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BOK FINANCIAL CORP ET AL

Form 10-Q

May 12, 2008

As filed with the Securities and Exchange Commission on May 12, 2008

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 March 31, 2008

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

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of common stock, as of the latest practicable date: 67,438,599 shares of common stock (\$.00006 par value) as of April 30, 2008.

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2

BOK Financial Corporation
Form 10-Q
Quarter Ended March 31, 2008

Index

Part I. Financial Information	
Management's Discussion and Analysis (Item 2)	2
Market Risk (Item 3)	31
Controls and Procedures (Item 4)	32
Consolidated Financial Statements - Unaudited (Item 1)	34
Quarterly Financial Summary - Unaudited (Item 2)	46
Part II. Other Information	
Item 1. Legal Proceedings	48
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	48
Item 6. Exhibits	48
Signatures	49
Management's Discussion and Analysis of Financial Condition and Results of Operations	
Performance Summary	

BOK Financial Corporation reported quarterly earnings of \$62.3 million or \$0.92 per diluted share for the first quarter of 2008, up 18% over the first quarter of 2007. Net income totaled \$52.8 million or \$0.78 per diluted share for the first quarter of 2007 and \$51.2 million or \$0.76 per diluted share for the fourth quarter of 2007.

Highlights of the first quarter of 2008 included:

- o Net interest margin was 3.31% for the first quarter of 2008, down 1 basis point from the first quarter of 2007 and up 9 basis points from the fourth quarter of 2007. Net interest revenue increased 14% over the first quarter of 2007 and 17% annualized over the fourth quarter of 2007.
- o Average outstanding loans increased 12% over the first quarter of 2007. Period-end annualized loan growth rate was 12% since the end of the fourth quarter of 2007.
- o Non-performing assets totaled \$126 million or 1.02% of outstanding loans and repossessed assets at March 31, 2008, up from \$104 million or 0.87% of outstanding loans and repossessed assets at December 31, 2007 and \$50 million or 0.45% of outstanding loans and repossessed assets at March 31, 2007.
- o Net loans charged off and provision for credit losses were \$8.9 million and \$17.6 million, respectively, for the first quarter of 2008 compared with net loans charged off of \$7.3 million and provision for credit losses of \$13.2 million for the fourth quarter of 2007 and \$3.1 million and \$6.5 million for the first quarter of 2007.
- o Fees and commissions revenue increased 24% over the first quarter of 2007

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and 2% annualized over the fourth quarter of 2007. Brokerage and trading revenue grew 80% over the first quarter of 2007 and 69% annualized over the previous quarter. All major categories of fee revenue increased over the same period last year.

- o Operating expenses were up 16% over the first quarter of 2007. Personnel expenses increased 12% due to incentive compensation which is linked to revenue growth. Operating expenses increased 3% annualized over the fourth quarter of 2007 excluding changes in the contingent obligation to support Visa's antitrust litigation.

Visa Initial Public Offering Benefits and Securities Impairment Charges

During the first quarter of 2008, the Company recognized income of \$6.8 million (\$4.4 million after-tax) for cash received from Visa's initial public offering. This represented a partial redemption of the Company's interest in Visa's Class B shares. In addition, the Company reversed its \$2.8 million contingent liability to support Visa's antitrust litigation costs which was accrued in the fourth quarter of 2007. Visa established an escrow fund with a portion of the

3

proceeds of its initial public offering for payments related to litigation matters.

Also during the first quarter of 2008, the Company recognized an additional \$5.3 million pre-tax reduction in the fair value of its holdings of variable rate perpetual preferred stock issued by six major banks and brokerage houses. These issuers remain rated investment grade by the major rating agencies and all scheduled dividend payments on these preferred stocks have been made. However, based on continued weakness in the financial sector, it was management's judgment that recovery of fair value of these securities to at least the cost basis established at the end of the fourth quarter was not expected in the near term. The carrying value of preferred stocks which equals their March 31, 2008 fair value was \$27.5 million.

Transactions related to Visa and to the impairment of preferred stocks provided \$2.7 million or \$.04 per share to net income for the first quarter of 2008. Similar transactions reduced net income \$7.4 million or \$0.11 per share in the fourth quarter of 2007.

Results of Operations

Net Interest Revenue and Net Interest Margin

Net interest revenue totaled \$147.1 million for the first quarter of 2008, up \$18.3 million or 14% over the first quarter of 2007 and \$5.8 million or 17% annualized over the fourth quarter of 2007. Average earning assets increased \$2.1 billion or 13% over the first quarter of 2007, including a \$1.3 billion increase in average outstanding loans and a \$764 million increase in average securities. Growth in the securities portfolio generally consisted of highly-rated, fixed-rate mortgage-backed securities. These securities were purchased to supplement the Company's earnings and help manage the balance sheet to a position that is essentially neutral to changes in interest rates.

Growth in average earning assets was funded primarily by a \$1.1 billion or 33% increase in average federal funds purchased and other borrowed funds. Interest rates on these wholesale funding sources have recently been lower than interest rates on deposits. We also continued to grow deposits during the past year. Average deposits were up \$1.0 billion or 9% over the first quarter of 2007. Average interest-bearing transaction accounts grew \$1.4 billion or 23% and

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average time deposits decreased \$195 million or 4% compared with the first quarter of 2007. Average demand deposits decreased \$161 million or 12%.

Net interest margin was 3.31% for the first quarter of 2008 compared with 3.32% for the first quarter of 2007 and 3.22% for the fourth quarter of 2007. Yields on average earning assets decreased 85 basis points to 6.17% and the cost of interest-bearing liabilities decreased 103 basis points to 3.11% compared with the first quarter of 2007. Loan yields decreased 134 basis points to 6.59% while securities yields increased 24 basis points to 5.17%. Our securities re-price as cash flow received is reinvested at current market rates. The resulting change in yield on the securities portfolio occurs more slowly than changes in market rates. The cost of interest bearing deposits decreased 73 basis points to 2.99% and the cost of funds purchased and other borrowings decreased 204 basis points. Competition for deposits in all our markets limited our ability to move deposit rates down as the Federal Reserve eased rates. The benefit to the net interest margin from earning assets funded by non-interest bearing liabilities was 25 basis points in the first quarter of 2008 compared with 44 basis points in the first quarter of 2007 and 33 basis points in 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 decrease slightly over a one-year forward looking period. However, other factors such as loan and deposit spreads, deposit product mix and overall balance sheet composition may affect this general expectation. For example, historically the spread between LIBOR rates and federal funds rates has been relatively constant. Recent troubles in the financial markets have made this spread more volatile which affects the re-pricing of many of our loans and funding sources.

Our overall objective is to manage the Company's balance sheet to be relatively neutral to changes in interest rates over a twelve month period. Approximately 67% of our commercial and commercial real estate loan portfolios are either variable rate or fixed rate that will re-price within one year. These loans are funded primarily by deposit accounts that are either non-interest bearing, or that re-price more slowly than the loans. The result is a balance sheet that would be asset sensitive, which means that assets generally re-price 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

4

interest rate risk. Interest rate swaps with a combined notional amount of \$290 million convert fixed rate liabilities to floating rate based on LIBOR. The purpose of these derivatives is to position our balance sheet to be relatively neutral to changes in interest rates. Net interest revenue increased \$463 thousand in the first quarter of 2008 and \$2.8 million in the first quarter of 2007 from periodic settlements of these contracts. These contracts are carried on the balance sheet at fair value and changes in fair value are reported in income as derivatives gains or losses.

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)

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Three Months Ended
March 31, 2008 / 2007

	Change Due To (1)		
	Change	Volume	Yield / Rate
Tax-equivalent interest revenue:			
Securities	\$ 13,847	\$ 10,116	\$ 3,731
Trading securities	914	833	81
Loans	(13,402)	23,895	(37,297)
Funds sold and resell agreements	175	282	(107)
Total	1,534	35,126	(33,592)
Interest expense:			
Transaction deposits	(4,192)	9,239	(13,431)
Savings deposits	(126)	29	(155)
Time deposits	(5,407)	(1,988)	(3,419)
Federal funds purchased and repurchase agreements	(9,916)	4,389	(14,305)
Other borrowings	2,620	7,544	(4,924)
Subordinated debentures	196	1,576	(1,380)
Total	(16,825)	20,789	(37,614)
Tax-equivalent net interest revenue	18,359	14,337	4,022
Change in tax-equivalent adjustment	(69)		
Net interest revenue	\$ 18,290		

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

Other Operating Revenue

Other operating revenue increased \$28.8 million compared with the first quarter of last year. Fees and commission revenue increased \$22.3 million or 24%. Net gains on securities during the first quarter of 2008 totaled \$4.6 million, up \$5.2 million over the same period of 2007. Other operating revenue was up \$13.2 million over the fourth quarter of 2007. Fees and commissions revenue increased \$510 thousand or 2% annualized. Net gains on securities were \$4.6 million in the first quarter of 2008 compared with net losses of \$6.3 million for the fourth quarter of 2007.

Diversified sources of fees and commission revenue are a significant part of our business strategy and represented 44% of total revenue, excluding gains and losses on asset sales, securities and derivatives, for the first quarter of 2008. 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.

Fees and commissions revenue

Brokerage and trading revenue totaled \$23.9 million for the first quarter of 2008, up \$10.6 million or 80% over the first quarter of 2007. Revenue from trading and institutional securities sales totaled \$12.9 million in the first quarter of 2008 and \$4.5 million in the first quarter of 2007. Retail brokerage activities increased \$1.3 million or 33% over the same period of 2007. Customer hedging revenue grew \$709 thousand or 16% due primarily to interest rate

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hedging.

5

Brokerage and trading revenue increased \$3.5 million or 69% annualized over the fourth quarter of 2007. Revenue from trading and institutional securities sales was up \$4.8 million and revenue from customer hedging programs was up \$1.4 million. Investment banking revenue was down \$3.3 million due to the timing of completed transactions.

Transaction card revenue totaled \$23.6 million for the first quarter of 2008, up \$3.4 million or 17% over the first quarter of 2007. ATM network revenue increased \$1.5 million or 17% while check card revenue increased \$1.3 million or 25% over the first quarter of 2007 due to volume growth. Merchant discount fees increased 9% over the first quarter of 2007.

Transaction card revenue for the first quarter of 2008 was up \$46 thousand or 1% annualized from the fourth quarter of 2007. ATM network fees increased \$234 thousand and merchant discount fees decreased \$213 thousand due to transaction volumes.

Trust fees and commissions totaled \$20.8 million for the first quarter of 2008, a \$1.8 million or 9% increase over the first quarter of 2007. The fair value of all trust relationships, which is the basis for a significant portion of trust revenue, increased 7% to \$35.5 billion at March 31, 2008 compared with \$33.1 billion at March 31, 2007. Personal trust management fees, which provide 33% of total trust fees and commissions increased \$475 thousand or 7%. Employee benefit plan management fees, which provide 20% of total trust fees, increased \$376 thousand or 10%. Net fees from mutual fund advisory and administrative services increased \$765 thousand or 18%.

Trust fees and commissions increased \$651 thousand or 13% annualized over the fourth quarter of 2007 due primarily to growth in personal trust management fees.

Deposit service charges and fees totaled \$27.7 million for the first quarter of 2008, up \$3.1 million or 13% over the first quarter of 2007. Overdraft fees grew \$1.7 million or 11% due to increased volume and a per item charge increase in certain markets during the third quarter of 2007. Service charges on retail accounts decreased \$80 thousand or 6% due to service-charge free deposit products. Commercial deposit account fees were up \$1.4 million or 20% over the same period of 2007 due to a decrease in earnings credit available to commercial deposit customers and an increase in service charges for higher deposit insurance costs during the first quarter of 2008. The earnings credit, which provides a non-cash method for commercial customers to avoid incurring charges for deposit services, decreases when interest rates fall.

Deposit service charges decreased \$2.3 million compared with the fourth quarter of 2007 due to seasonal reduction in overdraft fees, partially offset by higher commercial deposit account fees.

Mortgage banking revenue increased \$1.7 million or 31% compared with the first quarter of 2007. Servicing revenue totaled \$4.3 million for the first quarter of 2008, up \$105 thousand over the same period last year. The outstanding principal balance of mortgage loans serviced for other institutions totaled \$4.9 billion at March 31, 2008 and \$4.4 billion at March 31, 2007. Net gains on mortgage loans sold totaled \$2.9 million, up \$572 thousand over the first quarter of 2007. Mortgage loans originated for sale in the secondary market totaled \$257 million for the first quarter of 2008, up 45% over the same period in 2007.

Other operating revenue included \$2.0 million of fees earned on margin assets in the first quarter of 2008 and \$758 thousand in the first quarter of 2007. Margin

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assets which are held primarily as part of the Company's customer derivatives programs averaged \$273 million for the first quarter of 2008, compared with \$94 million for the first quarter of 2007. The increase in revenue earned on margin assets is offset by a decrease in net interest revenue due to the costs to fund the margin assets. Fees on margin assets totaled \$2.0 million on average margin balances of \$182 million for the fourth quarter of 2007.

Securities and derivatives

BOK Financial recognized net gains of \$4.6 million on securities for the first quarter of 2008 and net losses on securities of \$563 thousand for the first quarter of 2007. During the first quarter of 2008, the Company recorded a \$5.3 million pre-tax other-than-temporary-impairment charge to recognize the decrease in fair value of its holdings of variable-rate perpetual preferred stock issued by six major banks and brokerage houses. The Company also recognized a \$6.8 million gain from the partial redemption of Visa, Inc. Class B shares as part of Visa's initial public offering. Net gains from the sale of other securities totaled \$2.9 million and net gains on securities held as an economic hedge or mortgage servicing rights totaled \$191 thousand. The Company sold certain available for sale securities during the first quarter of 2008 to reduce prepayment risk in response to falling interest rates. During the first quarter of 2007, BOK Financial recognized net losses of \$817 thousand on its securities portfolio and a net gain of \$254 thousand on securities held as an economic

6

hedge of mortgage servicing rights.

Net gains on derivatives totaled \$2.1 million for the first quarter of 2008 and \$71 thousand for the first quarter of 2007. Net gains or losses on derivatives consist of fair value adjustments of all derivatives used to manage interest rate risk and the related hedged liabilities when adjustments are permitted by generally accepted accounting principles. Derivative instruments generally consist of interest rate swaps where the Company pays a variable rate based on LIBOR and receives a fixed rate. These swaps generally increase in value as interest rates fall.

The Company adopted Statement of Financial Accounting Standards No. 159, Fair Value Option ("FAS 159") effective January 1, 2008. FAS 159 provides an option to measure eligible financial assets and financial liabilities at fair value. Certain certificates of deposit that were either currently designated as hedged or had previously been designated as hedged, but no longer met the correlation requirements of Statement of Financial Accounting Standards No. 133 were designated as being reported at fair value.

Table 2 - Other Operating Revenue
(In thousands)

	Three Months Ended			
	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	J
Brokerage and trading revenue	\$ 23,913	\$ 20,402	\$ 15,541	\$ 1
Transaction card revenue	23,558	23,512	23,812	2
Trust fees and commissions	20,796	20,145	19,633	1
Deposit service charges and fees	27,686	29,938	27,885	2
Mortgage banking revenue	7,217	6,912	5,809	
Bank-owned life insurance	2,512	2,614	2,520	

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Other revenue	8,182	9,831	8,517	
Total fees and commissions	113,864	113,354	103,717	9
Gain (loss) on sales of assets	(35)	(1,316)	42	
Gain (loss) on securities, net	4,620	(6,251)	4,748	(
Gain (loss) on derivatives, net	2,113	1,529	865	
Total other operating revenue	\$ 120,562	\$ 107,316	\$ 109,372	\$ 9

Other Operating Expense

Other operating expense for the first quarter of 2008 totaled \$153.4 million, a \$21.3 million or 16% increase over the first quarter of 2007. Personnel costs increased \$9.8 million or 12% due largely to incentive compensation costs. Non-personnel expenses increased \$11.5 million or 21% due largely to increased operating costs from acquisitions during 2007 and higher deposit insurance costs.

Personnel expense

Personnel expense totaled \$88.1 million for the first quarter of 2008 and \$78.3 million for the first quarter of 2007. Regular compensation, which consists of salaries and wages, overtime pay and temporary personnel cost totaled \$52.6 million, up \$3.4 million or 7% over the first quarter of 2007. The increase in regular compensation expense was due primarily to a 217 person or 6% increase in average staffing. The increase in average staffing was largely due to acquisitions in the second quarter of 2007.

7

Table 3 - Personnel Expense
(Dollars in thousands)

	Three Months Ended			
	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Regular compensation	\$ 52,576	\$ 52,316	\$ 53,592	\$ 51,821
Incentive compensation:				
Cash-based	19,287	19,568	15,559	12,485
Stock-based	2,272	1,794	2,345	3,097
Total incentive compensation	21,559	21,362	17,904	15,582
Employee benefits	13,971	10,834	11,816	12,651
Workforce reduction costs, net	-	-	2,499	-
Total personnel expense	\$ 88,106	\$ 84,512	\$ 85,811	\$ 80,054
Number of employees (full-time equivalent)	4,135	4,110	4,299	4,093

Incentive compensation increased \$5.0 million or 30% to \$21.6 million. Expense for cash-based incentive compensation plans increased \$4.2 million or 28%. These

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plans are either intended to provide current rewards to employees who generate long-term business opportunities to the Company based on growth in loans, deposits, customer relationships and other measurable metrics or intended to compensate employees with commissions on completed transactions. The increase in cash-based incentive compensation over the first quarter of 2007 included a \$4.1 million increase in commissions related to brokerage and trading revenue.

The Company also provides stock-based incentive compensation plans. Stock-based compensation plans include both equity and liability awards. Compensation expense related to liability awards increased \$876 thousand compared with the first quarter of 2007. This increase reflected changes in the market value of BOK Financial common stock. The market value of BOK Financial common stock increased \$0.53 per share in the first quarter of 2008 and decreased \$5.45 per share in the first quarter of 2007. Compensation expense for equity awards decreased \$131 thousand or 6% compared with the first quarter of 2007. Expense for equity awards is based on the grant-date fair value of the awards and is unaffected by subsequent changes in fair value.

Employee benefit expense totaled \$14.0 million, a \$1.3 million or 11% increase over 2007. Medical insurance costs were up \$1.1 million or 35% due to an increase in claims during the first quarter of 2008. The Company self-insures a portion of its employee health care coverage, which increases the volatility of this expense.

Data processing and communications expense

Data processing and communications expense totaled \$18.9 million, up \$1.9 million or 11% over the first quarter of 2007. This expense consists of two broad categories, data processing systems and transaction card processing. Data processing costs increased \$1.2 million or 11% due to growth in processing volumes and acquisitions during the second quarter of 2007. Transaction card processing costs increased \$720 thousand or 11% due to growth in processing volume.

Data processing and communications expense decreased \$193 thousand or 4% annualized compared with the fourth quarter of 2007.

Other operating expenses

Occupancy and equipment expenses totaled \$15.1 million for the first quarter of 2008, up \$1.9 million or 14% over 2007. Growth in occupancy expense was due to 28 new branch locations added since March 31, 2007, including 16 added from bank acquisitions in the second quarter of 2007. Occupancy and equipment expense was down \$405 thousand compared with the fourth quarter of 2007.

Insurance expense increased \$3.0 million compared to the first quarter of 2007 due to an increase in FDIC insurance premiums. A one-time credit granted to eligible depository institutions by the Federal Deposit Insurance Reform Act of 2005 to offset deposit insurance premiums was largely used by the end of 2007.

8

Other operating expenses for the first quarter of 2008 included a \$2.6 million provision for losses on residential mortgage loans sold with recourse. The Company's obligation to repurchase these loans is more-fully discussed in the Loan Commitments section of this report. Other operating expenses for the first quarter of 2008 were reduced by \$2.8 million from the reversal of the contingent liability to support Visa's antitrust litigation which was first recognized in the fourth quarter of 2007. Visa established an escrow fund with a portion of the proceeds of its initial public offering for payments related to litigation matters.

Table 4 - Other Operating Expense
(In thousands)

	Three Months Ended			
	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Personnel	\$ 88,106	\$ 84,512	\$ 85,811	\$ 80,054
Business promotion	4,639	6,528	5,399	5,391
Professional fees and services	5,648	6,209	5,749	5,963
Net occupancy and equipment	15,061	15,466	14,752	13,860
Insurance	3,710	843	759	693
Data processing & communications	18,893	19,086	18,271	18,402
Printing, postage and supplies	4,419	4,221	4,201	4,179
Net losses and operating expenses of repossessed assets	378	120	172	192
Amortization of intangible assets	1,925	2,382	2,397	1,443
Mortgage banking costs	3,167	3,086	3,001	2,987
Change in fair value of mortgage servicing rights	1,762	3,344	3,446	(5,061)
Other expense	5,696	11,930	7,060	6,028
Total other operating expense	\$ 153,404	\$ 157,727	\$ 151,018	\$ 134,131

Income Taxes

Income tax expense was \$34.5 million or 36% of book taxable income for the first quarter of 2008 compared with \$29.2 million or 36% of book taxable income for the first quarter of 2007.

BOK Financial operates in numerous jurisdictions, which requires judgment regarding the allocation of income, expense and earnings under various laws and regulations of each of these taxing jurisdictions. Each jurisdiction may audit our tax returns and may take different positions with respect to these allocations. The reserve for uncertain tax positions was largely unchanged from December 31, 2007.

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 consists primarily of corporate and consumer banking activities in the respective local markets.

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

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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

9

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. Return on economic capital excludes amortization of intangible assets.

Net income provided by the Company's five principal business lines decreased \$1.7 million compared with the first quarter of 2007. Falling short-term interest rates decreased the internal transfer pricing credit provided to units that generate lower-costing funds for the company. The effect of a lower internal transfer pricing credit is seen in the reduction in the business units' net interest revenue and the increased contribution by the Funds Management unit. Gains recognized by the business lines from the partial redemption of Visa Class B shares was partially offset by increased net loan losses charged off. The increased contribution by the Wealth Management unit was due to brokerage and trading activity.

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

	Three months ended March 31,	
	2008	2007
Regional banking	\$ 19,054	\$ 24,910
Oklahoma corporate banking	20,440	18,019
Mortgage banking	(977)	46
Oklahoma consumer banking	9,242	9,461
Wealth management	10,348	7,377
Subtotal	58,107	59,813
Funds management and other	4,158	(7,020)
Total	\$ 62,265	\$ 52,793

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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, this Division has specialized groups that serve customers in the energy, agriculture, healthcare and banking/finance industries, and includes the TransFund network. The Oklahoma Corporate Banking Division contributed \$20.4 million or 33% to consolidated net income for the first quarter of 2008. This Division contributed \$18.0 million or 34% to consolidated net income in the first quarter of 2007.

Net interest revenue decreased \$1.4 million or 4%. The decrease in net interest revenue was due to tightened loan spreads compared to funding sources and increased non-accruing loans. Average earnings assets attributed to this division, which consists primarily of commercial loans, increased \$130 million or 3% over 2007 to \$4.6 billion. Average loans increased \$31 million or 1% to \$4.4 billion. Energy loans increased \$125 million and indirect automobile loans increased \$62 million. Average food and agri-business loans decreased \$157 million. Average funds provided to the funds management unit increased \$98 million. Average deposits attributed to the Oklahoma Corporate Banking Division increased \$200 million or 9%. Operating revenue grew \$2.9 million or 14%. Operating revenue provided by TransFund increased \$1.6 million or 19%. Operating expenses, which consist primarily of personnel and data processing costs, increased \$1.4 million or 5%.

A portion of the gain on partial redemption of Visa Class B shares increased pre-tax income for the Oklahoma Corporate Banking Division \$4.7 million in the first quarter of 2008. Net loans charged off for the Oklahoma Corporate Banking Division totaled \$2.2 million or 0.18% of average loans in the first quarter of 2008, compared with net charge-offs of

10

\$1.3 million or 0.12% of average loans in the first quarter of 2007. The increase in net loan charge-offs included a \$517 thousand increase in losses on indirect automobile loans.

Table 6 - Oklahoma Corporate Banking
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 52,410	\$ 59,773
NIR (expense) from internal sources	(16,176)	(22,172)
Net interest revenue	36,234	37,601
Other operating revenue	23,856	20,995
Operating expense	29,152	27,754
Gains on financial instruments, net	4,689	-
Net loans charged off	2,173	1,331
Net income	20,440	18,019
Average assets	\$ 6,100,234	\$ 5,710,718
Average economic capital	397,650	405,880
Return on assets	1.35%	1.28%
Return on economic capital	20.67%	18.01%

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Efficiency ratio 48.51% 47.37%

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 and BOSCO's retail brokerage division. Consumer banking services are offered through 34 locations in Tulsa, 32 locations in Oklahoma City and 16 locations throughout the state.

The Oklahoma Consumer Banking Division contributed \$9.2 million or 15% to consolidated net income for the first quarter of 2008, compared to \$9.5 million or 18% of consolidated net income for the first quarter of 2007. Net interest revenue decreased \$1.4 million or 8% over 2007 due primarily to a decrease in the internal transfer pricing credit. Average loans attributed to the Oklahoma Consumer Banking Division in 2008 increased \$23 million or 8% compared with 2007. Average deposits provided by the Oklahoma Consumer Banking Division grew \$61 million or 2% to \$3.0 billion. Average demand deposits were up \$22 million or 6% over 2007. Interest bearing deposits increased \$39 million or 2%, including a \$147 million or 13% increase in interest bearing transaction accounts and a \$108 million or 7% decrease in time deposits. Other operating revenue was up \$1.2 million or 7% over 2007 largely from check card revenue and overdraft fees. Operating expenses increased \$1.5 million or 7% over 2007, including a \$568 thousand or 7% increase in personnel expense and a \$919 thousand or 7% increase in non-personnel expense. The increase in operating expense was largely due to higher deposit insurance costs.

Net loans charged-off, which consist primarily of overdrawn deposit accounts, totaled \$562 thousand for the first quarter of 2008 and \$261 thousand for the first quarter of 2007. Pre-tax income for the first quarter of 2008 included \$1.6 million from the partial redemption of Visa's Class B shares.

11

Table 7 - Oklahoma Consumer Banking
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ (14,866)	\$ (17,152)
NIR (expense) from internal sources	31,550	35,215
Net interest revenue	16,684	18,063
Other operating revenue	19,066	17,879
Operating expense	21,662	20,175
Gains on financial instruments, net	1,576	-
Net loans charged off	562	261
Net income	9,242	9,461
Average assets	\$ 2,990,655	\$ 2,929,035
Average economic capital	57,910	64,490
Return on assets	1.24%	1.31%
Return on economic capital	64.19%	59.50%
Efficiency ratio	60.59%	56.13%

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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. BOK Mortgage incurred a net loss of \$977 thousand in the first quarter of 2008 compared to net income of \$46 thousand in the first quarter of 2007. An increase in the provision for off-balance sheet credit risk on mortgage loans sold with recourse reduced net income \$1.6 million in the first quarter of 2008. Changes in the fair value of mortgage servicing rights, net of hedging activity, reduced net income \$960 thousand in 2008 and \$556 thousand in 2007.

Mortgage banking activities consisted primarily of two 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. In addition, the Mortgage Banking Division holds a permanent portfolio of \$425 million of residential mortgage loans which generated net income of \$410 thousand in the first quarter of 2008 and \$332 thousand in the first quarter of 2007.

Loan Production Sector

Loan production revenue totaled \$3.8 million in 2008, including \$4.4 million of capitalized mortgage servicing rights, partially offset by net losses on mortgage loans sold. Loan production revenue totaled \$2.2 million in 2007. Capitalized mortgage servicing rights provided \$2.3 million, partially offset by net losses on mortgage loans sold. The average initial fair value of servicing rights on mortgage loans funded was 1.46% for 2008 and 1.36% for 2007. Mortgage loans funded totaled \$301 million in 2008 and \$215 million in 2007. Approximately 58% and 15% of the loans funded during the first quarter of 2008 were in Oklahoma and Texas, respectively. Operating expenses, excluding direct loan production costs which are recognized as part of the gain or loss on loans sold, totaled \$3.5 million in 2008 and \$2.6 million in 2007. Pre-tax gain from loan production totaled \$987 thousand for the first quarter of 2008 compared with a pre-tax loss of \$167 thousand for the first quarter of 2007. The pipeline of mortgage loan applications totaled \$525 million at March 31, 2008, compared to \$267 million at March 31, 2007 and \$330 million at December 31, 2007.

Loan Servicing Sector

The loan servicing sector had a pre-tax loss of \$609 thousand for the first quarter of 2008 compared with a pre-tax loss of \$871 thousand for 2007. We recognized a net pre-tax loss of \$1.6 million in 2008 and a net pre-tax loss of \$910 thousand in 2007 from changes in the value of mortgage servicing rights and economic hedging activities. Changes in mortgage commitment rates, prepayment speed assumptions, discount rates and other estimates of future activities decreased the fair value of mortgage servicing rights recognized in earnings by \$1.8 million in the first quarter of 2008. These same factors decreased the fair value of mortgage servicing rights \$1.2 million in 2007. Changes in the fair value of securities designated as an economic hedge of our servicing rights did not fully offset the decrease in value of our

12

servicing rights. Economic hedge activity produced net gains of \$191 thousand in 2008 and \$254 thousand in 2007.

Servicing revenue, including revenue on loans serviced for affiliates, totaled \$4.9 million in 2008 compared to \$4.3 million in 2007. The average outstanding balance of loans serviced was \$4.9 billion during the first quarter of 2008

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compared to \$4.4 billion during 2007. Servicing revenue per outstanding loan principal was 36 basis points in 2008 compared with 38 basis points in 2007. Servicing costs totaled \$1.9 million for the first quarters of 2008 and 2007. At March 31, 2008, the number of loans serviced by BOK Mortgage totaled 58,082. Serviced loans delinquent 90 days or more or in process of foreclosure totaled 547 or 0.94% of loans serviced; 349 of these loans are in Oklahoma, 56 are in Arkansas and 42 are in Texas.

The fair value of mortgage servicing rights decreased \$3.5 million during the first quarter of 2008 and \$3.2 million during the first quarter of 2007 due to actual runoff of the underlying loans serviced. This reduction in fair value is included in mortgage banking costs in the Consolidated Statement of Earnings.

Table 8 - Mortgage Banking
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 11,652	\$ 7,815
NIR (expense) from internal sources	(9,121)	(6,952)
Net interest revenue	2,531	863
Capitalized mortgage servicing rights	4,405	2,349
Other operating revenue	3,675	4,940
Operating expense	10,415	7,098
Change in fair value of mortgage servicing rights	1,762	1,164
Gains on financial instruments, net	191	254
Net income (loss)	(977)	46
Average assets	\$ 885,465	\$ 621,835
Average economic capital	25,900	24,530
Return on assets	(0.44)%	0.03%
Return on economic capital	(15.17)%	0.76%
Efficiency ratio	98.15%	87.07%

BOK Financial designated a portion of its securities portfolio as an economic hedge against the risk of changes in the fair value of its mortgage servicing rights. These securities, which are identified as mortgage trading securities are carried at fair value. Changes in fair value are recognized in earnings as they occur. Additionally, mortgage-related 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. No special hedge accounting treatment is applicable to either the mortgage servicing rights or the financial instruments designated as an economic hedge.

Our 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 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 March 31, 2008, financial instruments with a fair value of \$183 million and an unrealized gain of \$2.7 million were held for the economic hedge program. The interest rate sensitivity of the mortgage servicing rights and securities held

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as a hedge is modeled over a range of +/- 50 basis points. At March 31, 2008, the pre-tax results of this modeling on reported earnings were:

13

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	\$ 3,153	\$ (5,375)
Fair value of hedging instruments	(5,148)	5,094
	-----	-----
Net	\$ (1,995)	\$ (281)
	-----	-----

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 the fair value of our servicing rights \$3.2 million while a 50 basis point decrease is expected to reduce the fair value \$5.4 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. This is much less of a limit of the speed at which mortgage loans may prepay in a declining rate environment.

Modeling changes in the value of 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 the assumed loan prepayment speeds 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 prepayments 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.

Wealth Management

BOK Financial provides a wide range of financial services through its wealth management line of business, including trust and private financial services, and brokerage and trading activities. This line of business includes the activities of BOSCO, Inc., a registered broker / dealer. Trust and private financial services includes sales of institutional, investment and retirement products, loans and other services to affluent individuals, businesses, not-for-profit organizations, and governmental agencies. Trust services are provided primarily to clients throughout Oklahoma, Texas and New Mexico. Additionally, trust services include a nationally competitive, self-directed 401-(k) program and administrative and advisory services to the American Performance family of mutual funds. Brokerage and trading activities within the wealth management line of business consists of retail sales of mutual funds, securities, and annuities, institutional sales of securities and derivatives, bond underwriting and other financial advisory services and customer risk management programs.

Wealth Management contributed \$10.3 million or 17% to consolidated net income for the first quarter of 2008. This compared to \$7.4 million or 14% of consolidated net income for 2007.

Trust and private financial services provided \$5.7 million of net income in 2008, down \$241 thousand or 4% from 2007. Net interest revenue provided by trust and private financial services decreased \$1.3 million or 14% due to the lower funds transfer pricing rate. Average deposits attributed to the Wealth Management unit were \$1.4 billion for the first quarter of 2008, up 25% over the

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first quarter of 2007.

Trust fees and commissions for the Wealth Management line of business totaled \$18.0 million, a \$1.7 million or 10% increase over last year. At March 31, 2008 and 2007, the Wealth Management line of business was responsible for trust assets with aggregate market values of \$32.6 billion and \$30.6 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 \$12.7 billion of trust assets at March 31, 2008 compared to \$11.3 billion of trust assets at March 31, 2007. The fair value of non-managed assets increased \$407 million to \$12.3 billion at March 31, 2008. Assets held in safekeeping totaled \$7.5 billion at March 31, 2008. Operating expenses attributed to trust and private financial services totaled \$16.8 million for the first quarter of 2008, up 3% over the first quarter of 2007. Personnel costs decreased \$314 thousand due primarily to lower incentive compensation costs. Non-personnel costs increased \$727 thousand or 11% due to higher deposit insurance costs.

Brokerage and trading activities provided \$4.6 million of net income in 2008 to the Wealth Management line of business compared to \$1.4 million in 2007. Operating revenue increased \$11.7 million or 86% due to brokerage and trading revenue and fees earned on margin assets. Operating expenses, which consisted primarily of compensation expense increased \$5.7 million or 53%. Incentive compensation expense which is directly related to revenue growth was up \$4.9

14

million.

Table 10 - Wealth Management
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 2,994	\$ 4,525
NIR (expense) from internal sources	3,851	4,286
Net interest revenue	6,845	8,811
Other operating revenue	43,881	30,533
Operating expense	33,396	27,258
Net income	10,348	7,377
Average assets	\$ 2,496,384	\$ 1,691,212
Average economic capital	154,270	162,010
Return on assets	1.67%	1.77%
Return on economic capital	26.98%	18.47%
Efficiency ratio	65.84%	69.28%

Regional Banking

Regional banking consists primarily of the corporate and commercial banking 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 the regional banks' primary customer focus. Regional banking contributed \$19.1 million or 31% to consolidated net income during the first quarter of 2008. This

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compares with \$24.9 million or 47% of consolidated net income in 2007. Deposit insurance expense had a significant effect on regional banking due to its deposit growth over the past several years. Deposit insurance expense for all regional banks totaled \$2.2 million for the first quarter of 2008 compared with \$314 thousand for the first quarter of 2007. The decrease in net income contributed by regional banking came primarily from operations in Texas and Colorado. Net income for 2008 in Texas and Colorado decreased \$3.4 million or 25% and \$1.5 million or 37%, respectively, from the previous year.

The decrease in net income provided by Texas operations was due to lower net interest revenue, higher operating costs and an increase in net loans charged-off. Net interest revenue decreased \$438 thousand or 1%. Although earning assets continued to grow, net interest revenue decreased due to a reduction in the transfer pricing credit rate paid to Bank of Texas as a provider of funds to the Funds Management unit. Average earning assets increased \$433 million, including a \$594 million or 22% increase in average loans partially offset by a decrease in funds sold to the funds management unit. Average loans totaled \$3.2 billion for the first quarter of 2008 and \$2.7 billion for the first quarter of 2007. Middle market loans were up \$142 million or 20% with solid growth in both Dallas-Fort Worth and Houston. The acquisition of Worth National Bank added \$135 million of average outstanding loans in the Fort Worth market. Energy loans decreased \$26 million or 5% and real estate loans increased \$15 million or 4%. Community banking loans increased \$249 million over last year due primarily to growth in the Fort Worth market. The growth in average earning assets was funded primarily by a \$381 million or 14% increase in average deposits. Average deposits totaled \$3.1 billion for the first quarter of 2008 and \$2.7 billion for the first quarter of 2007. Corporate banking deposits were up \$99 million or 14%. Average community banking deposits increased \$143 million, primarily in the Fort Worth market. Consumer banking deposits also increased, up \$103 million or 11%.

Other operating revenue in the Texas market increased \$1.3 million or 21% over 2007 due primarily to a \$819 thousand increase in deposit fees. Operating expenses were up \$5.5 million or 25%, including a \$2.1 million or 17% increase in personnel costs and a \$3.4 million increase in non-personnel expense. The increase in personnel expense included \$700 thousand for Worth National Bank operations personnel, which was converted onto Bank of Texas systems in February, 2008. Non-personnel expense included a \$1.2 million increase in deposit insurance costs and a \$550 thousand increase in amortization expense related to the Worth National Bank acquisition.

Net income decreased at our Colorado operations \$1.5 million or 37%. Net interest revenue increased \$993 thousand or 10% over 2007. Average earning assets attributed to our Colorado operations increased \$256 million or 18%.

15

Average loans totaled \$794 million for the first quarter of 2008, up \$108 million or 16% over 2007. Energy loans in the Colorado market increased \$19 million or 7%. Commercial real estate loans were up \$51 million or 27%, including commercial real estate loans acquired with First United Bank. Securities and funds sold to the funds management unit increased \$147 million. Average deposits increased \$235 million or 27% to \$1.1 billion, including consumer deposit growth of \$97 million and wealth management deposit growth of \$117 million.

Other operating revenue increased \$562 million or 18% due primarily to growth in deposit service charges. Deposit service charges were up \$248 thousand or 106%, including fees on deposit accounts acquired with First United Bank. Trust fees and commission increased \$52 thousand or 2% over the first quarter of 2007. The fair value of trust assets overseen by Colorado State Bank and Trust was \$2.9 billion at March 31, 2008, up \$241 million or 9% from March 31, 2007. Operating

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expenses in Colorado increased \$3.8 million or 56% over last year due largely to personnel and operating costs associated with First United Bank along with higher deposit insurance expenses. Personnel expenses were up \$1.0 million or 29% and occupancy and equipment expenses were up \$871 thousand or 128%, including additional expenses from the First United acquisition. First United also increased intangible amortization expense \$255 thousand. Deposit insurance expense for Colorado totaled \$636 thousand for the first quarter of 2008 and \$23 thousand for the first quarter of 2007.

Net income in New Mexico totaled \$5.7 million for the first quarter 2008, up \$152 thousand over 2007. Net interest revenue increased \$415 thousand or 3% while operating revenue was up \$314 thousand or 8%. Average loans increased \$77 million or 11% to \$794 million for the first quarter of 2008. Commercial loans were up \$39 million and commercial real estate loans were up \$26 million. Average deposits in the New Mexico market decreased \$10 million or 1%. Consumer deposits were down \$15 million. Operating expenses increased \$634 thousand or 9%.

Net income from our operations in Arkansas was up \$167 thousand or 23%. Net interest revenue increased \$685 thousand or 33% due primarily to growth in indirect automobile loans. Average indirect automobile loans were \$165 million for the first quarter of 2008, up \$76 million or 86% over the first quarter of 2007. Net loans charged off increased \$431 thousand over the first quarter last year. Auto loans charged off in the first quarter of 2008 totaled \$609 thousand, up \$462 thousand over 2007.

Net income from our operations in Arizona decreased \$495 thousand due to an increase in net loans charged-off and higher operating costs. Net income for the first quarter of 2008 totaled \$191 thousand compared with net income of \$686 thousand for the first quarter of 2007. Net loans charged-off were \$814 thousand for the first quarter of 2008. No loans were charged off in the first quarter of 2007.

Net interest revenue grew \$348 thousand or 8%. Average loans increased \$75 million or 16% to \$553 million. Small business and middle market commercial loans increased \$76 million compared to 2007. Average commercial real estate loans decreased \$43 million in Phoenix and increased \$40 million in Tucson. Operating expenses increased \$438 thousand or 12%, including a \$235 thousand or 11% increase in personnel costs.

We initiated full-service banking operations in the Kansas City market in late 2006. Currently, we have one location in Overland Park, Kansas and one location in Kansas City, Missouri. During the first quarter of 2008, operations in the Kansas City market incurred a \$781 thousand net loss, compared with a \$73 thousand net loss in the first quarter of 2007. The increased loss was due to loans charged off. Net loans charged off totaled \$1.7 million for the first quarter of 2008, including a \$1.0 million charge off of an individual cattle loan, compared to \$1 thousand for the first quarter of 2007. Net interest revenue increased \$762 thousand or 53% due to loan and deposit growth. Loans were up \$118 million, including \$89 million in food and agri-business lending. Deposits were up \$54 million. Operating expenses were up \$543 thousand due to the addition of a second location during 2007.

16

Table 11 - Bank of Texas
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 44,660	\$ 45,307

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NIR (expense) from internal sources	(6,990)	(7,199)
Net interest revenue	37,670	38,108
Other operating revenue	7,597	6,285
Operating expense	27,232	21,711
Gains on financial instruments, net	258	185
Net loans charged off	1,907	1,145
Net income	10,471	13,903
Average assets	\$ 4,614,978	\$ 3,956,383
Average economic capital	196,670	294,920
Average invested capital	448,550	462,000
Return on assets	0.91%	1.43%
Return on economic capital	21.41%	19.12%
Return on average invested capital	9.39%	12.20%
Efficiency ratio	60.16%	48.91%

Table 12 - Bank of Albuquerque
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 17,087	\$ 17,711
NIR (expense) from internal sources	(4,187)	(5,226)
Net interest revenue	12,900	12,485
Other operating revenue	4,239	3,925
Operating expense	7,948	7,314
Gains on financial instruments, net	190	50
Net loans charged off	113	131
Net income	5,660	5,508
Average assets	\$ 1,809,840	\$ 1,538,373
Average economic capital	98,060	87,870
Average invested capital	117,150	106,960
Return on assets	1.26%	1.45%
Return on economic capital	23.21%	25.42%
Return on average invested capital	19.43%	20.88%
Efficiency ratio	46.37%	44.57%

17

Table 13 - Bank of Arkansas
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 4,263	\$ 3,441
NIR (expense) from internal sources	(1,528)	(1,391)
Net interest revenue	2,735	2,050
Other operating revenue	355	334
Operating expense	1,063	1,041
Gains (losses) on financial instruments, net	7	(13)

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Net loans charged off	574	142
Net income	892	725
Average assets	\$ 411,831	\$ 282,367
Average economic capital	23,300	18,280
Average invested capital	23,300	18,280
Return on assets	0.87%	1.04%
Return on economic capital	15.40%	16.08%
Return on average invested capital	15.40%	16.08%
Efficiency ratio	34.40%	43.67%

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

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 16,932	\$ 17,410
NIR (expense) from internal sources	(5,561)	(7,031)
Net interest revenue	11,371	10,379
Other operating revenue	3,749	3,187
Operating expense	10,508	6,747
Gains on financial instruments, net	66	67
Net loans charged off	417	74
Net income	2,621	4,161
Average assets	\$ 1,912,216	\$ 1,557,792
Average economic capital	106,030	72,020
Average invested capital	161,330	127,320
Return on assets	0.55%	1.08%
Return on economic capital	9.94%	23.43%
Return on average invested capital	6.53%	13.25%
Efficiency ratio	69.50%	49.73%

18

Table 15 - Bank of Arizona
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 8,790	\$ 9,557
NIR (expense) from internal sources	(3,867)	(4,982)
Net interest revenue	4,923	4,575
Other operating revenue	276	184
Operating expense	4,074	3,636
Net loans charged off	814	-
Net income	191	686
Average assets	\$ 594,469	\$ 552,591
Average economic capital	53,230	47,660
Average invested capital	69,880	64,310
Return on assets	0.13%	0.50%

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Return on economic capital	1.44%	5.84%
Return on average invested capital	1.10%	4.33%
Efficiency ratio	78.36%	76.40%

Table 16 - Bank of Kansas City
(Dollars in Thousands)

	Three months ended March 31,	
	2008	2007
NIR (expense) from external sources	\$ 4,950	\$ 4,276
NIR (expense) from internal sources	(2,738)	(2,826)
Net interest revenue	2,212	1,450
Other operating revenue	768	461
Operating expense	2,572	2,029
Net loans charged off	1,686	1
Net loss	(781)	(73)
Average assets	\$ 397,767	\$ 257,448
Average economic capital	15,340	6,820
Average invested capital	15,340	6,820
Return on assets	(0.79)%	(0.11)%
Return on economic capital	(20.48)%	(4.34)%
Return on average invested capital	(20.48)%	(4.34)%
Efficiency ratio	86.31%	106.17%

Financial Condition

Securities

Investment securities, which consist primarily of Oklahoma municipal bonds, are carried at cost and adjusted for amortization of premiums or accretion of discounts. At March 31, 2008, investment securities were carried at \$256 million and had a fair value of \$256 million. 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. The amortized cost of available for sale securities totaled \$5.7 billion at March 31, 2008, down \$7.3 million compared with the previous year-end. Mortgage-backed securities represented 96% of total available for sale securities.

19

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 2.7 years at March 31, 2008 based on a range of interest rate and prepayment assumptions. Management estimates that the effective duration would extend to approximately 3.4 years assuming a 300 basis point immediate rate shock. Mortgage-backed securities also have credit risk from delinquency or default of the underlying loans. The Company mitigates this risk by primarily investing in securities issued by U.S. government agencies. Principal and interest payments on the underlying loans are either fully or partially guaranteed. Credit risk on

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mortgage-backed securities originated by private issuers is mitigated by investment in senior tranches with additional collateral support.

During the first half of 2007, the Company invested \$41 million in variable rate perpetual preferred stocks issued by six major banks and brokerage houses. Although these issuers remain rated investment grade by the major rating agencies and all scheduled dividend payments have been made, the fair values of these stocks declined to \$33 million at December 31, 2007. An other-than-temporary impairment charge of \$8.6 million was recognized in the fourth quarter of 2007. The fair value of these stocks declined to \$27.5 million at March 31, 2008. Based on widening credit spreads, the duration and severity of the reduction in fair value and the market's negative outlook on the financial services sector for 2008, we determined that a recovery of fair value to at least the cost basis of these securities was not expected in the near term. An additional other-than-temporary impairment charge of \$5.3 million was recognized in the first quarter of 2008.

Net unrealized losses on available for sale securities totaled \$28 million at March 31, 2008 compared with net unrealized losses of \$37 million at December 31, 2007. The aggregate gross amount of unrealized losses at March 31, 2008 totaled \$91 million. 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 \$390 million of Alt-A mortgage-backed securities were held at March 31, 2008 with a total unrealized loss of \$22 million. Approximately 80% 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. Approximately 94% of all of our Alt-A mortgage-backed securities represent pools of fixed-rate mortgage loans. Management has evaluated these securities and believes that the unrealized losses are due to market interest rates, credit spreads and liquidity. We expect to collect principal and interest due on the securities. We have 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 were temporary.

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 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 to the Company.

Loans

The aggregate loan portfolio before allowance for loan losses totaled \$12.4 billion at March 31, 2008, a \$370 million or 12% annualized increase since December 31, 2007. Loan growth was broadly distributed among the various segments of the portfolio and across all geographic markets.

21

Table 17 - Loans
(In thousands)

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	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Commercial:				
Energy	\$ 1,966,996	\$ 1,954,967	\$ 1,852,681	\$ 1,842,8
Services	1,784,723	1,721,143	1,671,291	1,686,6
Wholesale/retail	1,206,224	1,081,172	1,039,855	1,017,4
Manufacturing	542,297	493,185	536,631	596,0
Healthcare	733,086	680,294	648,871	606,9
Agriculture	248,345	236,860	259,904	313,2
Other commercial and industrial	475,187	569,884	501,128	485,5
Total commercial	6,956,858	6,737,505	6,510,361	6,548,8
Commercial real estate:				
Construction and land development	1,066,096	1,004,547	975,764	916,5
Multifamily	236,787	214,388	234,182	221,0
Other real estate loans	1,529,041	1,531,537	1,575,089	1,654,3
Total commercial real estate	2,831,924	2,750,472	2,785,035	2,791,9
Residential mortgage:				
Secured by 1-4 family residential properties	1,529,769	1,531,296	1,497,568	1,399,6
Residential mortgages held for sale	91,905	76,677	73,488	116,2
Total residential mortgage	1,621,674	1,607,973	1,571,056	1,515,8
Consumer:				
Indirect automobile	685,803	625,203	592,207	554,1
Other consumer	291,401	296,094	292,505	288,5
Total consumer	977,204	921,297	884,712	842,6
Total	\$ 12,387,660	\$ 12,017,247	\$ 11,751,164	\$ 11,699,3

The commercial loan portfolio increased \$219 million during the first quarter of 2008 to \$7.0 billion at March 31, 2008. Energy loans totaled \$2.0 billion or 16% of total loans. Outstanding energy loans increased \$12 million or 2% annualized during the first quarter of 2008. Approximately \$1.7 billion of energy loans was to oil and gas producers, up from \$1.6 billion at December 31, 2007. 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 energy category of our loan portfolio is distributed \$1.0 billion in Oklahoma, \$596 million in Texas and \$295 million in Colorado.

The services sector of the loan portfolio totaled \$1.8 billion or 14% of total loans and consists of a large number of loans to a variety of businesses, including communications, gaming and transportation services. Approximately \$1.2 billion of the services category is made up of loans with individual balances of less than \$10 million. Approximately \$706 million of the outstanding balance of services loans is attributed to Texas, \$539 million to Oklahoma, \$232 million to

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New Mexico and \$112 million to Arizona.

Other notable loan concentrations by primary industry of the borrowers are presented in Table 17.

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. At March 31, 2008, the outstanding principal balance of these loans totaled \$1.8 billion. Substantially all of these loans are to borrowers with local market relationships. BOK Financial serves as the agent lender in approximately 28% of its shared national credits, based on dollars committed. The Company's 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 23% of the loan portfolio at March 31, 2008. Over the past five years, the percentage of commercial real estate loans to our total loan portfolio ranged from 20% to 23%. The

21

outstanding balance of commercial real estate loans increased \$81 million or 12% annualized from the previous year end. Growth in commercial real estate loans was located primarily in Oklahoma and Arizona. Commercial real estate loans were up \$52 million in Oklahoma and \$18 million in Arizona.

Construction and land development included \$806 million of loans for single family residential lots and premises, up \$49 million since December 31, 2007. Approximately \$304 million of our single family residential lots and premises loans are attributed to the Oklahoma market, \$233 million to the Texas market, \$128 million to the Colorado market and \$104 million to the Arizona market. Other commercial real estate loans included \$580 million in Oklahoma, \$449 million in Texas, \$173 million in New Mexico and \$166 million in Arizona. The major components of other commercial real estate loans were retail facilities - \$410 million and office buildings \$414 million.

Residential mortgage loans, excluding loans held for sale, totaled \$1.5 billion, down \$1.5 million since December 31, 2007. At March 31, 2008, residential mortgage loans included \$474 million of home equity loans, \$463 million of loans held for business relationship purposes, \$425 million of adjustable rate mortgages and \$140 million of loans held for community development. We have no concentration in sub-prime residential mortgage loans. Our portfolio of adjustable rate mortgage loans is generally underwritten to prime standards and does not include loans with initial rates that are below market.

At March 31, 2008, consumer loans included \$686 million of indirect automobile loans. Approximately \$462 million of these loans were purchased from dealers in Oklahoma and \$173 million were purchased from dealers in Arkansas. The remaining \$51 million were purchased from dealers in Texas. Indirect automobile loans grew \$61 million during first quarter of 2008, including \$26 million in Texas, \$17 million in Oklahoma and \$17 million in Arkansas. Approximately 7% of the outstanding balance at March 31, 2008 is considered near-prime, which is defined as loans to borrowers that had poor credit in the past but have re-established credit over a period of time. We generally do not originate sub-prime indirect automobile loans.

22

Table 18 - Loans by Principal Market Area

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(In thousands)

	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Oklahoma:				
Commercial	\$ 3,248,424	\$ 3,219,176	\$ 3,113,412	\$ 3,317,8
Commercial real estate	958,796	907,034	875,135	897,8
Residential mortgage	1,080,882	1,080,483	1,058,142	971,6
Residential mortgage held for sale	91,905	76,677	73,488	112,5
Consumer	586,695	576,070	562,631	540,9
Total Oklahoma	\$ 5,966,702	\$ 5,859,440	\$ 5,682,808	\$ 5,840,9
Texas:				
Commercial	\$ 2,124,192	\$ 1,985,645	\$ 1,941,731	\$ 1,856,0
Commercial real estate	838,781	846,303	913,910	888,1
Residential mortgage	262,305	275,533	266,850	263,3
Consumer	168,949	142,958	133,391	135,6
Total Texas	\$ 3,394,227	\$ 3,250,439	\$ 3,255,882	\$ 3,143,1
New Mexico:				
Commercial	\$ 472,543	\$ 473,262	\$ 446,573	\$ 434,3
Commercial real estate	266,471	261,056	256,994	263,3
Residential mortgage	85,834	84,336	83,274	81,5
Consumer	14,977	16,105	15,769	13,2
Total New Mexico	\$ 839,825	\$ 834,759	\$ 802,610	\$ 792,4
Arkansas:				
Commercial	\$ 100,489	\$ 106,328	\$ 117,993	\$ 103,5
Commercial real estate	130,956	124,317	107,588	102,5
Residential mortgage	16,621	16,393	18,411	22,5
Consumer	180,551	163,626	148,404	129,4
Total Arkansas	\$ 428,617	\$ 410,664	\$ 392,396	\$ 358,0
Colorado:				
Commercial	\$ 486,525	\$ 490,373	\$ 491,204	\$ 480,0
Commercial real estate	261,099	252,537	247,802	274,6
Residential mortgage	31,011	26,556	26,322	18,5
Consumer	17,552	16,457	18,623	18,4
Total Colorado	\$ 796,187	\$ 785,923	\$ 783,951	\$ 791,6
Arizona:				
Commercial	\$ 174,360	\$ 157,341	\$ 147,103	\$ 124,7
Commercial real estate	335,717	318,170	349,840	326,9
Residential mortgage	50,719	46,269	43,510	43,1
Consumer	6,815	5,522	5,491	4,6
Total Arizona	\$ 567,611	\$ 527,302	\$ 545,944	\$ 499,5
Kansas:				

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Commercial	\$	350,325	\$	305,380	\$	252,345	\$	232,1
Commercial real estate		40,104		41,055		33,766		38,5
Residential mortgage		2,397		1,726		1,059		2,5
Consumer		1,665		559		403		2
<hr/>								
Total Kansas	\$	394,491	\$	348,720	\$	287,573	\$	273,4
<hr/>								
Total BOK Financial loans	\$	12,387,660	\$	12,017,247	\$	11,751,164	\$	11,699,3
<hr/>								

Loan Commitments

BOK Financial enters into certain off-balance sheet arrangements in the normal course of business. These arrangements included loan commitments which totaled \$5.6 billion and standby letters of credit which totaled \$572 million at March 31, 2008. Loan commitments may be unconditional obligations to provide financing or conditional obligations that

23

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 not necessarily represent future cash requirements.

The Company also has off-balance sheet commitments for residential mortgage loans sold with full or partial recourse. These loans consist of first lien, fixed rate residential mortgage loans originated under various community development programs and sold to U.S. government agencies. These loans were underwritten to standards approved by the agencies, including full documentation. However, these loans have a higher risk of delinquency and losses given default than traditional residential mortgage loans. A separate recourse reserve is maintained as part of other liabilities. At March 31, 2008, the principal balance of loans sold subject to recourse obligations totaled \$393 million and the recourse reserve totaled \$6.3 million. Approximately 1.5% of the loans sold with recourse is either delinquent more than 90 days, in bankruptcy or in foreclosure. The provision for mortgage loans sold with recourse was \$2.6 million in the first quarter of 2008. Actual losses incurred during the first quarter of 2008 totaled \$543 thousand. The program to sell mortgage loans with recourse was discontinued in the first quarter of 2008.

Derivatives with Credit Risk

The Company offers programs that permit its customers to hedge various risks, including fluctuations in energy, cattle and other agricultural product 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 customer derivative programs create credit risk for potential amounts due to the Company from its 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

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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 ratings, 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 customer or counterparty's ability to provide margin collateral was impaired.

Derivative contracts are carried at fair value. At March 31, 2008, the fair values of derivative contracts reported as assets under these programs totaled \$711 million. This included energy contracts with fair values of \$578 million, interest rate contracts with fair values of \$103 million and foreign exchange contracts with fair values of \$21 million. The aggregate net fair values of derivative contracts reported as liabilities totaled \$378 million. As of January 1, 2008, the Company adopted FASB Staff Position FIN 39-1 which permits offsetting of cash collateral against the fair value of derivative instruments executed with the same counterparty under a master netting agreement. The total amount of derivative liabilities at March 31, 2008 was reduced by \$341 million of cash collateral.

Approximately 98% of the fair value of asset contracts was with customers. The credit risk of these contracts is generally backed by energy production or other collateral. The remaining 2% was with dealer counterparties, consisting primarily of highly-rated financial institutions and energy companies. The maximum net exposure to any single customer or counterparty totaled \$88 million.

Our maximum net exposure at March 31, 2008 was to SemGroup, LP. Mr. Thomas S. Kivisto, President and CEO of SemGroup, LP is a member of BOK Financial's board of directors. Our exposure to SemGroup, LP consists primarily

24

of option contracts to sell oil and natural gas in varying monthly quantities over the next seven months. The pricing, collateral and other terms of these contracts are consistent with terms we offer to similarly risk-graded customers.

Summary of Loan Loss Experience

BOK Financial maintains separate reserves for loan losses and reserves for off-balance sheet credit risk. Combined, these reserves totaled \$156 million or 1.27% of outstanding loans at March 31, 2008 and \$148 million or 1.24% of outstanding loans at December 31, 2007.

The reserve for loan losses, which is available to absorb losses inherent in the loan portfolio, totaled \$137 million at March 31, 2008 compared with \$127 million at December 31, 2007. These amounts represented 1.11% and 1.06% of outstanding loans, excluding loans held for sale, at March 31, 2008 and December 31, 2007, respectively. Losses on loans held for sale, principally mortgage loans accumulated for placement into security pools, are charged to earnings through adjustment in the carrying value. The reserve for loan losses also represented 123% of outstanding balance of nonperforming loans at March 31, 2008

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compared to 134% at year-end 2007. Net loans charged off during the first quarter of 2008 increased to \$8.9 million in the first quarter of 2008 compared to \$7.3 million in the previous quarter and \$3.1 million in the first quarter of 2007. The ratio of net loans charged off to average outstanding loans was 0.29% for the first quarter of 2008 compared with 0.25% in fourth quarter of 2007 and 0.12% in the first quarter of 2007. Net commercial loan and commercial real estate loan charge-offs increased \$1.3 million and \$183 thousand, respectively, compared with the previous quarter. Consumer loan net charge-offs, which includes deposit account overdraft losses, increased \$124 thousand to \$2.7 million. Net charge-offs of indirect auto loans totaled \$1.6 million or for the first quarter of 2008, \$618 thousand for the first quarter of 2007 and \$1.0 million for the fourth quarter of 2007.

The Company considers the 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 19 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 for comparison with peer banks and others who have not adopted the 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.

25

Table 19 - Summary of Loan Loss Experience
(In thousands)

	Three Months Ended		
	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Reserve for loan losses:			
Beginning balance	\$ 126,677	\$ 121,932	\$ 119,759
Loans charged off:			
Commercial	4,244	2,731	3,072
Commercial real estate	1,602	1,369	339
Residential mortgage	814	891	394
Consumer	4,418	3,939	3,684
Total	11,078	8,930	7,489
Recoveries of loans previously charged off:			
Commercial	435	242	1,172
Commercial real estate	52	2	30
Residential mortgage	58	19	86
Consumer	1,676	1,321	1,332
Total	2,221	1,584	2,620
Net loans charged off	8,857	7,346	4,869
Provision for loan losses	18,764	12,091	7,104
Adjustments due to acquisitions	-	-	(62)
Ending balance	\$ 136,584	\$ 126,677	\$ 121,932

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Reserve for off-balance sheet credit losses:					
Beginning balance	\$	20,853	\$	19,744	\$ 19,647
Provision for off-balance sheet credit losses		(1,193)		1,109	97
Ending balance	\$	19,660	\$	20,853	\$ 19,744
Total provision for credit losses	\$	17,571	\$	13,200	\$ 7,201
Reserve for loan losses to loans outstanding					
at period-end (1)		1.11%		1.06%	1.04%
Net charge-offs (annualized)					
to average loans (1)		0.29		0.25	0.17
Total provision for credit losses (annualized)					
to average loans (1)		0.58		0.45	0.25
Recoveries to gross charge-offs		20.05		17.74	34.98
Reserve for loan losses as a multiple of net charge-offs (annualized)		3.86x		4.31x	6.26x
Reserve for off-balance sheet credit losses to off-balance sheet credit commitments		0.32%		0.35%	0.33%
Combined reserves for credit losses to loans outstanding at period-end (1)		1.27		1.24	1.21

(1) Excludes residential mortgage loans held for sale.

Specific impairment reserves are determined through evaluation of estimated future cash flows and collateral value. At March 31, 2008, specific impairment reserves totaled \$5.2 million on total impaired loans of \$90 million. Specific impairment reserves were \$4.4 million on total impaired loans of \$74 million at December 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. At March 31, 2008 and December 31, 2007, the ranges of potential losses for the more significant factors were:

	March 31, 2008	December 31, 2007
General economic conditions	\$6.0 million to \$9.9 million	\$3.8 million to \$7.6 million
Concentration in large loans	\$1.4 million to \$2.9 million	\$1.4 million to \$2.8 million

Nonspecific reserves attributed to general economic conditions increased in the first quarter of 2008. Weakness in the economy became more apparent due to rising materials, food and energy prices along with continued weakness in residential real estate markets.

26

The provision for credit losses totaled \$17.6 million for the first quarter of 2008, \$13.2 million for the fourth quarter of 2007 and \$6.5 million for the first quarter of 2007. Factors considered in determining the provision for credit losses included trends in net losses and nonperforming loans, the application of statistical migration factors to loan growth and concentrations in commercial real estate and residential homebuilder loans. In addition, the outstanding balances of criticized and classified loans were increasing.

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Nonperforming Assets

Information regarding nonperforming assets, which totaled \$126 million at March 31, 2008 and \$104 million at December 31, 2007, is presented in Table 20. Nonperforming assets included nonaccrual and renegotiated loans and excluded loans 90 days or more past due but still accruing interest. Total nonperforming assets were 1.02% of period-end loans and repossessed assets at March 31, 2008, up from 0.87% at December 31, 2007. This represents a return of the nonperforming assets to outstanding loans and repossessed assets to 2002 and 2003 levels after near historic lows over the past three years.

Nonaccrual loans totaled \$99 million at March 31, 2008 and \$84 million at December 31, 2007. Newly identified nonaccrual loans totaled \$32 million during the first quarter of 2008. Nonaccrual loans decreased \$9.7 million for loans charged off and foreclosed, and \$6.8 million for cash payments received. Approximately \$8.1 million of nonaccrual loans are subject to the First United Bank sellers' escrow.

Nonaccrual commercial loans which totaled \$42 million at March 31, 2008 and \$43 million at December 31, 2007 consisted primarily of loans in the services and manufacturing sectors of the portfolio. None of the nonaccrual commercial loans exceeded \$10 million. Approximately \$28 million of nonaccrual commercial loans are to borrowers in the Oklahoma market, \$5 million are in the Colorado market, \$3 million are in the Texas market and \$2 million are in the New Mexico market.

Nonaccrual commercial real estate loans totaled \$40 million at March 31, 2008 and \$25 million at December 31, 2007. Approximately \$29 million are loans secured by single-family residential properties or lots, including \$16 million in Arizona, \$6.6 million in Oklahoma and \$2.1 million in Colorado. Other significant nonaccrual commercial real estate loans included \$5.3 million of retail facilities in New Mexico.

In addition to nonaccrual loans, nonperforming assets included \$12 million of renegotiated loans and \$15 million of real estate and other repossessed assets. Renegotiated loans consisted of residential mortgage loans and indirect automobile loans whose original terms have been modified. Approximately \$8.4 million of renegotiated loans are residential mortgage loans guaranteed by agencies of the U.S. government. Approximately \$1.9 million of real estate and other repossessed assets are subject to the First United Bank sellers' escrow.

27

Table 20 - Nonperforming Assets
(In thousands)

	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 20
Nonaccrual loans:				
Commercial	\$ 41,966	\$ 42,981	\$ 21,168	\$ 20
Commercial real estate	40,399	25,319	11,355	19
Residential mortgage	15,960	15,272	11,469	11
Consumer	812	718	705	
Total nonaccrual loans	99,137	84,290	44,697	52
Renegotiated loans (3)	11,850	10,394	10,752	10
Total nonperforming loans	110,987	94,684	55,449	62
Other nonperforming assets	15,112	9,475	10,627	7

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Total nonperforming assets	\$	126,099	\$	104,159	\$	66,076	\$	69,000
Nonaccrual loans by principal market:								
Oklahoma	\$	52,211	\$	47,977	\$	24,628	\$	26,000
Texas		8,157		4,983		4,921		6,000
New Mexico		7,497		11,118		6,542		7,000
Arkansas		2,866		1,635		843		0
Colorado (4)		8,101		9,222		5,688		8,000
Arizona		18,811		9,355		2,075		3,000
Kansas		1,494		-		-		0
Total nonaccrual loans	\$	99,137	\$	84,290	\$	44,697	\$	52,000
Nonaccrual loans by loan portfolio sector:								
Commercial:								
Energy	\$	475	\$	529	\$	536	\$	0
Manufacturing		9,274		9,915		8,858		8,000
Wholesale / retail		3,868		3,792		3,850		2,000
Agriculture		1,848		380		540		0
Services		23,849		25,468		5,987		6,000
Healthcare		2,079		2,301		963		0
Other		573		596		434		0
Total commercial		41,966		42,981		21,168		20,000
Commercial real estate:								
Land development and construction		29,439		13,466		7,289		9,000
Multifamily		1,906		3,998		1,238		2,000
Other commercial real estate		9,054		7,855		2,828		7,000
Total commercial real estate		40,399		25,319		11,355		19,000
Residential mortgage		15,960		15,272		11,469		11,000
Consumer		812		718		705		0
Total nonaccrual loans	\$	99,137	\$	84,290	\$	44,697	\$	52,000
Ratios:								
Reserve for loan losses to nonperforming loans		123.06%		133.79%		219.90%		192.00%
Nonperforming loans to period-end loans (1)		0.90		0.79		0.47		0.00%
Loans past due (90 days) (2)	\$	11,266	\$	5,575	\$	3,986	\$	4,000
(1) Excludes residential mortgage loans held for sale.								
(2) Includes residential mortgages guaranteed by agencies of the U.S. Government.								
(3) Includes residential mortgages guaranteed by agencies of the U.S. Government. These loans have been modified to extend payment terms and/or reduce interest rates to current market.		8,386		7,550		7,083		6,000
(4) Includes loans subject to First United Bank sellers escrow.		8,101		8,412		4,677		6,000

The loan review process also identified 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

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principal or interest is anticipated, these loans were not included in Nonperforming Assets. Known information does, however, cause management concern as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled \$31 million at March 31, 2008 and \$49 million at December 31, 2007. The current composition of potential problem loans by primary industry included real estate - \$3.7 million, healthcare - \$19 million, manufacturing - \$2.2 million and services - \$3.3 million. Potential problem healthcare loans consisted primarily of loans to an assisted living facility and a medical practice in the Oklahoma market.

Deposits

Deposit accounts represent our primary funding source. Average deposits represented approximately 64% of total liabilities and capital for the first quarter of 2008, down from 68% for the first quarter of 2007 and 65% for the fourth quarter of 2007. The decrease in average deposits relative to other funding sources is due largely to the structuring of our balance sheet to be relatively neutral to changes in interest rates. Other borrowed funds increased during 2007 to fund an increase in average securities to implement this interest rate risk management strategy. In addition, competition has increased the cost of deposits compared to other funding sources in many of our markets.

Average deposits totaled \$13.1 billion for the first quarter of 2008, a \$1.0 billion or 9% increase over the first quarter of 2007. Average deposits increased \$78 million or 2% annualized compared with the fourth quarter of 2007.

Interest-bearing transaction deposit accounts continued to grow in the first quarter of 2008, up \$1.4 billion or 23% over the first quarter of 2007 and \$458 million or 26% annualized over the fourth quarter of 2007. Time deposits decreased \$195 million or 4% from the first quarter of 2007 and \$320 million or 28% annualized from the fourth quarter of 2007. Funds continue to shift from time deposits to interest-bearing transaction accounts due to interest rate differences between these deposit types. At the same time, average demand deposit accounts decreased \$161 million compared with the same quarter of last year and \$57 million compared with the previous quarter. Core deposits, which we define as deposits of less than \$100,000, excluding public funds and brokered deposits, averaged \$6.5 billion for the first quarter of 2008, \$5.9 billion for the first quarter of 2007 and \$6.6 billion for the fourth quarter of 2007. Accounts with balances in excess of \$100,000 averaged \$5.4 billion, for the first quarter of 2008, \$5.0 billion for the first quarter of 2007 and \$5.3 billion for the fourth quarter of 2007.

Average commercial banking deposits totaled \$4.6 billion for the first quarter of 2008, up \$491 million or 12% over last year. Commercial deposit growth was primarily centered in Oklahoma and Texas. Consumer deposits averaged \$5.5 billion for the first quarter of 2008, up \$257 million or 5% over 2007. Average consumer deposits were up \$97 million or 18% in the Colorado market, including First United Bank deposits and \$103 million or 11% in Texas, including the Worth National Bank acquisition. Wealth management deposit accounts averaged \$1.9 billion for 2008, a \$399 million or 27% increase over 2007. Approximately \$282 million of the increase was in the Oklahoma market and \$117 million was in the Colorado market.

The distribution of deposit accounts among our principal markets is shown in Table 21.

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Table 21 - Deposits by Principal Market Area
(In thousands)

	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Oklahoma:				
Demand	\$ 999,214	\$ 936,160	\$ 717,478	\$ 876,6
Interest-bearing:				
Transaction	4,124,046	3,935,909	3,473,547	3,470,8
Savings	88,141	80,467	83,139	88,1
Time	2,230,110	2,426,822	2,725,992	2,798,7
Total interest-bearing	6,442,297	6,443,198	6,282,678	6,357,7
Total Oklahoma	\$ 7,441,511	\$ 7,379,358	\$ 7,000,156	\$ 7,234,4
Texas:				
Demand	\$ 651,781	\$ 738,105	\$ 597,534	\$ 626,1
Interest-bearing:				
Transaction	1,996,784	2,050,872	1,978,920	2,019,3
Savings	32,191	34,618	35,310	36,9
Time	759,892	800,460	893,018	804,8
Total interest-bearing	2,788,867	2,885,950	2,907,248	2,861,1
Total Texas	\$ 3,440,648	\$ 3,624,055	\$ 3,504,782	\$ 3,487,3
New Mexico:				
Demand	\$ 103,329	\$ 93,923	\$ 109,854	\$ 113,5
Interest-bearing:				
Transaction	492,096	490,227	479,204	521,1
Savings	16,141	15,146	16,437	17,6
Time	455,861	486,868	512,497	500,4
Total interest-bearing	964,098	992,241	1,008,138	1,039,2
Total New Mexico	\$ 1,067,427	\$ 1,086,164	\$ 1,117,992	\$ 1,152,8
Arkansas:				
Demand	\$ 16,661	\$ 9,755	\$ 10,225	\$ 11,0
Interest-bearing:				
Transaction	25,923	22,519	22,401	22,0
Savings	945	883	993	1,0
Time	39,803	40,692	43,401	46,5
Total interest-bearing	66,671	64,094	66,795	69,7
Total Arkansas	\$ 83,332	\$ 73,849	\$ 77,020	\$ 80,7
Colorado:				
Demand	\$ 51,901	\$ 60,250	\$ 42,194	\$ 42,0
Interest-bearing:				
Transaction	577,454	504,116	432,188	426,0
Savings	22,233	23,806	27,143	35,1
Time	455,262	539,523	608,962	549,6
Total interest-bearing	1,054,949	1,067,445	1,068,293	1,010,8
Total Colorado	\$ 1,106,850	\$ 1,127,695	\$ 1,110,487	\$ 1,052,8
Arizona:				

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Demand	\$	28,592	\$	29,807	\$	25,295	\$	31,111
Interest-bearing:								
Transaction		102,564		82,682		98,611		74,800
Savings		878		1,435		1,269		1,269
Time		8,395		11,603		13,314		11,500
Total interest-bearing		111,837		95,720		113,194		87,600
Total Arizona	\$	140,429	\$	125,527	\$	138,489	\$	118,800
Kansas:								
Demand	\$	5,341	\$	7,946	\$	7,849	\$	1,000
Interest-bearing:								
Transaction		9,993		10,014		3,169		1,300
Savings		92		13		15		15
Time		33,837		24,670		23,119		32,600
Total interest-bearing		43,922		34,697		26,303		34,000
Total Kansas	\$	49,263	\$	42,643	\$	34,152	\$	35,100
Total BOK Financial deposits	\$	13,329,460	\$	13,459,291	\$	12,983,078	\$	13,162,200

30

Borrowings and Capital

BOK Financial (parent company) has a \$188 million unsecured revolving line of credit with certain commercial banks that matures in December 2010. The outstanding principal balance of this credit agreement was \$50 million at March 31, 2008. Interest is based upon a base rate or LIBOR plus a defined margin that is determined by the Company's credit rating. This margin ranges from 0.375% to 1.125% or a base rate. 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 0.5% 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. BOK Financial met all of the restrictive covenants at March 31, 2008.

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. Based on the most restrictive limitations, the subsidiary banks could declare up to \$117 million of dividends 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 \$97 million under this policy.

Equity capital for BOK Financial increased \$57.2 million to \$2.0 billion during the first quarter of 2008. Retained earnings, net income less cash dividends paid, provided \$48.8 million of this increase. Accumulated other comprehensive losses decreased \$5.6 million during the first quarter of 2008 due primarily to

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lower net unrealized losses on available for sale securities. Employee stock option transactions increased equity capital \$7.4 million and treasury stock purchases reduced capital \$4.7 million.

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 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 program may be suspended or discontinued at any time without prior notice. Since this program began, 709,073 shares have been repurchased by the Company for \$35.4 million. During the first quarter of 2008, 91,114 shares were repurchased for \$4.7 million.

BOK Financial and 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 a 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 definitions of well capitalized. The capital ratios for BOK Financial on a consolidated basis are presented in Table 22.

31

Table 22 - Capital Ratios

	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Average shareholders' equity				
to average assets	9.69%	9.48%	9.42%	9.65%
Tangible capital ratio	7.83%	7.72%	7.67%	7.50%
Risk-based capital:				
Tier 1 capital	9.56	9.38	9.30	9.12
Total capital	12.73	12.54	12.53	12.36
Leverage	8.23	8.20	8.17	8.30

Off-Balance Sheet Arrangements

During the third quarter of 2007, Bank of Oklahoma agreed to guarantee rents totaling \$28.4 million over 10 years to the City of Tulsa ("City") as owner of a building immediately adjacent to the bank's main office. These rents are due for space currently rented by third-party tenants in the building. In return for this guarantee, Bank of Oklahoma will receive 80% of net rent as defined in an agreement with the City over the next 10 years from currently vacant space in the same building. The maximum amount that Bank of Oklahoma may receive under this agreement is \$4.5 million. The fair value of this agreement at inception

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was zero and no asset or liability is currently recognized in the Company's financial statements.

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 un-pledged assets, among other things. Compliance with these guidelines is reviewed monthly.

Interest Rate Risk - Other than Trading

As previously noted in the Net Interest Revenue section of this report, management has implemented strategies to manage the Company's balance sheet to be relatively neutral to changes in interest rates over a twelve month period. 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 assumes a sustained parallel 200 basis point increase and the second assumes a sustained parallel 100 basis point decrease in interest rates. Management historically evaluated interest rate sensitivity for a sustained 200 basis point decrease in interest rates. However, the results of a 200 basis point decrease in interest rates in the current low-rate environment are not meaningful. 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.

32

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

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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 23 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 re-pricing 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 23 - Interest Rate Sensitivity
(Dollars in Thousands)

	200 bp Increase		100 bp Decrease		
	2008	2007	2008	2007	
Anticipated impact over the next twelve months on					
net interest revenue	\$ (15,711) (2.5)%	\$ (4,733) (0.8)%	\$ 3,031 0.5%	*** ***	\$

***A 100 basis point decrease was not computed in 2007. A 200 basis point decrease in interest rates was expected to increase net interest revenue by \$1.4 million or 0.2%.

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. 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

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limit the VAR to \$1.8 million. At March 31, 2008, the VAR was \$884 thousand. The greatest value at risk during the first quarter of 2008 was \$1.9 million. The value at risk guideline was exceeded with appropriate approvals by management to take advantage of wide yields available on certain securities during the quarter.

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

33

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 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.

34

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

	Three Months Ended March 31,	
	2008	2007
Interest Revenue		
Loans	\$ 199,384	\$ 212,825
Taxable securities	72,055	57,594
Tax-exempt securities	2,685	3,028
Total securities	74,740	60,622
Trading securities	1,077	464
Funds sold and resell agreements	840	665
Total interest revenue	276,041	274,576
Interest Expense		
Deposits	88,147	97,872
Borrowed funds	35,367	42,663
Subordinated debentures	5,399	5,203
Total interest expense	128,913	145,738
Net Interest Revenue	147,128	128,838
Provision for Credit Losses	17,571	6,500
Net Interest Revenue After Provision for Credit Losses	129,557	122,338
Other Operating Revenue		
Brokerage and trading revenue	23,913	13,282
Transaction card revenue	23,558	20,184
Trust fees and commissions	20,796	18,995
Deposit service charges and fees	27,686	24,598
Mortgage banking revenue	7,217	5,520
Bank-owned life insurance	2,512	2,399
Other revenue	8,182	6,609
Total fees and commissions	113,864	91,587
Gain (loss) on sales of assets	(35)	694
Gain (loss) on securities, net	4,620	(563)
Gain on derivatives, net	2,113	71
Total other operating revenue	120,562	91,789
Other Operating Expense		
Personnel	88,106	78,328
Business promotion	4,639	4,570
Professional fees and services	5,648	4,874
Net occupancy and equipment	15,061	13,206
Insurance	3,710	722
Data processing and communications	18,893	16,974
Printing, postage and supplies	4,419	3,969
Net losses and operating expenses of repossessed assets	378	207
Amortization of intangible assets	1,925	1,136
Mortgage banking costs	3,167	2,944
Change in fair value of mortgage servicing rights	1,762	1,164

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Other expense	5,696	4,017
Total other operating expense	153,404	132,111
Income Before Taxes	96,715	82,016
Federal and state income tax	34,450	29,223
Net Income	\$ 62,265	\$ 52,793

Earnings Per Share:

Basic	\$ 0.93	\$ 0.79
Diluted	\$ 0.92	\$ 0.78

Average Shares Used in Computation:

Basic	67,202,128	67,085,310
Diluted	67,549,960	67,574,671

Dividends Declared per Share	\$ 0.20	\$ 0.15
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See accompanying notes to consolidated financial statements.

35

Consolidated Balance Sheets (In Thousands Except Share Data)

	March 31, 2008	December 31, 2007
	(Unaudited)	(Footnote 1)
Assets		
Cash and due from banks	\$ 642,224	\$ 717,259
Funds sold and resell agreements	23,291	173,154
Trading securities	93,081	45,724
Securities:		
Available for sale	5,145,575	5,323,001
Available for sale securities pledged to creditors	506,645	327,539
Investment (fair value: March 31, 2008 - \$255,900; December 31, 2007 - \$248,788; March 31, 2007 - \$235,406)	256,255	247,949
Mortgage trading securities	182,533	154,701
Total securities	6,091,008	6,053,190
Loans	12,387,660	12,017,247
Less reserve for loan losses	(136,584)	(126,677)
Loans, net of reserve	12,251,076	11,890,570
Premises and equipment, net	261,814	258,786

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Accrued revenue receivable	128,224	138,243
Intangible assets, net	366,051	368,353
Mortgage servicing rights, net	69,794	70,009
Real estate and other repossessed assets	15,112	9,475
Bankers' acceptances	12,590	1,780
Derivative contracts	716,173	502,446
Cash surrender value of bank-owned life insurance	228,786	229,540
Receivable on unsettled securities trades	-	10,071
Other assets	226,727	199,101
<hr/>		
Total assets	\$ 21,125,951	\$ 20,667,701
<hr/>		
Liabilities and Shareholders' Equity		
Noninterest-bearing demand deposits	\$ 1,856,819	\$ 1,875,946
Interest-bearing deposits:		
Transaction	7,328,860	7,096,339
Savings	160,621	156,368
Time (includes \$139,016 at fair value at March 31, 2008)	3,983,160	4,330,638
<hr/>		
Total deposits	13,329,460	13,459,291
<hr/>		
Funds purchased and repurchase agreements	2,910,237	3,225,131
Other borrowings	1,802,388	1,027,564
Subordinated debentures	398,306	398,273
Accrued interest, taxes and expense	133,939	124,029
Bankers' acceptances	12,590	1,780
Due on unsettled security transactions	16,824	-
Derivative contracts	378,243	341,677
Other liabilities	151,394	154,572
<hr/>		
Total liabilities	19,133,381	18,732,317
<hr/>		
Shareholders' equity:		
Common stock (\$.00006 par value; 2,500,000,000		
shares authorized; shares issued and outstanding:		
March 31, 2008 - 69,670,728; December 31, 2007		
- 69,465,154; March 31, 2007 - 68,944,949)	4	4
Capital surplus	731,452	722,088
Retained earnings	1,381,797	1,332,954
Treasury stock (shares at cost: March 31, 2008 - 2,287,410;		
December 31, 2007 - 2,158,774;		
March 31, 2007 - 1,717,899)	(95,007)	(88,428)
Accumulated other comprehensive loss	(25,676)	(31,234)
<hr/>		
Total shareholders' equity	1,992,570	1,935,384
<hr/>		
Total liabilities and shareholders' equity	\$ 21,125,951	\$ 20,667,701
<hr/>		

See accompanying notes to consolidated financial statements.

36

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

Common Stock	Accumulated Other	Treasury Stock
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	----- Shares	Amount	Comprehensive Loss	Capital Surplus	Retained Earnings	----- Shares	Amount	-----
Balances at								
December 31, 2006	68,705	\$ 4	\$ (73,444)	\$ 688,861	\$1,166,994	1,637	\$ (61,393)	\$1,
Effect of								
implementing FAS								
157, net of income taxes	-	-	-	-	(679)	-	-	
Effect of								
implementing FIN 48	-	-	-	-	(609)	-	-	
Comprehensive income:								
Net income	-	-	-	-	52,793	-	-	
Other comprehensive								
income, net of tax (1)	-	-	17,121	-	-	-	-	
Comprehensive income								
Treasury stock purchase	-	-	-	-	-	25	(1,256)	
Exercise of stock options	240	-	-	7,424	-	56	(2,990)	
Tax benefit on exercise of								
stock options	-	-	-	1,039	-	-	-	
Stock-based compensation	-	-	-	2,164	-	-	-	
Cash dividends on								
common stock	-	-	-	-	(10,081)	-	-	(
Balances at								
March 31, 2007	68,945	\$ 4	\$ (56,323)	\$ 699,488	\$1,208,418	1,718	\$ (65,639)	\$1,
Balances at								
December 31, 2007	69,465	\$ 4	\$ (31,234)	\$ 722,088	\$1,332,954	2,159	\$ (88,428)	\$1,
Effect of								
implementing FAS 159,								
net of income taxes	-	-	-	-	62	-	-	
Comprehensive income:								
Net income	-	-	-	-	62,265	-	-	
Other comprehensive								
income, net of tax (1)	-	-	5,558	-	-	-	-	
Comprehensive income								
Treasury stock purchase	-	-	-	-	-	91	(4,655)	
Exercise of stock options	206	-	-	6,095	-	37	(1,924)	
Tax benefit on exercise								
of stock options	-	-	-	336	-	-	-	
Stock-based compensation	-	-	-	2,933	-	-	-	
Cash dividends on								
common stock	-	-	-	-	(13,484)	-	-	
Balances at								
March 31, 2008	69,671	\$ 4	\$ (25,676)	\$ 731,452	\$1,381,797	2,287	\$ (95,007)	\$1,

(1)

March 31, 2008

March 31, 2007

Changes in other comprehensive loss:

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Unrealized gains on securities	\$ 13,136	\$ 25,673
Unrealized gains on cash flow hedges	117	363
Tax benefit on unrealized gains	(4,721)	(9,277)
Reclassification adjustment for (gains) losses realized and included in net income	(4,620)	563
Reclassification adjustment for tax expense (benefit) on realized (gains) losses	1,646	(201)
Net change in other comprehensive loss	\$ 5,558	\$ 17,121

See accompanying notes to consolidated financial statements.

37

Consolidated Statements of Cash Flows (Unaudited) (In Thousands)

Three Month

2008

Cash Flows From Operating Activities:

Net income	\$ 62,265
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for credit losses	17,571
Change in fair value of mortgage servicing rights	1,762
Unrealized gains from derivatives	(6,630)
Tax benefit on exercise of stock options	(336)
Change in bank-owned life insurance	754
Stock-based compensation	3,202
Depreciation and amortization	13,951
Net (accretion) amortization of securities discounts and premiums	(3,007)
Net gain on sale of assets	(7,086)
Mortgage loans originated for resale	(242,040)
Proceeds from sale of mortgage loans held for resale	272,729
Change in trading securities, including mortgage trading securities	(74,853)
Change in accrued revenue receivable	10,019
Change in other assets	(6,317)
Change in accrued interest, taxes and expense	9,910
Change in other liabilities	(24,968)

Net cash provided by operating activities 26,926

Cash Flows From Investing Activities:

Proceeds from maturities of investment securities	6,002
Proceeds from maturities of available for sale securities	277,176
Purchases of investment securities	(14,349)
Purchases of available for sale securities	(1,339,379)
Proceeds from sales of available for sale securities	1,076,776
Loans originated or acquired net of principal collected	(385,663)
Proceeds from derivative asset contracts	158,536
Net change in other investment assets	33
Proceeds from disposition of assets	1,610
Purchases of assets	(25,837)
Acquisition of bank charter	-

Net cash used in investing activities (245,095)

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Cash Flows From Financing Activities:

Net change in demand deposits, transaction deposits and savings accounts	217,647
Net change in time deposits	(349,101)
Net change in other borrowings	459,930
Payments on derivative liability contracts	(158,251)
Net change in derivative margin accounts	(190,217)
Change in amount receivable (due) on unsettled security transactions	26,895
Issuance of common and treasury stock, net	4,171
Tax benefit on exercise of stock options	336
Repurchase of common stock	(4,655)
Dividends paid	(13,484)
<hr/>	
Net cash provided by (used in) financing activities	(6,729)
<hr/>	
Net decrease in cash and cash equivalents	(224,898)
Cash and cash equivalents at beginning of period	890,413
<hr/>	
Cash and cash equivalents at end of period	\$ 665,515
<hr/>	
Cash paid for interest	\$ 128,551
<hr/>	
Cash paid for taxes	\$ 2,653
<hr/>	
Net loans transferred to repossessed real estate and other assets	\$ 1,314
<hr/>	

See accompanying notes to consolidated financial statements.

38

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 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 BOSCO, 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 2007 Form 10-K filed with the Securities and Exchange Commission, which contains audited financial statements. Amounts presented as of December 31, 2007 have been derived from BOK Financial's 2007 Form 10-K.

Newly Adopted and Pending Accounting Policies

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The Company adopted Statement of Financial Accounting Standards No. 159, Fair Value Option ("FAS 159") effective January 1, 2008. FAS 159 provides an option to measure eligible financial assets and financial liabilities at fair value. Certain certificates of deposit that were either currently designated as hedged or had previously been designated as hedged, but no longer met the correlation requirements of Statement of Financial Accounting Standards No. 133 were designated as being reported at fair value. Adoption of FAS 159 increased opening retained earnings for the first quarter of 2008 by \$62 thousand. Interest expense on certificates of deposit carried at fair value is based on the instruments' contractual interest rates and outstanding principal balances.

As of January 1, 2008, the Company adopted Financial Accounting Standards Board Staff Position FIN 39-1, which permits offsetting of cash collateral against the fair value of derivative instruments executed with the same counterparty under a master netting agreement. The total amount of derivative liabilities at March 31, 2008 was reduced by \$341 million of cash collateral.

Statement of Financial Accounting Standards No. 160, "Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB Statement No. 51," ("FAS 160") amends Accounting Research Bulletin (ARB) No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. FAS 160 clarifies that a non-controlling interest in a subsidiary, which is sometimes referred to as minority interest, is an ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. Among other requirements, FAS 160 requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and to the non-controlling interest. FAS 160 is effective for the Company on January 1, 2009 and is not expected to have a significant impact on the Company's financial statements.

Statement of Financial Accounting Standards No. 161, "Disclosures About Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133," ("FAS 161") amends and expands the disclosure requirements of FAS 133, "Accounting for Derivative Instruments and Hedging Activities," to provide greater transparency about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedge items are accounted for under SFAS 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about

39

credit-risk-related contingent features in derivative agreements. FAS 161 is effective for the Company on January 1, 2009 and is not expected to have a significant impact on the Company's financial statements.

(2) Fair Value Measurements

Fair value measurements as of March 31, 2008 are as follows (in thousands):

Quoted Prices in Active	Significant Other	Sign
----------------------------	----------------------	------

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	Total	Markets for Identical Instruments	Observable Inputs	Unobs In
Assets:				
Trading securities	\$93,081	\$ 11,804	\$81,277	
Available for sale securities	5,652,220	27,542	5,624,678	
Mortgage trading securities	182,533		182,533	
Mortgage servicing rights	69,794			69
Derivative contracts	716,173		716,173	
Liabilities:				
Certificates of deposit	139,016		139,016	
Derivative contracts	719,598		719,598	

- (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 4, Mortgage Banking Activities.

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 quarter of 2008. 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.

Certain certificates of deposit were designated as carried at fair value as permitted by FAS 159. These certificates have been converted from fixed interest rates to variable interest rates based on LIBOR with interest rate swaps. The fair value election for these liabilities better represents the economic effect of these instruments on the Company. At March 31, 2008, the fair value and contractual principal amount of these certificates was \$139 million and \$138 million, respectively. Change in the unrealized loss during the first quarter of 2008 of \$1.6 million is included in Gains on Derivatives, net on the Consolidated Statement of Earnings.

40

(3) Derivatives

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The fair values of derivative contracts at March 31, 2008 are as follows (in thousands):

	Assets	Liabilities
	-----	-----
Customer Risk Management Programs:		
Interest rate contracts	\$103,240	\$107,144
Energy contracts	577,961	582,250
Agriculture contracts	4,900	4,703
Foreign exchange contracts	21,227	21,227
CD options	4,013	4,012
	-----	-----
Fair value before cash collateral	711,341	719,336
Less: cash collateral	-	(341,355)
	-----	-----
Total Customer Derivatives	711,341	377,981
	-----	-----
Interest Rate Risk Management Programs	4,832	262
	-----	-----
Total Derivative Contracts	\$716,173	\$378,243
	-----	-----

As of January 1, 2008, the Company adopted Financial Accounting Standards Board Staff Position FIN 39-1, which permits offsetting of cash collateral against the fair value of derivative instruments executed with the same counterparty under a master netting agreement. The total amount of derivative liabilities at March 31, 2008 was reduced by \$341 million of cash collateral.

(4) Mortgage Banking Activities

At March 31, 2008, BOK Financial owned the rights to service 58,082 mortgage loans with outstanding principal balances of \$5.6 billion, including \$624 million serviced for affiliates. The weighted average interest rate and remaining term was 6.16% and 280 months, respectively.

For the three months ended March 31, 2008 and 2007, mortgage banking revenue includes servicing fee income of \$4.3 million and \$4.2 million, respectively.

Activity in capitalized mortgage servicing rights and related valuation allowance during the three months ending March 31, 2008 is as follows (in thousands):

	Capitalized Mortgage Servicing Rights		
	Purchased	Originated	Total
	-----	-----	-----
Balance at December 31, 2007	\$ 13,906	\$ 56,103	\$ 70,009
Additions, net	-	4,405	4,405
Change in fair value due to loan runoff	(607)	(2,251)	(2,858)
Change in fair value due to market changes	(388)	(1,374)	(1,762)
	-----	-----	-----
Balance at March 31, 2008	\$ 12,911	\$ 56,883	\$ 69,794
	-----	-----	-----

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

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41

	March 31, 2008	December 31, 2007
Discount rate - risk-free rate plus a market premium	9.36%	10.02%
Prepayment rate - based upon loan interest rate, original term and loan type	6.5% - 15.3%	6.8% - 15.3%
Loan servicing costs - annually per loan based upon loan type	\$43 - \$70	\$43 - \$70
Escrow earnings rate - indexed to rates paid on deposit accounts with comparable average life	4.52%	5.01%

42

Stratification of the mortgage loan servicing portfolio and outstanding principal of loans serviced by interest rate at March 31, 2008 follows (in thousands):

	<5.51%	5.51% - 6.50%	6.51% - 7.50%	> 7.50%
Fair value	\$ 13,755	\$ 38,465	\$ 14,438	\$ 1,029,800
Outstanding principal of loans serviced (1)	\$ 993,200	\$2,677,600	\$ 1,029,800	\$ 1,029,800

(1) Excludes outstanding principal of \$624 million for loans serviced for affiliates and \$39 million of mortgage loans for which there are no capitalized mortgage servicing rights.

(5) Disposal of Available for Sale Securities

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

	Three Months Ended March 31,	
	2008	2007
Proceeds	\$ 1,076,776	\$ 469,223
Gross realized gains	5,571	944
Gross realized losses	(2,624)	(1,761)
Related federal and state income tax expense (benefit)	1,897	(291)

(6) Employee Benefits

BOK Financial has sponsored a defined benefit Pension Plan for all employees who

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satisfied certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. The Company recognized no periodic pension cost and made no Pension Plan contributions during the three months ended March 31, 2008 and March 31, 2007.

Management has been advised that no minimum contribution will be required for 2008. The maximum allowable contribution for 2008 has not yet been determined.

(7) Shareholders' Equity

On April 29, 2008, the Board of Directors of BOK Financial Corporation approved a \$0.225 per share quarterly common stock dividend. The quarterly dividend will be payable on or about May 29, 2008 to shareholders of record on May 15, 2008.

Dividends declared during the three months ended March 31, 2008 and 2007 were \$0.20 per share and \$0.15 per share, respectively.

43

(8) Earnings Per Share

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

	Three Months Ended	
	March 31, 2008	March 31, 2007
Numerator:		
Net income	\$ 62,265	\$ 52,793
Denominator:		
Denominator for basic earnings per share - weighted average shares	67,202,128	67,085,310
Effect of dilutive potential common shares:		
Employee stock compensation plans (1)	347,832	489,361
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	67,549,960	67,574,671
Basic earnings per share	\$ 0.93	\$ 0.79
Diluted earnings per share	\$ 0.92	\$ 0.78
(1) Excludes employee stock options with exercise prices greater than current market price.	557,624	771,442

(9) Reportable Segments

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended March 31, 2008 is as follows (in thousands):

Net	Other	Other
-----	-------	-------

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	Interest Revenue	Operating Revenue (1)	Operating Expense	Ne
	-----	-----	-----	-----
Total reportable segments	\$ 134,105	\$ 111,867	\$ 149,784	\$
Unallocated items:				
Tax-equivalent adjustment	2,154	-	-	
Funds management and other	10,869	1,962	3,620	
	-----	-----	-----	-----
BOK Financial consolidated	\$ 147,128	\$ 113,829	\$ 153,404	\$
	=====	=====	=====	=====

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

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended March 31, 2007 is as follows (in thousands):

	Net Interest Revenue	Other Operating Revenue (1)	Other Operating Expense	Ne
	-----	-----	-----	-----
Total reportable segments	\$ 134,385	\$ 91,072	\$ 125,927	\$
Unallocated items:				
Tax-equivalent adjustment	2,085	-	-	
Funds management and other	(7,632)	1,209	6,184	
	-----	-----	-----	-----
BOK Financial consolidated	\$ 128,838	\$ 92,281	\$ 132,111	\$
	=====	=====	=====	=====

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

44

(10) Contingent Liabilities

In September 2006, BISYS settled the SEC's two-year investigation of BISYS Fund Services Ohio, Inc. ("BISYS") marketing assistance agreements with 27 different families of mutual funds, including a BISYS marketing arrangement with AXIA which had been terminated effective January 1, 2004. In the SEC settlement, BISYS consented to an order in which the SEC determined that BISYS had "willfully aided and abetted and caused" the 27 investment advisors to (i) violate provisions of the Investment Advisors Act of 1940 that prohibit fraudulent conduct; (ii) 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 (iii) 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 was one of the 27 advisors and the AP Funds one of the 27 mutual fund families to which the SEC referred in its BISYS Order. On October 10, 2006, the Examinations Division of the Securities and Exchange Commission (the "SEC") conducted an examination of AXIA. The examination was concluded in July 2007 with no action taken by the Examinations Division. In August 2007, AXIA settled all claims relating to the BISYS marketing arrangements with the AP Funds for \$2.2 million and the AP Funds regard the matter as fully concluded. The settlement with the AP Funds is not binding on the SEC.

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On April 7, 2008, AXIA and its parent, BOK, received a Wells notice from the regional office of the SEC in Los Angeles indicating that the staff is considering recommending that the SEC bring a civil injunctive action against AXIA and BOK for violations of Section 17(a) of the Securities Act of 1955, Section 10(b) of the Securities Exchange Act of 1934, Sections 206(1) and (2) of the Investment Advisors Act of 1940, and Sections 12(b) and 34(b) of the Investment Company Act of 1940. BOK and AXIA have been cooperating fully with the SEC in connection with these matters that arose prior to December 31, 2003. BOK and AXIA are not bound by the SEC BISYS Order, disagree with the SEC position as it relates to BOK and AXIA, and intend to respond to the SEC Wells notice.

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.

During the fourth quarter of 2007, Visa announced that it had recognized liabilities related to antitrust litigation with American Express and Discover and that it was subject to other litigation. As a member of Visa, BOK Financial is obligated for a proportionate share of losses incurred by Visa. A contingent liability was recognized for the Company's share of Visa's litigation liabilities.

During the first quarter of 2008, Visa completed its initial public offering and funded a \$3.0 billion escrow account for litigation claims including claims by American Express and Discover. BOK Financial recognized a receivable for its proportionate share of this escrow account, which equals the contingent liability previously recognized.

In addition, during the first quarter of 2008 BOK Financial received 410,562 Visa Class B shares. A partial redemption of Class B shares was completed and the Company received \$6.8 million in cash in exchange for 158,725 Class B shares. The remaining 251,837 Class B shares are convertible into Visa Class A shares at the later of three years after the date of Visa's initial public offering or the final settlement of all covered litigation. The current exchange rate is approximately 0.71 Class A share for each Class B share. However, the Company's Class B shares may be diluted in the future if the escrow fund is not adequate to cover future covered litigation costs. Therefore, under currently issued accounting guidance no value has been currently assigned to the Class B shares and no value may be assigned until the Class B shares are converted into a known number of Class A shares.

45

(11) 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 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 March 31, 2008, outstanding commitments and letters of credit were as follows (in thousands):

March 31,

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	2008
Commitments to extend credit	\$ 5,565,601
Standby letters of credit	572,116
Commercial letters of credit	11,374

46

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

	Three Months Ended			
	March 31, 2008			
	Average Balance	Revenue/ Expense (1)	Yield / Rate	Average Balance
Assets				
Taxable securities (3)	\$ 5,624,430	\$ 72,055	5.11%	\$ 5,633,17
Tax-exempt securities (3)	264,398	4,189	6.38	328,90
Total securities (3)	5,888,828	76,244	5.17	5,962,07
Trading securities	74,957	1,433	7.69	29,30
Funds sold and resell agreements	80,735	840	4.18	86,94
Loans (2)	12,181,279	199,678	6.59	11,806,24
Less reserve for loan losses	131,709	-	-	125,99
Loans, net of reserve	12,049,570	199,678	6.66	11,680,24
Total earning assets (3)	18,094,090	278,195	6.17	17,758,57
Cash and other assets	2,402,963			2,224,04
Total assets	\$ 20,497,053			\$ 19,982,61
Liabilities And Shareholders' Equity				
Transaction deposits	\$ 7,473,670	\$ 42,175	2.27%	\$ 7,016,13
Savings deposits	156,953	238	0.61	160,17
Time deposits	4,225,141	45,734	4.35	4,544,80
Total interest-bearing deposits	11,855,764	88,147	2.99	11,721,10
Funds purchased and repurchase agreements	3,061,783	23,649	3.11	3,158,15
Other borrowings	1,340,846	11,718	3.51	936,35
Subordinated debentures	398,241	5,399	5.45	398,10
Total interest-bearing liabilities	16,656,634	128,913	3.11	16,213,72
Demand deposits	1,236,552			1,293,41

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Other liabilities	618,721	580,57
Shareholders' equity	1,985,146	1,894,89
<hr/>		
Total liabilities and shareholders' equity	\$ 20,497,053	\$ 19,982,61
<hr/>		
Tax-Equivalent Net Interest Revenue (3)	\$ 149,282	3.06%
Tax-Equivalent Net Interest Revenue To Earning Assets (3)		3.31
Less tax-equivalent adjustment (1)	2,154	
<hr/>		
Net Interest Revenue	147,128	
Provision for credit losses	17,571	
Other operating revenue	120,562	
Other operating expense	153,404	
<hr/>		
Income before taxes	96,715	
Federal and state income tax	34,450	
<hr/>		
Net Income	\$ 62,265	
<hr/>		
Earnings Per Average Common Share Equivalent:		
Net income:		
Basic	\$ 0.93	
<hr/>		
Diluted	\$ 0.92	
<hr/>		

- (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.

47

Three Months Ended							
September 30, 2007				June 30, 2007			
Average Balance	Revenue/Expense (1)	Yield / Rate	Average Balance	Revenue/Expense (1)	Yield / Rate	Average Balance	
<hr/>							
\$ 5,206,482	\$ 62,531	4.84%	\$ 5,014,231	\$ 60,176	4.85%	\$ 4,802,768	
360,710	5,820	6.44	354,956	4,681	5.81	322,202	
<hr/>							
5,567,192	68,351	4.95	5,369,187	64,857	4.90	5,124,970	
<hr/>							
24,413	459	7.46	32,897	481	5.86	29,613	
101,281	1,588	6.22	67,057	924	5.53	55,674	
11,709,638	232,446	7.88	11,338,140	224,492	7.94	10,893,163	
123,059	-	-	118,505	-	-	113,379	

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11,586,579	232,446	7.96	11,219,635	224,492	8.03	10,779,784
17,279,465	302,844	6.99	16,688,776	290,754	7.00	15,990,041
2,056,910			1,869,294			1,874,080
\$ 19,336,375			\$ 18,558,070			\$ 17,864,121
\$ 6,683,056	\$ 50,650	3.01%	\$ 6,414,014	\$ 48,242	3.02%	\$ 6,100,117
200,362	410	0.81	158,718	377	0.95	143,101
4,798,812	58,436	4.83	4,507,053	53,440	4.76	4,420,390
11,682,230	109,496	3.72	11,079,785	102,059	3.69	10,663,608
2,603,372	32,484	4.95	2,627,230	33,129	5.06	2,640,485
880,894	11,789	5.31	866,096	11,760	5.45	668,078
471,458	7,166	6.03	410,883	6,824	6.66	297,806
15,637,954	160,935	4.08	14,983,994	153,772	4.12	14,269,977
1,300,280			1,295,930			1,397,874
577,161			487,400			454,822
1,820,980			1,790,746			1,741,448
\$ 19,336,375			\$ 18,558,070			\$ 17,864,121
	\$ 141,909	2.91%		\$ 136,982	2.88%	3.05
		3.27			3.31	
	2,464			2,069		
	139,445			134,913		
	7,201			7,820		
	109,372			90,171		
	151,018			134,131		
	90,598			83,133		
	30,750			29,270		
	\$ 59,848			\$ 53,863		
	\$ 0.89			\$ 0.80		
	\$ 0.89			\$ 0.80		

48

PART II. Other Information

Item 1. Legal Proceedings

See discussion of legal proceedings at footnote 10 to the consolidated financial statements.

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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 March 31, 2008.

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)
January 1, 2008 to January 31, 2008	34,184	\$50.88	-
February 1, 2008 to February 29, 2008	38,768	\$52.30	35,707
March 1, 2008 to March 31, 2008	55,684	\$50.45	55,407
Total	128,636		91,114

- (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 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 March 31, 2008, the Company had repurchased 709,073 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.

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

Items 1A, 3, 4 and 5 are not applicable and have been omitted.

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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: May 12, 2008

/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
Chief Accounting Officer