	3,897	
Balance at June 30, 2007	\$ 15,960	\$ 58,107	\$ 74,067	

38

Fair value is determined by discounting the projected net cash flows. Significant assumptions used to determine fair value are:

	June 30, 2007	December 31, 2006
Discount rate - risk-free rate plus a market premium	10.16%	9.91%
Prepayment rate - based upon loan interest rate, original term and loan type	8.2% - 15.2%	8.7% - 18.0%
Loan servicing costs - annually per loan based upon loan type	\$41 - \$58	\$41 - \$58
Escrow earnings rate - indexed to rates paid on deposit accounts with comparable average life	5.40%	5.49%

Stratification of the mortgage loan servicing portfolio and outstanding principal of loans serviced by interest rate at June 30, 2007 follows (in thousands):

<5.51%	5.51% - 6.50%	6.51% - 7.50%	> 7.51%
--------	---------------	---------------	---------

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Fair value	\$16,093	\$39,684	\$14,421	\$3
-----	-----	-----	-----	-----
Outstanding principal of loans serviced (1)	\$1,054,300	\$2,501,300	\$937,500	\$221
-----	-----	-----	-----	-----

(1) Excludes outstanding principal of \$566 million for loans serviced for affiliates and \$46 million of mortgage loans for which there are no capitalized mortgage servicing rights.

(6) Disposal of Available for Sale Securities

Sales of available for sale securities resulted in gains and losses as follows (in thousands):

	Six Months Ended June 30,	
	2007	2006
-----	-----	-----
Proceeds	\$ 495,026	\$ 142,073
Gross realized gains	1,015	705
Gross realized losses	(2,412)	(115)
Related federal and state income tax expense (benefit)	(495)	214

(7) Employee Benefits

BOK Financial has sponsored a defined benefit Pension Plan for all employees who satisfied certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. The Company recognized no periodic pension cost during the six months ended June 30, 2007. During the six months ended June 30, 2006, net periodic pension cost was approximately \$1.8 million.

The Company made no Pension Plan contributions during the first half of 2007. During the first half of 2006, the Company made Pension Plan contributions totaling \$2.8 million, which funded the remaining maximum contribution for 2005 permitted under applicable regulations.

Management has been advised that no minimum contribution will be required for 2007. The maximum allowable contribution for 2007 has not yet been determined.

39

(8) Shareholders' Equity

On August 1, 2007, the Board of Directors of BOK Financial Corporation approved a \$0.20 per share quarterly common stock dividend. The quarterly dividend will be payable on or about August 30, 2007 to shareholders of record on August 15, 2007.

Dividends declared during the three and six month periods ended June 30, 2007 were \$0.20 per share and \$0.35 per share, respectively. Dividends declared during the three and six month periods ended June 30, 2006 were \$0.15 per share and \$0.25 per share, respectively.

(9) Earnings Per Share

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

The following table presents the computation of basic and diluted earnings per share (dollars in thousands, except share data):

	Three Months Ended		Six Months Ended
	June 30, 2007	June 30, 2006	June 30, 2007

Numerator:			
Net income	\$ 53,863	\$ 54,984	\$ 106,656

Denominator:			
Denominator for basic earnings per share - weighted average shares	67,116,902	66,775,117	67,099,752
Effect of dilutive potential common shares:			
Employee stock compensation plans (1)	489,428	542,564	489,394

Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	67,606,330	67,317,681	67,589,146

Basic earnings per share	\$ 0.80	\$ 0.82	\$ 1.59

Diluted earnings per share	\$ 0.80	\$ 0.82	\$ 1.58

(1) Excludes employee stock options with exercise prices greater than current market price.	850,926	136,813	811,184

(10) Reportable Segments

Reportable segments reconciliation to the Consolidated Financial Statements for the six months ended June 30, 2007 is as follows (in thousands):

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	

Total reportable segments	\$ 272,277	\$ 190,660	\$ 256,073	\$
Unallocated items:				
Tax-equivalent adjustment	4,154	-	-	
Funds management and other	(12,680)	466	12,398	

BOK Financial consolidated	\$ 263,751	\$ 191,126	\$ 268,471	\$
=====				

(1) Excluding financial instruments gains/(losses).

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended June 30, 2007 is as follows (in thousands):

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

		Net Interest Revenue		Other Operating Revenue (1)		Other Operating Expense	
		-----	--	-----	--	-----	--
Total reportable segments	\$	137,892	\$	99,583	\$	130,145	\$
Unallocated items:							
Tax-equivalent adjustment		2,069		-		-	
Funds management and other		(5,048)		(1,139)		5,814	
		-----	--	-----	--	-----	--
BOK Financial consolidated	\$	134,913	\$	98,444	\$	135,959	\$
		=====	==	=====	==	=====	==

(1) Excluding financial instruments gains/(losses).

Reportable segments reconciliation to the Consolidated Financial Statements for the six months ended June 30, 2006 is as follows (in thousands):

		Net Interest Revenue		Other Operating Revenue (1)		Other Operating Expense	
		-----	--	-----	--	-----	--
Total reportable segments	\$	244,623	\$	183,291	\$	226,344	\$
Unallocated items:							
Tax-equivalent adjustment		3,162		-		-	
Funds management and other		(9,353)		1,311		13,162	
		-----	--	-----	--	-----	--
BOK Financial consolidated	\$	238,432	\$	184,602	\$	239,506	\$
		=====	==	=====	==	=====	==

(1) Excluding financial instruments gains/(losses).

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended June 30, 2006 is as follows (in thousands):

		Net Interest Revenue		Other Operating Revenue (1)		Other Operating Expense	
		-----	--	-----	--	-----	--
Total reportable segments	\$	124,729	\$	93,010	\$	116,281	\$
Unallocated items:							
Tax-equivalent adjustment		1,640		-		-	
Funds management and other		(5,263)		625		5,846	
		-----	--	-----	--	-----	--
BOK Financial consolidated	\$	121,106	\$	93,635	\$	122,127	\$
		=====	==	=====	==	=====	==

(1) Excluding financial instruments gains/(losses).

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

(11) Contingent Liabilities

AXIA Investment Management, Inc. ("AXIA"), a wholly-owned subsidiary of BOK, is the administrator to and investment advisor for the American Performance Funds ("AP Funds"). AP Funds is a diversified, open-ended investment company established in 1987 as a business trust under the Investment Company Act of 1940 (the "1940 Act"). AP Fund's products are offered to customers, employee benefit plans, trusts and the general public in the ordinary course of business. Approximately 98% of AP Fund's assets of \$3.6 billion are held for BOK Financial's clients.

41

On October 10, 2006, the Securities and Exchange Commission (the "SEC") started a special examination of AXIA. The examination is focused on the BISYS Fund Services Ohio, Inc. ("BISYS") marketing assistance agreements with AXIA that were terminated in 2004. In September 2006, BISYS settled the SEC's two-year investigation of it by consenting to an order in which the SEC determined that BISYS had "willfully aided and abetted and caused" (1) the investment advisors to 27 different families of mutual funds to violate provisions of the Investment Advisors Act of 1940 that prohibit fraudulent conduct; (2) the investment advisors to the 27 fund families to violate provisions of the 1940 Act that prohibit the making of any untrue statement of a material fact in a registration statement filed by the mutual fund with the SEC, and (3) the 27 fund families to violate provisions of the 1940 Act that require the disclosure and inclusion of all distribution arrangements and expenses in the fund's 12b-1 fee plan ("the SEC BYSIS Order"). AXIA is one of the 27 advisors and the AP Funds one of the mutual fund families to which the SEC referred. AXIA is not bound by the SEC BISYS Order and disagrees with its findings as they relate to AXIA.

On May 4, 2007, the AP Funds demanded AXIA and/or BISYS refund to the AP Funds \$8.1 million (with interest) and reimburse the expenses of the AP Funds' investigation of this matter (which expenses are in excess of \$1 million) or justify the appropriateness of \$8.1 million of marketing arrangement expenditures. The AP Funds further indicated that the foregoing demand was in respect of the period from 1997 to 2004, and that it may seek further reimbursement from AXIA and/or BISYS for periods before 1997. BOK Financial examined the expenditures procured by AXIA pursuant to the questioned marketing arrangements and paid or tendered for payment \$1.7 million for expenses which were or could be argued to have been improperly charged to the marketing arrangements.

Although AXIA believes the Committee's claims against it are without merit, it is in active settlement discussions regarding this matter. Any settlement with the Committee would not be binding on the SEC. BOK Financial does not expect the examination, a settlement with the Committee, or any action the SEC may take based upon the examination to have a material adverse effect on the Company.

In the ordinary course of business, BOK Financial and its subsidiaries are subject to legal actions and complaints. Management believes, based upon the opinion of counsel, that the actions and liability or loss, if any, resulting from the final outcomes of the proceedings, will not be material in the aggregate.

(12) Financial Instruments with Off-Balance Sheet Risk

BOK Financial is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to manage interest rate risk. Those financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in BOK

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Financial's Consolidated Balance Sheets. Exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the notional amount of those instruments.

As of June 30, 2007, outstanding commitments and letters of credit were as follows (in thousands):

	June 30, 2007

Commitments to extend credit	\$ 5,418,538
Standby letters of credit	518,923
Commercial letters of credit	18,334

42

Six Month Financial Summary - Unaudited
Consolidated Daily Average Balances, Average Yields and Rates
(Dollars in Thousands, Except Per Share Data)

	Six Months Ended			
	June 30, 2007			
	Average Balance	Revenue/ Expense (1)	Yield /Rate	Average Balance

Assets				
Taxable securities (3)	\$ 4,908,738	\$ 117,839	4.86%	\$ 4,822,5
Tax-exempt securities (3)	338,834	9,415	5.90	267,7

Total securities (3)	5,247,572	127,254	4.90	5,090,3

Trading securities	31,264	1,000	6.45	20,2
Funds sold and resell agreements	61,397	1,589	5.22	26,6
Loans (2)	11,116,881	437,572	7.94	9,319,3
Less reserve for loan losses	115,809	-	-	105,7

Loans, net of reserve	11,001,072	437,572	8.02	9,213,6

Total earning assets (3)	16,341,305	567,415	7.01	14,350,8

Cash and other assets	1,943,011			2,087,3

Total assets	\$ 18,284,316			\$ 16,438,1

Liabilities And Shareholders' Equity				
Transaction deposits	\$ 6,257,933	94,609	3.05%	\$ 5,340,2
Savings deposits	150,952	741	0.99	154,3
Time deposits	4,463,961	104,581	4.72	4,191,7

Total interest-bearing deposits	10,872,846	199,931	3.71	9,686,3

Funds purchased and repurchase agreements	2,633,821	66,694	5.11	1,926,1
Other borrowings	767,634	20,858	5.48	783,1
Subordinated debentures	354,657	12,027	6.84	294,1

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Total interest-bearing liabilities	14,628,958	299,510	4.13	12,689,7
Demand deposits	1,346,620			1,480,0
Other liabilities	542,505			708,2
Shareholders' equity	1,766,233			1,560,0
Total liabilities and shareholders' equity	\$ 18,284,316			\$ 16,438,1
Tax-Equivalent Net Interest Revenue (3)		267,905	2.88%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.31	
Less tax-equivalent adjustment (1)		4,154		
Net Interest Revenue		263,751		
Provision for credit losses		14,320		
Other operating revenue		184,189		
Other operating expense		268,471		
Income Before Taxes		165,149		
Federal and state income tax		58,493		
Net Income		\$ 106,656		
Earnings Per Average Common Share Equivalent:				
Net Income:				
Basic		\$ 1.59		
Diluted		\$ 1.58		

- (1) Tax equivalent at the statutory federal and state rates for the periods presented. The taxable equivalent adjustments shown are for comparative purposes.
- (2) The loan averages included loans on which the accrual of interest has been discontinued and are stated net of unearned income.
- (3) Yield calculations exclude security trades that have been recorded on trade date with no corresponding interest income.

43

Quarterly Financial Summary - Unaudited Consolidated Daily Average Balances, Average Yields and Rates (Dollars in Thousands, Except Per Share Data)

	Three Months Ended			
	June 30, 2007			
	Average Balance	Revenue/Expense (1)	Yield / Rate	Average Balance
Assets				
Taxable securities (3)	\$ 5,014,231	\$ 60,244	4.85%	\$ 4,802,76
Tax-exempt securities (3)	354,956	4,613	5.73	322,20
Total securities (3)	5,369,187	64,857	4.90	5,124,97
Trading securities	32,897	481	5.86	29,61

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Funds sold and resell agreements	67,057	924	5.53	55,67
Loans (2)	11,338,140	224,492	7.94	10,893,16
Less reserve for loan losses	118,505	-	-	113,37
Loans, net of reserve	11,219,635	224,492	8.03	10,779,78
Total earning assets (3)	16,688,776	290,754	7.00	15,990,04
Cash and other assets	1,940,686			1,949,91
Total assets	\$ 18,629,462			\$ 17,939,95
Liabilities And Shareholders' Equity				
Transaction deposits	\$ 6,414,014	\$ 48,242	3.02%	\$ 6,100,11
Savings deposits	158,718	377	0.95	143,10
Time deposits	4,507,053	53,440	4.76	4,420,39
Total interest-bearing deposits	11,079,785	102,059	3.69	10,663,60
Funds purchased and repurchase agreements	2,627,230	33,129	5.06	2,640,48
Other borrowings	866,096	11,760	5.45	668,07
Subordinated debentures	410,883	6,824	6.66	297,80
Total interest-bearing liabilities	14,983,994	153,772	4.12	14,269,97
Demand deposits	1,295,930			1,397,87
Other liabilities	558,792			530,65
Shareholders' equity	1,790,746			1,741,44
Total liabilities and shareholders' equity	\$ 18,629,462			\$ 17,939,95
Tax-Equivalent Net Interest Revenue (3)		\$ 136,982	2.88%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.31	
Less tax-equivalent adjustment (1)		2,069		
Net Interest Revenue		134,913		
Provision for credit losses		7,820		
Other operating revenue		91,999		
Other operating expense		135,959		
Income before taxes		83,133		
Federal and state income tax		29,270		
Net Income		\$ 53,863		
Earnings Per Average Common Share Equivalent:				
Net income:				
Basic		\$ 0.80		
Diluted		\$ 0.80		

(1) Tax equivalent at the statutory federal and state rates for the periods presented. The taxable equivalent adjustments shown are for comparative purposes.

(2) The loan averages included loans on which the accrual of interest has been discontinued and are stated net of unearned income.

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

(3) Yield calculations exclude security trades that have been recorded on trade date with no corresponding interest income.

44

Three Months Ended							
December 31, 2006				September 30, 2006			
Average Balance	Revenue/ Expense (1)	Yield / Rate		Average Balance	Revenue/ Expense (1)	Yield / Rate	Average Balance
\$ 4,745,619	\$ 56,264	4.69%		\$ 4,694,588	\$ 54,589	4.63%	\$ 4,783,280
318,969	4,435	5.52		306,170	4,187	5.43	273,305
5,064,588	60,699	4.74		5,000,758	58,776	4.68	5,056,585
22,668	322	5.64		21,721	226	4.13	23,672
39,665	546	5.46		51,518	649	5.00	32,048
10,361,841	207,322	7.94		9,813,602	197,665	7.99	9,472,309
108,377	-	-		106,474	-	-	106,048
10,253,464	207,322	8.02		9,707,128	197,665	8.08	9,366,261
15,380,385	268,889	6.93		14,781,125	257,316	6.91	14,478,566
2,158,647				2,049,998			2,085,724
\$ 17,539,032				\$ 16,831,123			\$ 16,564,290
\$ 5,768,216	\$ 43,411	2.99%		\$ 5,458,280	\$ 39,571	2.88%	\$ 5,353,413
139,796	365	1.04		146,276	360	0.98	153,200
4,417,427	51,781	4.65		4,314,672	48,540	4.46	4,220,204
10,325,439	95,557	3.67		9,919,228	88,471	3.54	9,726,817
2,584,354	33,736	5.18		2,138,749	27,568	5.11	2,118,211
586,743	8,128	5.50		750,247	10,253	5.42	684,431
298,427	5,225	6.95		293,146	5,210	7.05	292,474
13,794,963	142,646	4.10		13,101,370	131,502	3.98	12,821,933
1,481,455				1,453,163			1,474,835
566,128				657,269			695,418
1,696,486				1,619,321			1,572,104
\$ 17,539,032				\$ 16,831,123			\$ 16,564,290
	\$ 126,243	2.83%			\$ 125,814	2.93%	
		3.25				3.38	

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

1,965	1,836
124,278	123,978
5,953	5,254
93,723	97,583
133,991	138,810
78,057	77,497
27,472	24,837
\$ 50,585	\$ 52,660
\$ 0.76	\$ 0.79
\$ 0.75	\$ 0.78

45

PART II. Other Information

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information with respect to purchases made by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of the Company's common stock during the three months ended June 30, 2007.

Period	Total Number of Shares Purchased (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)
April 1, 2007 to April 30, 2007	10,249	\$51.67	8,783
May 1, 2007 to May 31, 2007	2,744	\$52.00	2,500
June 1, 2007 to June 30, 2007	14,830	\$52.04	7,500
Total	27,823		18,783

- (1) The Company had a stock repurchase plan that was initially authorized by the Company's board of directors on February 24, 1998 and amended on May 25, 1999. Under the terms of that plan, the Company could repurchase up to 800,000 shares of its common stock. As of March 31, 2005, the Company had

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

repurchased 638,642 shares under that plan. On April 26, 2005, the Company's board of directors terminated this authorization and replaced it with a new stock repurchase plan authorizing the Company to repurchase up to two million shares of the Company's common stock. As of June 30, 2007, the Company had repurchased 322,460 shares under the new plan.

- (2) The Company routinely repurchases mature shares from employees to cover the exercise price and taxes in connection with employee stock option exercises.

46

Item 4. Submission of Matters to a Vote of Security Holders

Our Annual Meeting of Shareholders was held on April 24, 2007 (the "Annual Meeting"). At the Annual Meeting, shareholders voted on one matter: (i) to fix the number of directors to be elected at nineteen (19) and to elect nineteen (19) persons as directors for a term of one year or until their successors have been elected and qualified. The shareholders approved this matter by the following votes:

- (i) Election of nineteen (19) directors for a term of one year:

	Votes For	Votes Withheld/ Against
	-----	-----
Gregory S. Allen	64,254,490	244,360
C. Fred Ball, Jr.	62,877,796	1,621,054
Sharon J. Bell	64,319,209	179,641
Peter C. Boylan III	64,229,833	269,017
Chester Cadieux III	63,248,470	1,250,380
Joseph W. Craft III	64,408,659	90,191
William E. Durrett	64,315,344	183,506
Robert G. Greer	62,869,184	1,629,666
David F. Griffin	64,347,587	151,263
V. Burns Hargis	62,876,951	1,621,899
E. Carey Joullian IV	61,643,856	2,854,994
George B. Kaiser	62,360,002	2,138,848
Judith Z. Kishner	64,408,969	89,881
Thomas L. Kivisto	63,469,383	1,029,467
David L. Kyle	64,249,223	249,627
Robert J. LaFortune	64,314,729	184,121
Stanley A. Lybarger	62,870,756	1,628,094
Steven J. Malcolm	64,255,368	243,482
Paula Marshall	60,341,011	4,157,839

Item 6. Exhibits

- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Edgar Filing: BOK FINANCIAL CORP ET AL - Form 10-Q

Items 1, 3 and 5 are not applicable and have been omitted.

47

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOK FINANCIAL CORPORATION
(Registrant)

Date: August 9, 2007

/s/ Steven E. Nell

Steven E. Nell
Executive Vice President and
Chief Financial Officer

/s/ John C. Morrow

John C. Morrow
Senior Vice President and Director
of Financial Accounting & Reporting