BOK FINANCIAL CORP ET AL
Form 10-Q
April 30, 2009

As filed with the Securities and Exchange Commission on April 29, 2009

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

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	73-1373454
(State or other jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

Bank of Oklahoma Tower P.O. Box 2300 Tulsa, Oklahoma	74192
(Address of Principal Executive Offices)	(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 |X| 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 |X| 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 |X|

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 67,589,045 shares of common stock ($.00006 par value) as of March 31, 2009.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

Performance Summary

BOK Financial Corporation ("the Company") reported net income of $55.0 million or $0.81 per diluted share for the first quarter of 2009, up $19.6 million or 55% over the fourth quarter of 2008. Net income for the first quarter of 2008 was $62.3 million or $0.92 per diluted share including after-tax gains from the sale of Visa, Inc. Class B common stock and reversal of accrued contingent liabilities related to Visa of $6.2 million or $0.09 per diluted share.

Highlights of the first quarter of 2009 included:

- Net interest revenue totaled $169.8 million, down $6.6 million compared to the fourth quarter of 2008 and up $22.7 million or 15% over the first quarter of 2008. Net interest margin was 3.47% for the first quarter of 2009, 3.57% for the fourth quarter of 2008 (3.42% excluding the 15 basis point favorable LIBOR spread, as previously disclosed) and 3.31% for the first quarter of 2008.

- Fees and commission revenue totaled $121.5 million for the first quarter of 2009, $110.9 million for the fourth quarter of 2008 and $113.9 million for the first quarter of 2008. Mortgage banking revenue grew $11.3 million or 156% over the fourth quarter of 2008 primarily driven by increased volume in refinancing due to government initiatives to lower national mortgage interest rates.

- Other-than-temporary impairment charges reduced pre-tax income by $15.0 million in the first quarter of 2009 and $5.3 million in the first quarter of 2008. No other-than-temporary impairment charges were recognized in the fourth quarter of 2008. Impairment charges were recognized for certain preferred stocks and privately issued mortgage-backed securities.

- Combined reserve for credit losses totaled $262 million or 2.07% of outstanding loans at March 31, 2009, up from $248 million or 1.93% of outstanding loans at December 31, 2008. Net loans charged off and provision for credit losses were $31.9 million and $45.0 million, respectively, for the first quarter of 2009. Net loans charged off and provision for credit losses were $33.7 million and $73.0 million, respectively, for the fourth quarter of 2008 and $8.9 million and $17.6 million, respectively for the first quarter of 2008.

- Non-performing assets totaled $414 million or 3.26% of outstanding loans and repossessed assets at March 31, 2009, $342 million or 2.65% of outstanding loans and repossessed assets at December 31, 2008 and $126 million or 1.02% of outstanding loans and repossessed assets at March 31, 2008.

- Average deposit accounts totaled $14.9 billion for the first quarter of 2009, up $756 million compared with average deposits for the fourth quarter of 2008. Total period-end deposits were $15.3 billion at March 31, 2009.

- The Company's Tier 1 and tangible common equity ratios were 9.76% and 6.84%, respectively, at March 31, 2009. Tier 1 and tangible common equity ratios were 9.42% and 6.64%, respectively, at December 31, 2008. The Company chose not to participate in the U.S. Treasury's Troubled Asset Relief Program ("TARP").

- The Company paid a cash dividend of $15.0 million or $0.225 per common share during the first quarter of 2009. On April 28, 2009, the board of directors declared an increase in the cash dividend to $0.24 per common share payable on or about May 29, 2009 to shareholders of record as of May 15, 2009.

Results of Operations

Net Interest Revenue and Net Interest Margin

Net interest revenue totaled $169.8 million, up $22.7 million or 15% over the first quarter of 2008 and down $6.6 million compared to the fourth quarter of 2008. The increase in net interest revenue over the first quarter of 2008 was due primarily to growth in average earning assets. The decrease in net interest revenue from the fourth quarter of 2008 was due primarily to a narrowing of the spread between LIBOR and the federal funds rate.

Average earning assets for the first quarter of 2009 increased $2.1 billion or 12% compared to the first quarter of 2008, primarily due to a $1.4 billion increase in average securities and a $688 million increase in average loans. Average available for sale securities, which consist largely of U.S. government agency issued mortgage-backed securities, increased $1.2 billion. We purchase securities to supplement earnings and to manage interest rate risk. Average outstanding commercial loans increased $341 million and average residential mortgage loans increased $331 million. Growth in average earning assets was funded by a $1.8 billion increase in average deposits and a $318 million increase in average borrowed funds. Average time deposits increased $990 million compared with the first quarter of 2008. Average demand deposits increased $422 million and average interest-bearing transaction accounts increased $344 million over the first quarter of 2008.

Average earning assets for the first quarter of 2009 increased $477 million compared to the fourth quarter of 2008, primarily due to a $447 million increase in average securities. Growth in average securities was due to both additional

purchases of U.S. government agency issued mortgage-backed securities and increases in the fair value of securities held by the Company. Average outstanding loans decreased $42 million due primarily to lower outstanding commercial loan balances. Residential mortgage loans held for sale increased $80 million due to refinancing activity. Average deposits increased $756 million compared with the fourth quarter of 2008, including a $494 million increase in average interest-bearing transaction accounts, a $152 million increase in average demand deposits and a $106 million increase in average time deposits. Average funds purchased, repurchase agreements and other borrowed funds decreased $361 million from the fourth quarter of 2008.

Net interest margin was 3.47% for the first quarter of 2009, 3.31% for the first quarter of 2008 and 3.57% for the fourth quarter of 2008.

The tax-equivalent yield on earning assets was 4.75% for the first quarter of 2009, down 142 basis points from the first quarter of 2008. Loan yields decreased 203 basis points from the first quarter of 2008 to 4.56%. The securities portfolio yield was 4.96%, down 21 basis points over the first quarter of 2008. 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 and may not immediately move in the same direction as changes in market rates.

The cost of interest-bearing liabilities was 1.50% for the first quarter of 2009, down 186 basis points from the first quarter of 2008. The cost of interest bearing deposits decreased 157 basis points to 1.76% and the cost of funds purchased and other borrowings decreased 275 basis points to 0.51%. Competition for deposits in all our markets limited our ability to move deposit rates down as interest rates declined. The benefit to the net interest margin from earning assets funded by non-interest bearing liabilities was 22 basis points in the first quarter of 2009 compared with 50 basis points in the first quarter of 2008 and 31 basis points in the preceding quarter.

Net interest margin for the first quarter of 2009 decreased 10 basis points compared with the fourth quarter of 2008. As previously disclosed, the change in net interest margin from the fourth quarter of 2008 is primarily due to the spread between LIBOR and the federal funds rate returning to a historically normal level. LIBOR is the basis for interest earned on many of our loans and the federal funds rate is the basis for interest paid on many of our interest-bearing

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liabilities. This spread positively impacted net interest margin in the fourth quarter of 2008 by 15 basis points. Net interest margin, excluding the narrowed LIBOR / federal funds rate spread, increased by 5 basis points over the fourth quarter of 2008.

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 spread compression, deposit product mix, the overall balance sheet composition and the previously noted changes in the spread between LIBOR and the federal funds rate may affect this general expectation.

Our overall objective is to manage the Company's balance sheet to be relatively neutral to changes in interest rates. Approximately two-thirds 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 interest rate risk. Interest rate swaps with a combined notional amount of $650 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 $4.3 million in the first quarter of 2009, $463 thousand in the first quarter of 2008 and $2.3 million in the fourth quarter of 2008 from periodic settlements of these contracts. This increase in revenue contributed 9 basis points to net interest margin in the first quarter of 2009, 0 basis points to the first quarter of 2008 and 5 basis points to the fourth quarter of 2008. 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)

	Three Months Ended March 31, 2009 / 2008		
		Change Due To (1)	
	Change	Volume	Yield / Rate
Tax-equivalent interest revenue:			
Securities	$ 11,898	$ 15,385	$ (3,487)
Trading securities	(414)	519	(933)
Loans	(53,537)	10,550	(64,087)
Funds sold and resell agreements	(810)	(165)	(645)
Total	(42,863)	26,289	(69,152)
Interest expense:			
Transaction deposits	(26,758)	(3,514)	(23,244)
Savings deposits	(129)	2	(131)
Time deposits	(9,333)	8,689	(18,022)
Federal funds purchased and repurchase agreements	(20,824)	(2,219)	(18,605)
Other borrowings	(8,654)	4,147	(12,801)
Subordinated debentures	167	(21)	188
Total	(65,531)	7,084	(72,615)
Tax-equivalent net interest revenue	22,668	19,205	3,463
Change in tax-equivalent adjustment	49		
Net interest revenue	$ 22,717		

(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 $4.5 million compared with the first quarter of 2008. Fees and commissions revenue increased $7.7 million or 7% compared with the first quarter of 2008 and net gains on securities, derivatives and other assets decreased $3.2 million. Other operating revenue increased $3.6 million over the fourth quarter of 2008, including a $10.6 million increase in total fees and commissions partially offset by lower net gains on securities, derivatives and other assets.

Diversified sources of fees and commission revenue are a significant part of our business strategy and represented 42% of total revenue at March 31, 2009, excluding provision for credit losses and gains and losses on asset sales, securities and derivatives. 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. We expect continued growth in other operating revenue through offering new products and services and by expanding penetration into markets outside of Oklahoma. However, current and future economic conditions, increased competition and saturation in our existing markets could affect the rate of future increases.

Fees and commissions revenue

Brokerage and trading revenue totaled $24.7 million for the first quarter of 2009, up $786 thousand or 3% over the first quarter of 2008. Securities trading totaled $16.9 million for the first quarter of 2009, up $4.0 million or 31% over the first quarter of 2008. Increased mortgage lending activity increased the level of securities transactions by our mortgage banking customers. Customer hedging revenue, totaled $1.0 million for the first quarter of 2009, down $4.0 million over the first quarter of 2008. Low commodity prices in the first quarter of 2009 reduced the level of customer hedging activity compared to the first quarter of 2008. Investment banking revenue was up $1.2 million over the first quarter of 2008 due to the timing of completed loan syndication transactions.

Brokerage and trading revenue was also up $1.2 million over the fourth quarter of 2008, primarily due to increases in securities trading revenue of $3.1 million and investment banking revenue of $1.0 million, offset with decreased revenue from customer hedging activities of $3.1 million.

Transaction card revenue totaled $25.4 million for the first quarter of 2009, up $1.9 million or 8% over the first quarter of 2008. Transaction card revenue depends largely on the volume and amount of transactions processed, the number of ATM locations and the number of merchants served. ATM network revenue increased $1.4 million or 13% over the first quarter of 2008. Merchant discounts and check card revenue increased slightly over the prior year.

Transaction card revenue increased $251 thousand or 4% annualized compared with the fourth quarter of 2008, primarily due to higher ATM network revenue offset by lower merchant fees and check card revenue.

Trust fees and commissions totaled $16.5 million for the first quarter of 2009, down $4.3 million or 21% compared to the first quarter of 2008. The fair value of all trust assets administered by the Company, which is the basis for a significant portion of trust fees totaled $28.7 billion at March 31, 2009 and $35.5 billion at March 31, 2008. The decline in the fair value of trust assets was primarily due to current market conditions. Trust management fees decreased $1.4 million or 11% and mutual fund advisory and administrative service fees declined $2.1 million compared to the first quarter of 2008.

Trust fees and commissions decreased $633 thousand or 15% annualized compared with the fourth quarter of 2008. The fair value of all trust assets managed totaled $30.5 billion at December 31, 2008, $1.8 billion or 6% more than the fair value of all trust assets at March 31, 2009 due to market conditions.

Deposit service charges and fees totaled $27.4 million for the first quarter of 2009, down $281 thousand or 1% from the first quarter of 2008. Commercial account service charge revenue increased $1.2 million or 15% to $9.8 million and overdraft fees decreased $1.4 million or 8% to $16.4 million compared to the first quarter of 2008. The increase in commercial service charge revenue was due to a decrease in the earnings credit available to commercial deposit customers. The earnings credit, which provides a non-cash method for commercial customers to avoid incurring charges for deposit services, decreases when interest rates fall. The decrease in overdraft fees was due to lower transaction volumes.

Deposit service charges and fees decreased $1.8 million compared with the fourth quarter of 2008. The decrease was primarily due to a $2.2 million seasonal decrease in overdraft fees, partially offset by a $417 thousand increase in commercial service charges.

Mortgage banking revenue increased $10.5 million or 130% compared with the first quarter of 2008 and $11.3 million

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compared with the fourth quarter of 2008. Net gains on mortgage loans sold totaled $10.9 million for the first quarter of 2009, up $8.3 million over the first quarter of 2008 and $9.0 million over the fourth quarter of 2008. Mortgage loans originated for sale in the secondary market totaled $709 million for the first quarter of 2009, up 176% over the same period in 2008, due to government initiatives to lower national mortgage interest rates. Servicing revenue totaled $4.6 million, up $257 thousand or 6% over the first quarter of 2008 and $136 thousand over the fourth quarter of 2008. The outstanding principal balance of mortgage loans serviced for others totaled $5.5 billion at March 31, 2009 and $5.0 billion at March 31, 2008.

Margin asset fees declined $1.9 million to $67 thousand compared to the first quarter of 2008 due to a decrease in average margin assets and lower earning rates. Margin assets which are held primarily as part of the Company's customer derivatives programs averaged $165 million for the first quarter of 2009, compared with $273 million for the first quarter of 2008. The decrease in revenue earned on margin assets is offset by an increase in net interest revenue due to lower costs to fund the margin assets.

Securities and derivatives

Net gains and losses on securities consisted of the following (in thousands):

	Three Months Ended		
	March 31, 2009	December 31, 2008	March 31, 2008
Gain on available for sale securities	$ 22,226	$ 5,067	$ 2,936
Gain (loss) on mortgage hedge securities	(2,118)	15,089	191
Gain on Visa IPO securities	-	-	6,799
Net gains on securities	$ 20,108	$20,156	$ 9,926

BOK Financial recognized net gains of $20.1 million on securities for the first quarter of 2009, net gains on securities of $9.9 million for the first quarter

of 2008 and net gains on securities of $20.2 million for the fourth quarter of 2008. Mortgage hedge securities held as an economic hedge of the changes in fair value of mortgage servicing rights are carried at fair value. Changes in fair value of these securities are recognized in earnings as they occur.

The Company recognized $22.2 million of gains on the sale of $735 million of available for sale securities in the first quarter of 2009. These securities were purchased at deep discounts near the beginning of the recent market disruption. In general, securities sold were low coupon mortgage-backed securities. These were replaced with higher coupon securities that will have superior future yields.

Net losses on derivatives totaled $1.7 million for the first quarter of 2009 compared to net gains of $2.1 million for the first quarter of 2008 and net losses of $2.2 million for the fourth quarter of 2008. 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. The fair value of these swaps generally increases in value and the Company recognizes a gain as interest rates fall. The fair value of these swaps generally decreases in value and the Company recognizes a loss as interest rates rise.

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 when FAS 159 was first adopted. In addition, certain certificates of deposit issued subsequent to the adoption of FAS 159 have been designated as reported at fair value. This determination is made when the certificates of deposit are issued based on the Company's intent to swap the interest rate on the certificates from a fixed rate to a LIBOR-based variable rate. The fair value of these fixed-rate certificates of deposit generally increases and the Company recognizes a loss as interest rates fall. The fair value of these fixed-rate certificates of deposit generally decreases in value and the Company recognizes a gain as interest rates rise.

As more fully discussed in the Financial Condition - Securities section of this report, the Company also recognized other-than-temporary impairment losses on certain mortgage-backed securities and preferred stocks of $15.0 million in earnings during the first quarter of 2009 and $5.3 million in earnings during the first quarter of 2008. No other-than-temporary impairment losses were recognized in the fourth quarter of 2008.

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Table 2 - Other Operating Revenue
(In thousands)

	Three Months Ended			
	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	
Brokerage and trading revenue	$ 24,699	$ 23,507	$ 30,846	$
Transaction card revenue	25,428	25,177	25,632	
Trust fees and commissions	16,510	17,143	20,100	

Deposit service charges and fees	27,405	29,239	30,404	
Mortgage banking revenue	18,498	7,217	7,145	
Bank-owned life insurance	2,317	2,682	2,829	
Margin asset fees	67	187	1,934	
Other revenue	6,583	5,778	7,768	
Total fees and commissions	121,507	110,930	126,658	
Gain (loss) on other assets	143	(7,420)	(841)	
Gain (loss) on derivatives, net	(1,664)	(2,219)	4,366	
Gain (loss) on securities, net	20,108	20,156	2,103	
Total other-than temporary impairment losses	(54,368)	-	-	
Portion of loss recognized in other comprehensive income	(39,366)	-	-	
Net impairment losses recognized in earnings	(15,002)	-	-	
Total other operating revenue	$ 125,092	$ 121,447	$ 132,286	$

Other Operating Expense

Other operating expense for the first quarter of 2009 totaled $165.8 million, up $12.4 million or 8% over the first quarter of 2008. Personnel costs increased $4.5 million or 5%. Non-personnel expenses increased $7.9 million or 12% primarily due to higher deposit insurance costs, net losses and operating expenses of repossessed assets and mortgage banking costs, offset by a favorable change in fair value of mortgage servicing rights. Other operating expenses for the first quarter of 2009 decreased $19.6 million from the fourth quarter of 2008. Favorable changes in the fair value of mortgage servicing rights reduced other operating expenses by $28.4 million. This decrease in other operating expenses was partially offset by higher personnel expense, deposit insurance expense and mortgage banking costs.

Personnel expense

Personnel expense totaled $92.6 million for the first quarter of 2009 and $88.1 million for the first quarter of 2008. Regular compensation, which consists of salaries and wages, overtime pay and temporary personnel costs totaled $55.0 million, up $2.4 million or 5% over the first quarter of 2008. The increase in regular compensation expense was due primarily to a 6% increase in average staffing levels over the first quarter of last year.

Table 3 - Personnel Expense
(Dollars in thousands)

	Three Months Ended			
	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Regular compensation	$ 54,976	$ 57,594	$ 55,435	$ 54,024
Incentive compensation:				
Cash-based	20,586	20,315	20,110	19,503
Stock-based	1,409	(1,138)	68	2,760
Total incentive compensation	21,995	19,177	20,178	22,263
Employee benefits	15,656	10,924	11,936	13,310

Total personnel expense	$ 92,627	$ 87,695	$ 87,549	$ 89,597
Number of employees (full-time equivalent)	4,374	4,300	4,231	4,137

Incentive compensation increased $436 thousand or 2% to $22 million compared to the first quarter of 2008. Expense for cash-based incentive compensation plans increased $1.3 million or 7%. These plans are either intended to provide current rewards to employees who generate long-term business opportunities to the Company based on growth in loans,

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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 2008 included a $1.4 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 decreased $409 thousand compared with the first quarter of 2008. This decrease reflected changes in the market value of BOK Financial common stock and other investments. The market value of BOK Financial common stock decreased $5.90 per share in the first quarter of 2009 and increased $0.53 per share in the first quarter of 2008. Compensation expense for equity awards decreased $454 thousand or 22% compared with the first quarter of 2008. 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 $16 million, a $1.7 million or 12% increase over the first quarter of 2008 due to increased expenses related to payroll taxes and employee retirement plans. Medical insurance costs were down $129 thousand or 2%. The Company self-insures a portion of its employee health care coverage and these costs may be volatile.

Personnel expense increased $4.9 million compared with the fourth quarter of 2008 primarily due to increased employee benefit expenses. Incentive compensation increased $2.8 million, partially offset by a $2.6 million decrease in regular compensation. Employee benefit expense increased $4.7 million primarily due to seasonally higher payroll tax expense and higher employee retirement plan expenses.

Non-personnel operating expenses

Non-personnel operating expenses totaled $73.2 million for the first quarter of 2009 compared to $65.3 million for the first quarter of 2008 and $97.1 million for the fourth quarter of 2008. Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, were $75.1 million for the first quarter of 2009, $63.5 million for the first quarter of 2008 and $71.3 million for the fourth quarter of 2008.

Insurance expense increased $1.9 million compared to the first quarter of 2008 due to an increase in FDIC insurance premiums. The Company expects higher deposit insurance expense as previously announced increases in deposit insurance premiums and other Treasury Department initiatives become effective.

Net occupancy and equipment expense totaled $16.3 million for the first quarter of 2009, up $1.2 million over the first quarter of 2008 and $1.4 million over the fourth quarter of 2008. The increase in expense was due to $628 thousand of costs incurred to close our Tucson, Arizona, location and ongoing costs

associated with new 8 banking locations since the first quarter of 2008.

Certain mortgage banking costs, excluding changes in the fair value of mortgage servicing rights, totaled $7.5 million for the first quarter of 2009 compared with $5.7 million for the first quarter of 2008. Growth in mortgage banking costs included the effects of actual loan prepayments on mortgage servicing rights, provision for losses on mortgage loans sold with recourse and other costs related to increased production volume.

Net (gains) losses and operating expenses of repossessed assets increased $1.4 million compared to the first quarter of 2008. Real estate and other repossessed assets totaled $61 million at March 31, 2009 compared to $15 million at March 31, 2008.

Non-personnel operating expenses for the first quarter of 2008 included a non-recurring reversal of a litigation reserve related to the Company's estimated obligation for certain legal costs related to Visa of $2.8 million due to Visa funding the litigation escrow account from proceeds of its initial public offering of common shares.

Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, increased $3.8 million compared to the fourth quarter of 2008 primarily related to higher mortgage banking, deposit insurance and repossessed asset costs.

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Table 4 - Other Operating Expense
(In thousands)

	Three Months Ended			
	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Personnel	$ 92,627	$ 87,695	$ 87,549	$ 89,597
Business promotion	4,428	7,283	5,837	5,777
Professional fees and services	6,512	7,923	6,501	6,973
Net occupancy and equipment	16,258	14,901	15,570	15,100
Insurance	5,638	3,216	2,436	2,626
Data processing & communications	19,306	19,720	19,911	19,523
Printing, postage and supplies	4,571	3,823	4,035	4,156
Net (gains) losses and operating expenses of repossessed assets	1,806	1,006	(136)	(229)
Amortization of intangible assets	1,686	1,967	1,884	1,885
Mortgage banking costs	7,467	4,967	5,811	6,054
Change in fair value of mortgage servicing rights	(1,955)	26,432	5,554	767
Visa retrospective responsibility obligation	-	(1,700)	1,700	-
Other expense	7,450	8,209	7,638	7,039
Total other operating expense	$ 165,794	$ 185,442	$ 164,290	$ 159,268

Income Taxes

Income tax expense was $28.8 million or 34% of book taxable income for the first quarter of 2009 compared with $34.4 million or 36% of book taxable income for

the first quarter of 2008 and $10.4 million or 26% of book taxable income for the fourth quarter of 2008. The Company recognized a $2.9 million tax benefit from certain appreciated securities contributed to the BOKF Charitable Foundation in the fourth quarter of 2008. Income tax expense would have been $13.2 million or 33% of book taxable income for the fourth quarter excluding this contribution.

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 approximately $13 million at March 31, 2009 and was largely unchanged from December 31, 2008.

Lines of Business

BOK Financial operates three principal lines of business: commercial banking, consumer banking and wealth management. Our principal lines of business have been re-defined from the previous year to better present the Company's organization as it has grown in markets outside of Oklahoma. The prior year information has been revised for consistent presentation. Commercial banking includes lending, treasury and cash management services and customer risk management products to small businesses, middle market and larger commercial customers. Commercial banking also includes the TransFund network. Consumer banking includes retail lending and deposit services, all mortgage banking activities and our indirect automobile lending products. Wealth management provides fiduciary services, brokerage and trading, private financial services and investment advisory services in all 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 of interest rate risk positions and risk management activities, securities gains and losses including impairment charges, the provision for credit losses in excess of net loans charged off, tax planning strategies 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 based on statutory rates, actual net credit losses and capital costs. The cost of funds borrowed from the funds management unit by the operating lines of business is transfer priced at rates that approximate market for funds with similar duration. Market is generally based on the applicable LIBOR or interest rate swap rates, adjusted for prepayment risk. This method of transfer-pricing funds that support assets of the operating lines of business tends to

insulate them from interest rate risk.

The value of funds provided by the operating lines of business to the funds management unit is based on applicable Federal Home Loan Bank advance rates. Deposit accounts with indeterminate maturities, such as demand deposit accounts and interest-bearing transaction accounts, are transfer-priced at a rolling average based on expected duration of the accounts. The expected duration ranges from 30 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. Average invested capital includes economic capital and amounts we have invested in the lines of business.

As shown in Table 5, net income attributable to our lines of business decreased $27 million or 46% compared to the first quarter of 2008. The decrease was due primarily to credit losses attributed to the business units and decreased the transfer pricing credit provided to business units in the first quarter of 2009 compared to the first quarter of 2008. Lower interest rates decrease the transfer pricing credit provided to business units that generate lower-costing funds for the Company. Total net interest revenue recognized by the Funds Management unit increased to $50 million during the first quarter of 2009 from $22 million in the first quarter of 2008 due largely to changes in the transfer pricing credit.

Table 5 Net Income by Line of Business
(In Thousands)

	Three Months ended March 31, 2009	2008
Commercial banking	$ 16,521	$ 36,750
Consumer banking	9,628	12,033
Wealth management	5,502	10,053
Subtotal	31,651	58,836
Funds management and other	23,381	3,429
Total	$ 55,032	$ 62,265

Commercial Banking

Commercial banking contributed $16.5 million to consolidated net income for the first quarter of 2009, down from $36.8 million for the first quarter of 2008. The decrease in commercial banking net income was largely due to an $18.8 pre-tax increase in net loans charged off and lower net interest revenue.

Net interest revenue decreased $5.3 million or 7% compared to the first quarter of 2008. Average earning assets grew $661 million or 6% on solid growth in both loans and deposits. The $4.4 million favorable impact on net interest revenue of this growth was offset by a $8.5 million decrease related to lower internal transfer pricing credit provided to the commercial banking segment for deposits sold to our funds management unit.

Other operating revenue was flat compared to first quarter of 2008. Declines in energy derivative activity and their associated fees due to low commodity prices were partially offset with increased deposit service charges. Other fee revenue including TransFund fees increased over the first quarter of 2008. Operating expenses were up $3.1 million or 6% compared to the first quarter of 2008 largely due to increases in FDIC insurance expenses related to deposit growth and previously announced rate increases.

Net commercial banking loans charged off in the first quarter of 2009 totaled $24.4 million or 1.00% of average loans attributable to this line of business. During the first quarter of 2009, net charge-offs of commercial real estate loans totaled $10.4 million, net charge-offs of small business loans totaled $6.9 million and net charge-offs of other commercial loans totaled $6.6 million. Gains on financial instruments, net in the first quarter of 2008 related to a $4.7 million one-time gain related to the sale of Visa, Inc. Class B common stock.

The average outstanding balance of loans attributed to commercial banking was $9.8 billion for the first quarter of 2009, up $464 million or 5% over the first quarter of 2008. Energy loans averaged $2.0 billion, an increase of $304 million or 17% over the first quarter of 2008 and commercial real estate loans averaged $2.1 billion, up $125 million or 6% over the first quarter of 2008. Average other commercial and industrial loans of $2.9 billion for the first quarter of 2009 were essentially flat compared to the first quarter of 2008. Small business loans averaged $2.0 billion for the first quarter of 2009, down $155 million or 7% compared to the first quarter of 2008.

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Average deposits attributed to commercial banking were $4.8 billion for the first quarter of 2009, up $356 million or 8% over the first quarter of 2008. Treasury services balances increased $92 million or 7% and deposit balances attributed to our commercial & industrial customers increased $175 million. Balances attributed to our energy customers increased $30 million offset by a decrease of $28 million in balances attributable to our commercial real estate customers. Average balances attributable to our small business customers increased $72 million or 4% over the first quarter of 2008.

Table 6 Commercial Banking
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
NIR (expense) from external sources	$ 85,558	$ 117,774
NIR (expense) from internal sources	(12,659)	(39,534)
Total net interest revenue	72,899	78,240
Other operating revenue	33,424	33,472
Operating expense	53,734	50,624
Net loans charged off	24,366	5,611
Gains on financial instruments, net	-	4,689
Losses on repossessed assets, net	(1,184)	(19)
Income before taxes	27,039	60,147
Federal and state income tax	10,518	23,397
Net income	$ 16,521	$ 36,750
Average assets	$10,494,346	$ 10,371,366
Average loans	9,794,882	9,331,335
Average deposits	4,770,050	4,414,261
Average invested capital	985,870	1,035,700
Return on assets	0.64%	1.43%
Return on invested capital	6.80	14.27
Efficiency ratio	50.54	45.32
Net charge-offs (annualized) to average loans	1.00	0.24

Consumer Banking

Consumer banking services are provided through four primary distribution channels: traditional branches, supermarket branches, the 24-hour ExpressBank call center and online internet banking. During the first quarter of 2009, the Company opened 3 consumer banking locations in the Phoenix, Arizona, market and announced plans to close its Tucson, Arizona, banking location.

Consumer banking contributed $9.6 million to consolidated net income for the first quarter of 2009, down $2.4 million compared to the first quarter of 2008. The decrease in consumer banking net income was largely due to a $2.5 million increase in net loans charged off.

Net interest revenue from consumer banking activities decreased $1.0 million or 3% over the first quarter of 2008. Average earning assets increased $775 million or 10% in the first quarter of 2009 compared to the first quarter of 2008 due to increases in mortgage hedge securities held as an economic hedge of our mortgage servicing rights, loans and deposits. The $5.6 million favorable impact of this growth was offset by a $5.8 million decrease related to lower internal transfer pricing credit provided to the consumer banking segment for deposits sold to our funds management unit.

Other operating revenue increased $9.2 million or 26% over the first quarter of 2008 due to an increase in mortgage banking revenue of $10.6 million. Loan refinancing volumes were up due to government initiatives to lower national mortgage interest rates. Growth due to mortgage banking revenue was partially offset by a $1.4 million decrease in deposit service charges. Operating expenses increased $9.7 million or 19% over the first quarter of 2008. An increase of $5.0 million in operating expenses for the first quarter of 2009 compared to the first quarter of 2008 was due to branch expansion in Arizona, Colorado and Texas. In addition, mortgage banking expenses increased $2.7 million in the first quarter of 2009 compared to the first quarter of 2008 due to the effect of accelerated actual loan repayments on

the value of our mortgage servicing rights. FDIC insurance premiums grew $1.9 million in the first quarter of 2009 compared to the first quarter of 2008 due to deposit growth and assessment rate increases.

Net loans charged off totaled $5.3 million in the first quarter of 2009 and $2.8 million in the first quarter of 2008. Indirect automobile loans charged-off increased $1.2 million and other consumer loans charged off increased $779 thousand compared with the first quarter of 2008. In addition, net residential mortgage loans charged-off increased by $217 thousand.

Changes in fair value of our mortgage loan servicing rights, net of economic hedge, increased consumer banking net income by $2.0 million in the first quarter of 2009 compared with a decrease of $1.8 million in the first quarter of 2008. Anticipated prepayment speeds increased significantly beginning in the fourth quarter of 2008 in response to government programs to lower national mortgage interest rates. We maintain a portfolio of mortgage-backed securities as an economic hedge against changes in fair value of our servicing rights. The disconnection between current yields on these securities and current mortgage loan commitment rates noted in the fourth quarter of 2008 subsided in the first quarter of 2009.

The interest rate sensitivity of our mortgage servicing rights and securities held as an economic hedge is modeled over a range of +/- 50 basis points. At March 31, 2009, a 50 basis point increase in mortgage interest rates is expected to decrease the fair value of our mortgage servicing rights, net of economic hedging by $63 thousand. A 50 basis point decrease in mortgage interest rates is expected to decrease the fair value of our mortgage servicing rights, net of economic hedging by $437 thousand. Modeling changes in the value of our servicing rights due to changes in interest rates assumes stable relationships between mortgage commitment rates and discount rates and assumed prepayment speeds and actual prepayment speeds. Changes in market conditions can cause variations from these assumptions. These factors and others may cause changes in the value of our mortgage servicing rights to differ from our expectations.

Average consumer deposits increased $345 million or 6% over the first quarter of 2008. Average interest-bearing transaction accounts were up $113 million or 5% and average time deposits were up $145 million or 5% compared to the first quarter of 2008. Average demand deposit accounts increased $78 million or 11% over the first quarter of 2008. Movement of funds among the various types of consumer deposits was largely based on interest rates and product features offered.

Our Consumer Banking division originates, markets and services conventional and government-sponsored mortgage loans for all of our geographical markets. During the first quarter of 2009, $709 million of mortgage loans were funded compared to $257 million funded in the first quarter of 2008. Approximately 59% of our mortgage loans funded were in the Oklahoma market and 12% of mortgage loans funded were in the Texas market. We also service $6.3 billion of mortgage loans, including $758 million of loans serviced for affiliated entities. Approximately 94% of the mortgage loans serviced were to borrowers in our primary geographical market areas.

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Table 7 Consumer Banking
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
NIR (expense) from external sources	$ 12,322	$ 2,877
NIR (expense) from internal sources	25,102	35,562
Total net interest revenue	37,424	38,439
Other operating revenue	45,286	36,048
Operating expense	61,630	51,961
Net loans charged off	5,346	2,850
Increase (decrease) in fair value of mortgage servicing rights	1,955	(1,762)
Gains (losses) on financial instruments, net	(2,118)	1,767
Gains on repossessed assets, net	186	13
Income before taxes	15,757	19,694
Federal and state income tax	6,129	7,661
Net income	$ 9,628	$ 12,033
Average assets	$ 6,011,426	$ 5,644,127
Average loans	2,632,378	2,417,177
Average deposits	5,945,973	5,601,162
Average invested capital	251,310	212,260
Return on assets	0.65%	0.86%
Return on invested capital	15.54	22.80
Efficiency ratio	74.51	69.76
Net charge-offs (annualized) to average loans	0.81	0.47
Banking locations (period-end)	197	189
Mortgage loan servicing portfolio	$ 5,515,893	$ 4,967,384
Mortgage loans funded	708,561	256,617

Wealth Management

Wealth Management contributed consolidated net income of $5.5 million in the first quarter of 2009 compared to net income of $10.1 million in the first quarter of 2008 due primarily to increased operating expenses. Operating expenses were up $6.1 million compared to the first quarter of 2009 due to a $3.8 million increase in personnel expenses and a $2.3 million increase in non-personnel operating expenses. Growth in personnel expense was due to increased headcount and incentive compensation. Additional staffing has been added to increase penetration in markets outside of Oklahoma. Growth in non-personnel operating expenses was due to increased FDIC insurance premiums and growth in the business.

Net interest revenue for the first quarter of 2009 was flat with the first quarter of 2008 due to increases in average earning assets offset by lower internal transfer pricing credit provided to the wealth management segment for deposits sold to our funds management unit as a result of lower short-term interest rates in the first quarter of 2009 compared to the first quarter of 2008. Other operating revenue was flat compared to the first quarter of 2008 due to increased trading and brokerage fees offset by declines in trust management fees due to market declines in the assets on which those fees are based.

The Wealth Management division provided $2.9 billion of average deposits for the first quarter of 2009 compared with $1.9 billion of average deposits in the first quarter of 2008. Interest-bearing transaction accounts average $1.8 billion for the first quarter of 2009, an increase of $438 million or 32% over the first quarter of 2008. Average time deposits were $857 million, up $584 million or 214% over last year. Deposit growth for Wealth management was due largely to movement of customer funds from managed money market products into deposits.

At March 31, 2009 and 2008, the Wealth Management line of business was responsible for trust assets with aggregate market values of $28.7 billion and $35.5 billion, respectively, under various fiduciary arrangements. The decrease in trust assets was primarily due to general market conditions. We have sole or joint discretionary authority over $11.0 billion of trust assets at March 31, 2009 compared to $12.7 billion of trust assets at March 31, 2008. The fair value of non-managed assets was $10.2 billion at March 31, 2009 and $12.3 billion at March 31, 2008. The fair value of assets held in safekeeping totaled $7.6 billion at March 31, 2009 and $9.0 billion at March 31, 2008.

Table 8 Wealth Management
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
NIR (expense) from external sources	$ 3,846	$ 1,864
NIR (expense) from internal sources	7,602	9,288
Total net interest revenue	11,448	11,152
Other operating revenue	41,273	41,338
Operating expense	41,781	35,640
Net loans charged off	1,935	396
Income before taxes	9,005	16,454
Federal and state income tax	3,503	6,401
Net income	$ 5,502	$ 10,053

Average assets	$ 2,978,247	$ 1,967,755
Average loans	1,027,554	904,454
Average deposits	2,929,117	1,904,842
Average invested capital	200,640	196,650
Return on assets	0.75%	2.05%
Return on invested capital	11.12	20.56
Efficiency ratio	79.25	67.90
Net charge-offs (annualized) to average loans	0.75	0.18
Trust assets	$28,700,791	$ 35,524,730

Geographical Market Distribution

The Company also secondarily evaluates performance by primary geographical market. Loans are generally attributed to geographical markets based on the location of the customer and may not reflect the location of the underlying collateral. Brokered deposits and other wholesale funds are not attributed to a geographical market. Funds management and other also includes insignificant results of operations in locations outside our primary geographic regions.

Table 9 Net Income by Geographic Region
(In Thousands)

	Three Months ended March 31, 2009	2008
Oklahoma	$ 25,051	$ 36,335
Texas	6,808	12,180
New Mexico	2,610	4,592
Arkansas	3,707	2,239
Colorado	(1,873)	2,981
Arizona	(6,455)	554
Kansas City	1,739	489
Subtotal	31,587	59,370
Funds management and other	23,445	2,895
Total	$ 55,032	$ 62,265

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Oklahoma Market

Table 10 Oklahoma
(Dollars in Thousands)

	Three Months ended March 31, 2009	2008
Net interest revenue	$ 61,822	$ 61,647
Other operating revenue	75,994	78,948
Operating expense	90,742	82,075
Net loans charged off	6,097	3,770
Increase (decrease) in fair value of mortgage servicing rights	1,955	(1,762)
Gains (losses) on financial instruments, net	(2,118)	6,456
Gains on repossessed assets, net	186	24
Income before taxes	41,000	59,468
Federal and state income tax	15,949	23,133

Net income	$ 25,051	$ 36,335
Average assets	$ 13,564,470	$ 12,722,643
Average loans	6,473,341	6,358,016
Average deposits	7,586,793	6,404,896
Average invested capital	761,470	770,180
Return on assets	0.75%	1.15%
Return on invested capital	13.34	18.97
Efficiency ratio	65.84	58.38
Net charge-offs (annualized) to average loans	0.38	0.24

Oklahoma remains our predominate market. Our Oklahoma offices are located primarily in the Tulsa and Oklahoma City metropolitan areas. Approximately 52% of our average loans, 51% of our average deposits and 46% of our consolidated net income is attributed to the Oklahoma market. In addition, all of our mortgage servicing activity and 76% of our trust assets are attributed to the Oklahoma market.

Net income generated in the Oklahoma market in the first quarter of 2009 totaled $25.1 million, down $11.3 million from the first quarter of 2008 primarily due to an $8.7 million increase in operating expenses. Operating expenses increased due primarily to increased personnel and deposit insurance expenses. In addition, net gains (losses) on financial instruments in the Oklahoma market reduced income by $8.6 million. Net gains (losses) on financial instruments in the Oklahoma market generally consist of mortgage trading securities, which are held as an economic hedge of changes in the fair value of mortgage servicing rights. In addition, net gains on financial instruments for the first quarter of 2008 included $6.3 million of gains on Visa, Inc. Class B common stock.

Net interest revenue was flat compared to the first quarter of 2008. Increased revenue from growth in average earning assets was offset by lower internal funds transfer credit provided for deposits sold to the funds management unit. Other operating revenue decreased approximately $3.0 million or 4% primarily due to lower trust and brokerage and trading revenue.

Net loans charged off totaled $6.1 million or 0.38% of average loans in the first quarter of 2009, compared with $3.8 million or 0.24% of average loans in the first quarter of 2008.

Average deposits in the Oklahoma market for the first quarter of 2009 increased $1.2 billion over the first quarter of 2008. The increase came primarily from wealth management units, including trust, broker/dealer and private banking. Consumer banking also contributed to deposit growth.

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Texas Market

Table 11 Texas
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
Net interest revenue	$ 34,837	$ 36,913
Other operating revenue	13,328	10,309
Operating expense	32,091	26,189
Net loans charged off	5,444	1,977
Gains (losses) on repossessed assets, net	7	(24)

Income before taxes	10,637	19,032
Federal and state income tax	3,829	6,852
Net income	$ 6,808	$ 12,180
Average assets	$ 5,749,436	$ 4,930,161
Average loans	3,836,249	3,348,704
Average deposits	3,392,970	3,130,655
Average invested capital	547,010	554,650
Return on assets	0.48%	0.99%
Return on invested capital	5.05	8.83
Efficiency ratio	66.63	55.46
Net charge-offs (annualized) to average loans	0.57	0.24

Texas is our second largest market. Our Texas offices are located primarily in Dallas, Fort Worth and Houston metropolitan areas. Approximately 31% of our average loans, 23% of our average deposits and 12% of our consolidated net income is attributed to the Texas market.

Net income in the Texas market decreased to $6.8 million for the first quarter of 2009 from $12.2 million for the first quarter of 2008. Net interest revenue decreased $2.1 million or 6% over the first quarter of 2008. Average outstanding loans increased $488 million or 15% over the first quarter of 2008. The benefit of an increase in average loans was largely offset by the reduced benefit from funds sold to the funds management unit.

Other operating revenue increased 29% over the first quarter of 2008 primarily due to an increase in mortgage banking revenue due to increased loan refinancing activity. Operating expenses increased 23% over the first quarter of last year primarily due to higher personnel costs and deposit insurance expense.

Net loans charged off totaled $5.4 million or 0.57% of average loans for the first quarter of 2009 and $2.0 million or 0.24% of average loans for the first quarter of 2008.

Other Markets

For the first quarter of 2009, net income attributable to our New Mexico market totaled $2.6 million or 5% of consolidated net income, down from $10.6 million in the first quarter of 2008. The decrease in net income attributed to New Mexico resulted from lower net interest revenue due to lower internal funds transfer credit provided for deposits sold to the funds management unit.

For the first quarter of 2009, net income in the Arkansas market increased to $3.7 million from $2.2 million in the first quarter of 2008 primarily due to growth in securities trading revenue at our Little Rock office. Average deposits in our Arkansas market were up $76 million or 118% over the first quarter of 2008 due primarily to commercial banking deposits. Consumer and wealth management deposits also increased over the first quarter of 2008.

We incurred a net loss of $1.9 million in the Colorado market in the first quarter of 2009, compared with net income of $3.0 million in the first quarter of 2008. The loss was primarily due to a $7.5 million increase in net loans charged off. Net loans charged off totaled $8.0 million during the first quarter of 2009 and $521 thousand during the first quarter of 2008. Approximately $6.7 million of loans charged off in the first quarter of 2009 was to two borrowers, one in the communications media industry and one in financial services.

We also incurred a net loss of $6.5 million in the Arizona market in the first quarter of 2009 compared with net income of $554 thousand in the first quarter

of 2008. The loss was largely due to an increase in net commercial real estate loans

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charged off of $9.2 million compared to the first quarter of 2008 and a $2.2 million decrease in net interest revenue. Net loans charged off totaled $10.0 million during the first quarter of 2009 and $814 thousand during the first quarter of 2008. We opened three banking offices in the Phoenix market during the first quarter of 2009 to build our consumer banking and wealth management business on the Valley Commerce Bank foundation we acquired in 2005. We also announced plans to exit the Tucson market which we first entered in 2006.

We continue to grow in the Kansas City market. Net income for the first quarter of 2009 totaled $1.7 million, up from $489 thousand in the first quarter of 2008 due largely to growth in other operating revenue. Total average deposits increased $87 million.

Table 12 New Mexico
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
Net interest revenue	$ 8,468	$ 10,575
Other operating revenue	6,370	5,838
Operating expense	9,136	8,722
Net loans charged off	505	170
Losses on repossessed assets, net	(925)	(5)
Income before taxes	4,272	7,516
Federal and state income tax	1,662	2,924
Net income	$ 2,610	$ 4,592
Average assets	$ 1,753,774	$ 1,775,731
Average loans	825,995	853,649
Average deposits	1,114,123	1,045,623
Average invested capital	106,500	118,680
Return on assets	0.60%	1.04%
Return on invested capital	9.94	15.56
Efficiency ratio	61.57	53.14
Net charge-offs (annualized) to average loans	0.24	0.08

Table 13 Arkansas
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
Net interest revenue	$ 2,953	$ 2,706
Other operating revenue	11,040	7,306
Operating expense	6,939	5,745
Net loans charged off	986	603
Losses on repossessed assets, net	(1)	-

Income before taxes	6,067	3,664
Federal and state income tax	2,360	1,425
Net income	$ 3,707	$ 2,239
Average assets	$ 504,629	$ 456,469
Average loans	434,182	419,079
Average deposits	139,981	64,099
Average invested capital	34,660	31,200
Return on assets	2.98%	1.97%
Return on invested capital	43.38	28.86
Efficiency ratio	49.59	57.38
Net charge-offs (annualized) to average loans	0.91	0.58

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Table 14 Colorado
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
Net interest revenue	$ 9,078	$ 9,371
Other operating revenue	5,169	3,898
Operating expense	9,036	7,869
Net loans charged off	8,001	521
Losses on repossessed assets, net	(276)	-
Income (loss) before taxes	(3,066)	4,879
Federal and state income tax (benefit)	(1,193)	1,898
Net income (loss)	$ (1,873)	$ 2,981
Average assets	$ 2,017,122	$ 1,870,049
Average loans	977,496	799,993
Average deposits	1,141,625	1,107,589
Average invested capital	141,780	141,050
Return on assets	(0.38)%	0.64%
Return on invested capital	(5.36)	8.50
Efficiency ratio	63.42	59.30
Net charge-offs (annualized) to average loans	3.27	0.26

Table 15 Arizona
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
Net interest revenue	$ 2,847	$ 4,893
Other operating revenue	1,044	373
Operating expense	4,386	3,545
Net loans charged off	10,080	814
Gains on repossessed assets, net	11	-
Income (loss) before taxes	(10,564)	907

Federal and state income tax (benefit)	(4,109)	353
Net income (loss)	$ (6,455)	$ 554
Average assets	$ 654,063	$ 596,942
Average loans	589,398	557,931
Average deposits	146,477	131,192
Average invested capital	70,640	53,100
Return on assets	(4.00)%	0.37%
Return on invested capital	(37.06)	4.20
Efficiency ratio	112.72	67.32
Net charge-offs (annualized) to average loans	6.84	0.58

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Table 16 Kansas City
(Dollars in Thousands)

	Three Months ended March 31,	
	2009	2008
Net interest revenue	$ 1,722	$ 1,655
Other operating revenue	5,800	3,666
Operating expense	4,142	3,520
Net loans charged off	534	1,001
Income before taxes	2,846	800
Federal and state income tax	1,107	311
Net income	$ 1,739	$ 489
Average assets	$ 410,531	$ 318,576
Average loans	312,158	307,206
Average deposits	123,164	35,932
Average invested capital	24,570	26,070
Return on assets	1.72%	0.62%
Return on invested capital	28.70	7.54
Efficiency ratio	55.07	66.15
Net charge-offs (annualized) to average loans	0.68	1.30

Financial Condition

Securities

BOK Financial maintains a securities portfolio to support its interest rate risk management strategies, enhance profitability, provide liquidity and comply with regulatory requirements. Securities are classified as held for investment, available for sale or trading.

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, 2009, investment securities were carried at $252 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 $7.3 billion at March 31, 2009, up $531 million compared with December 31, 2008. Mortgage-backed securities represented 97% of total available for sale securities. The Company holds no debt securities of corporate issuers.

Table 17 - Available for Sale Securities
(in thousands)

	March 31, 2009			
	Amortized	Fair	Gross Unrealized	
	Cost	Value	Gain	Loss
U.S. Treasury	$ 6,990	$ 7,088	$ 98	$ -
Municipal and other tax-exempt	19,679	20,436	798	(41)
Mortgage-backed securities:				
U. S. agencies	5,494,930	5,618,879	128,208	(4,259)
Private issue	1,556,716	1,177,645	27	(379,098)
Total mortgage-backed securities	7,051,646	6,796,524	128,235	(383,357)
Other debt securities	35	35	-	-
Federal Reserve Bank stock	32,423	32,423	-	-
Federal Home Loan Bank stock	86,172	86,172	-	-
Perpetual preferred stock	24,464	16,161	-	(8,303)
Equity securities and mutual funds	32,250	32,964	2,323	(1,609)
Total	$7,253,659	$6,991,803	$131,454	$(393,310)

A 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 expected duration of the mortgage-backed securities portfolio was approximately 1.9 years at March 31, 2009. Management estimates that the expected duration would extend to approximately 2.8 years assuming an immediate 300 basis point upward rate shock. The effect of falling interest rates from current low levels is not expected to be significant.

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 fully guaranteed. At March 31, 2009, approximately $5.5 billion of the Company's mortgage-backed securities based on amortized cost were issued by U.S. government agencies. The fair value of these mortgage-backed securities totaled $5.6 billion at March 31, 2009.

The Company also holds amortized cost of $1.6 billion in mortgage-backed securities privately issued by publicly-owned financial institutions based on amortized cost. The fair value of our portfolio of privately issued mortgage-backed securities totaled $1.2 billion at March 31, 2009.

Credit risk on mortgage-backed securities originated by these issuers is mitigated by investment in senior tranches with additional collateral support. None of these securities are backed by sub-prime mortgage loans, collateralized debt obligations or collateralized loan obligations. Approximately $381 million

of the privately issued mortgage-backed securities consisted of Alt-A mortgage loans. Approximately 82% of these securities, including all Alt-A mortgage-backed securities originated in 2007 and 2006, are credit enhanced with additional collateral support. Approximately 85% of our Alt-A mortgage-backed securities represents pools of fixed-rate mortgage loans. None of the adjustable rate mortgages are payment option ARMs.

The aggregate gross amount of unrealized losses on available for sale securities at March 31, 2009 totaled $393 million. Management evaluated the securities with unrealized losses to determine if the losses were temporary based on the guidance provided in Financial Accounting Standards Board ("FASB") Staff Position No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments," which was issued on April 9, 2009. We do not intend to sell any impaired available for sale securities before fair value recovers to our current amortized cost and it is more-likely-than-not that we will not be required to sell impaired securities before fair value recovers. Separate impairment evaluations were performed on debt and equity securities.

Debt securities were divided into two groups, those rated investment grade by all nationally-recognized rating agencies and those rated below investment grade by at least one of the nationally-recognized agencies. Impairment of debt securities consistently rated investment grade is considered temporary unless specific contrary information is identified. None of the debt securities consistently rated investment grade were considered to be other-than-temporarily impaired at March 31, 2009.

Approximately $444 million of our portfolio of mortgage-backed securities (based on amortized cost before impairment charges) was rated below investment grade by at least one of the nationally-recognized rating agencies. The aggregate unrealized loss on these securities totaled $167 million before recognition of any other-than-temporary impairment charges. Impairment of securities rated below investment grade was evaluated to determine if we expect not to recover the entire amortized cost basis of the security. This evaluation was based on projections of estimated cash flows based on individual loans underlying each security using current and anticipated increases in unemployment and default rates, decreases in housing prices and increases in loss severity at foreclosure. The primary assumptions used in this evaluation were:

- Unemployment rates - increasing to 10% for the remainder of 2009, dropping to 8% in 2010 and holding at 8% thereafter.

- Housing price depreciation - starting with current depreciated housing prices based on information derived from the Office of Federal Housing Enterprise Oversight data, decreasing by an additional 10% over the remainder of 2009 and holding at that level thereafter.

- Loss severity - held constant at 27% of the then-current depreciated housing price at estimated foreclosure date. Loss severity includes estimated holding and disposal expenses.

- Discount rates - estimated cash flows were discounted at rates that range from 5.50% to 6.14% based on our current expected yields.

We also use an adjusted loan to value ratio as part of our evaluation of whether the unrealized losses on these securities are temporary or other-than-temporary. The adjusted loan to value ratio is based on the original loan to value ratio inherent in the security, adjusted for changes in housing prices, prepayment speeds, default rates and credit enhancements. A higher adjusted loan to value ratio indicates a greater likelihood that projected cash flows may result

in losses. A shortfall between our current amortized cost and the present value of expected cash flows we are likely to collect, based on all available information, is referred to as the credit loss. Credit loss is the amount recognized in net income.

Based on our evaluation, four securities were identified with other-than-temporary impairment at March 31, 2009. Unrealized losses totaled $46 million and estimated credit losses totaled $7.0 million on these securities. Estimated credit losses were charge against earnings for the first quarter of 2009. The difference between total unrealized losses and estimated credit losses on these securities was charged against equity, net of deferred taxes.

A distribution of the amortized cost (after recognition of the other-than-temporary impairment) and fair value by adjusted loan to value ratio is presented in Table 18.

Table 18 Below Investment Grade Debt Securities at March 31, 2009
(in thousands)

Adjusted LTV Ratio	Amortized Cost	Fair Value
<70 %	$ 58,922	$ 37,282
70 <75	129,551	79,982
75 <80	148,039	95,158
80 <85	89,608	58,141
>= 85	11,028	6,281
Total	$ 437,148	$ 276,844

Our portfolio of available for sale securities also included preferred stocks issued by six financial institutions. These stocks were originally purchased for $46 million and have a current carrying value of $24 million. Our carrying value of these stocks has been reduced by $22 million of other-than-temporary impairment charges. The aggregate fair value of these preferred stocks was $16 million at March 31, 2009. Although none of the institutions that issued these stocks were in default, one of the preferred stocks was downgraded to below investment grade by at least one of the nationally-recognized rating agencies. We recognized an $8.0 million other-than-temporary impairment loss on the preferred stocks of that issuer during the first quarter of 2009. These preferred stocks have certain debt-like features such as a quarterly dividend based on LIBOR. However, the issuers of these stocks have no obligation to redeem them. Management believes that the fair value of these securities will recover to our carrying value as spreads to LIBOR return to a range of 400 basis points to 500 basis points over a 24-month to 36-month period beginning June 30, 2008, the most recent date that the fair value of these securities equaled our carrying value.

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.

Bank-Owned Life Insurance

The Company has approximately $239 million of bank-owned life insurance at March 31, 2009. This investment is expected to provide a long-term source of earnings

to support existing employee benefit programs. Approximately $206 million is held in separate accounts. The Company's separate account holdings are invested in diversified portfolios of investment-grade fixed income securities and cash equivalents, including U.S. Treasury and Agency securities, mortgage-backed securities, corporate debt, asset-backed and CMBS securities. The portfolios are managed by unaffiliated professional managers within parameters established in the portfolio's investment guidelines. The cash surrender value of certain life insurance policies is further supported by a stable value wrap, which protects against changes in the fair value of the investments. At March 31, 2009, the cash surrender value represented by the underlying fair value of investments held in separate accounts was approximately $205 million and cash surrender value represented by the value of the stable value wrap was approximately $700 thousand. The stable value wrap was provided by a well-rated, domestic financial institution. The remaining cash surrender value of $33 million primarily represented the cash surrender value of policies held in general accounts and other amounts due from various insurance companies.

Loans

The aggregate loan portfolio before allowance for loan losses totaled $12.6 billion at March 31, 2009, a $236 million or 7% annualized decrease since December 31, 2008. Commercial real estate loans and residential mortgage loans increased during the first quarter of 2009. Commercial loans and consumer loans decreased during the same period.

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Table 19 - Loans
(In thousands)

	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30 2008
Commercial:				
Energy	$ 2,329,237	$ 2,311,813	$ 2,099,996	$ 1,895,0
Services	1,962,297	2,038,451	1,975,604	1,848,3
Wholesale/retail	1,133,275	1,165,099	1,199,216	1,226,8
Manufacturing	514,748	497,957	519,485	542,0
Healthcare	747,299	777,154	778,819	747,4
Agriculture	193,863	197,629	229,447	253,1
Other commercial and industrial	220,811	423,500	471,235	525,6
Total commercial	7,101,530	7,411,603	7,273,802	7,038,5
Commercial real estate:				
Construction and land development	879,368	926,226	968,522	1,021,1
Retail	424,565	371,228	375,929	378,2
Office	486,065	459,357	470,383	422,5
Multifamily	344,227	316,596	268,614	251,3
Industrial	150,488	149,367	151,187	180,3
Other real estate loans	447,368	478,474	479,357	573,8
Total commercial real estate	2,732,081	2,701,248	2,713,992	2,827,4
Residential mortgage:				
Permanent mortgage	1,339,957	1,273,275	1,193,488	1,130,4
Home equity	479,993	479,299	476,465	477,1

Total residential mortgage	1,819,950	1,752,574	1,669,953	1,607,5
Consumer:				
Indirect automobile	650,370	692,615	721,390	735,0
Other consumer	335,985	317,966	300,833	309,2
Total consumer	986,355	1,010,581	1,022,223	1,044,3
Total	$ 12,639,916	$ 12,876,006	$ 12,679,970	$ 12,518,0

The commercial loan portfolio decreased $310 million during the first quarter of 2009 to $7.1 billion at March 31, 2009. The decrease in outstanding commercial loans was generally consistent across most sectors of the portfolio.

Energy loans totaled $2.3 billion or 18% of total loans. Outstanding energy loans increased $17 million during the first quarter of 2009. Approximately $2.0 billion of energy loans were to oil and gas producers, up $15 million from December 31, 2008. 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 $163 million of loans to borrowers that provide services to the energy industry, $93 million of loans to borrowers engaged in wholesale or retail energy sales and $55 million of loans to borrowers that manufacture equipment for the energy industry. The energy category of our loan portfolio is distributed $1.1 billion in Oklahoma, $761 million in Texas and $426 million in Colorado.

The services sector of the loan portfolio totaled $2.0 billion or 16% of total loans and consists of a large number of loans to a variety of businesses, including communications, gaming, financial services and transportation services. Outstanding loans to the services sector of the loan portfolio decreased $76 million during the first quarter of 2009. Approximately $1.2 billion of the services category is made up of loans with individual balances of less than $10 million. Approximately $690 million of the outstanding balance of services loans is attributed to Texas, $587 million to Oklahoma, $242 million to New Mexico, $157 million to Colorado and $141 million to Arizona.

Other notable loan concentrations by primary industry of the borrowers are presented in Table 19.

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, 2009, the outstanding principal balance of these loans totaled $2.1 billion. Substantially all of these loans are to borrowers with local market relationships. BOK Financial serves as the agent lender in approximately 22% 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.

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Commercial real estate loans totaled $2.7 billion or 22% of the loan portfolio at March 31, 2009. Over the past five years, the percentage of commercial real estate loans to our total loan portfolio ranged from 20% to 23%.

The outstanding balance of commercial real estate loans increased $31 million from the previous quarter end. Construction and land development loans decreased

$47 million from December 31, 2008 to $879 million at March 31, 2009 due to payments, foreclosures and charge-offs. Approximately $246 million of outstanding construction and land development loans are attributed to the Oklahoma market, $223 million to Texas, $165 million to Colorado, $131 million to Arizona and $87 million to New Mexico.

Loans secured by retail facilities increased $53 million and other commercial real estate loans decreased $31 million. Loans secured by multifamily residential properties increased $27 million and loans secured by office buildings increased $26 million. The geographic distribution of the $1.9 billion of commercial real estate loans excluding construction land and land development loans consisted of $635 million in Oklahoma, $594 million in Texas, $229 million in New Mexico, $155 million in Arizona, $113 million in Arkansas and $102 million in Colorado. Other commercial real estate loans in the Arizona market included $54 million secured by retail facilities and $49 million secured by office facilities.

Residential mortgage loans totaled $1.8 billion, up $67 million since December 31, 2008. Permanent 1-4 family mortgage loans increased $67 million and home equity loans increased $694 thousand. We have no concentration in sub-prime residential mortgage loans and our mortgage loan portfolio does not include payment option adjustable rate mortgage loans or loans with initial rates that are below market. Our portfolio of permanent 1- 4 family mortgage loans includes $124 million of community development loans. These loans were generally underwritten to prime standards and required full documentation. Approximately $1.2 billion of our residential mortgage loan portfolio is attributed to borrowers in Oklahoma and $337 million to borrowers in Texas.

At March 31, 2009, consumer loans included $650 million of indirect automobile loans. Approximately $404 million of these loans were purchased from dealers in Oklahoma and $162 million were purchased from dealers in Arkansas. The remaining $84 million were purchased from dealers in Texas. Indirect automobile loans decreased $42 million since December 31, 2008, primarily due to the Company's decision to exit the business in the first quarter of 2009 in favor of a customer-focused direct lending approach.

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

	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30 2008
Oklahoma:				
Commercial	$ 3,119,362	$ 3,356,520	$ 3,368,823	$ 3,228,1
Commercial real estate	881,620	843,576	827,357	875,5
Residential mortgage	1,234,417	1,196,924	1,134,066	1,099,2
Consumer	562,021	579,809	580,211	601,1
Total Oklahoma	$ 5,797,420	$ 5,976,829	$ 5,910,457	$ 5,804,1
Texas:				
Commercial	$ 2,277,186	$ 2,353,860	$ 2,205,169	$ 2,166,9
Commercial real estate	816,830	825,769	853,653	889,3
Residential mortgage	337,044	315,438	307,655	299,9
Consumer	214,134	212,820	214,133	204,0
Total Texas	$ 3,645,194	$ 3,707,887	$ 3,580,610	$ 3,560,3

New Mexico:				
Commercial	$ 393,180	$ 418,732	$ 442,644	$ 451,2
Commercial real estate	315,511	286,574	281,061	271,1
Residential mortgage	99,805	98,018	95,165	89,4
Consumer	19,900	18,616	18,296	16,9
Total New Mexico	$ 828,396	$ 821,940	$ 837,166	$ 828,8
Arkansas:				
Commercial	$ 99,955	$ 103,446	$ 104,630	$ 96,7
Commercial real estate	133,227	134,015	127,925	124,0
Residential mortgage	17,145	16,875	16,941	19,5
Consumer	168,971	175,647	185,543	197,9
Total Arkansas	$ 419,298	$ 429,983	$ 433,039	$ 438,3
Colorado:				
Commercial	$ 675,223	$ 660,546	$ 598,519	$ 489,8
Commercial real estate	267,035	261,820	266,739	276,0
Residential mortgage	59,120	53,875	49,676	38,5
Consumer	14,599	16,141	18,328	16,3
Total Colorado	$ 1,015,977	$ 992,382	$ 933,262	$ 820,7
Arizona:				
Commercial	$ 211,953	$ 211,356	$ 213,861	$ 207,1
Commercial real estate	285,841	319,525	326,615	351,0
Residential mortgage	61,605	62,123	58,800	53,3
Consumer	5,261	6,075	5,551	5,3
Total Arizona	$ 564,660	$ 599,079	$ 604,827	$ 616,8
Kansas / Missouri:				
Commercial	$ 324,671	$ 307,143	$ 340,156	$ 398,4
Commercial real estate	32,017	29,969	30,642	40,2
Residential mortgage	10,814	9,321	7,650	7,4
Consumer	1,469	1,473	2,161	2,4
Total Kansas / Missouri	$ 368,971	$ 347,906	$ 380,609	$ 448,6
Total BOK Financial loans	$ 12,639,916	$ 12,876,006	$ 12,679,970	$ 12,518,0

Loan Commitments

BOK Financial enters into certain off-balance sheet arrangements in the normal course of business. These arrangements included loan commitments which totaled \$5.0 billion and standby letters of credit which totaled \$562 million at March 31, 2009. Loan commitments may be unconditional obligations to provide financing or conditional obligations that 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. Approximately $2.2 million of the outstanding standby letters of credit were issued on behalf of customers whose loans are non-performing at March 31, 2009.

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, 2009, the principal balance of loans sold subject to recourse obligations totaled $379 million. Substantially all of these loans are to borrowers in our primary markets including $266 million to borrowers in Oklahoma, $41 million to borrowers in Arkansas, $21 million to borrowers in New Mexico, $18 million to borrowers in the Kansas City area and $17 million to borrowers in Texas. The separate reserve for these off-balance sheet commitments was $9.2 million at March 31, 2009. Approximately 3.71% of the loans sold with recourse with an outstanding principal balance of $13 million were either delinquent more than 90 days, in bankruptcy or in foreclosure. The provision for credit losses on loans sold with recourse, which is included in mortgage banking costs, was $1.8 million for the first quarter of 2009. Net losses charged against the reserve totaled $1.3 million for the first quarter of 2009.

Customer Derivative Programs

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 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 may be reduced and additional margin collateral may be 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 occurs 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, 2009, the net fair values of derivative contracts reported as assets under these programs totaled $627 million, down from $656 million at December 31, 2008 due to cash settlements and reduced transaction volumes. At March 31, 2009, derivative contracts carried as assets included energy contracts with fair values of $431 million, interest rate contracts with fair values of $144 million, and foreign exchange contracts with fair values of $46 million. The aggregate net fair values of derivative contracts held under these programs reported as liabilities totaled $640 million.

At March 31, 2009, total derivative assets were reduced by $84 million of cash collateral received from counterparties and total derivative liabilities were reduced by $10 million of cash collateral paid to counterparties related to instruments executed with the same counterparty under a master netting agreement as permitted by Financial Accounting Standards Board Staff Position FIN 39-1, "Amendment of FASB Interpretation No. 39."

A table showing the fair value of derivative assets and liabilities, net of cash margin, is presented in Footnote 3 to the Consolidated Financial Statements (Unaudited), which follows this report.

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The fair value of derivative contracts reported as assets under these programs, net of cash margin held by the Company, by category of debtor at March 31, 2009 was (in thousands):

Energy companies	$202,025
Customers	180,169
Banks	128,412
Exchanges	27,792
Other	4,078
Fair value of customer hedge asset derivative contracts, net	$542,476

The largest net amount due from a single counterparty, a domestic subsidiary of a major energy company, at March 31, 2009 was $187 million. This amount was fully offset by letters of credit issued by multiple independent financial institutions.

Our customer derivative program also introduces liquidity and capital risk. We are required to provide cash margin to certain counterparties when the net negative fair value of the contracts exceeds established limits. Also, changes in commodity prices affect the amount of regulatory capital we are required to hold as support for the fair value of our derivative assets. These risks are modeled as part of the management of these programs. Based on current prices, a decrease in market prices equivalent to $25 per barrel of oil would increase the fair value of derivative assets by $452 million. An increase in prices equivalent to $55 per barrel of oil would decrease the fair value of derivative assets by $75 million as current prices move closer to the fixed prices embedded in our existing contracts. Further increases in prices equivalent to $115 per barrel of oil would increase the fair value of our derivative assets by $448 million.

Summary of Loan Loss Experience

BOK Financial maintains separate reserves for loan losses and reserves for

off-balance sheet credit risk. The combined allowance for loan losses and reserve for off-balance sheet credit losses totaled $262 million or 2.07% of outstanding loans and 77% of non-accruing loans at March 31, 2009. The allowance for loan losses was $251 million and the reserve for off-balance sheet credit losses was $11 million. At December 31, 2008, the combined allowance for loan losses and off-balance sheet credit losses was $248 million or 1.93% of outstanding loans and 83% of non-accruing loans.

Net loans charged off during the first quarter of 2009 totaled $31.9 million compared to $33.7 million in the previous quarter and $8.9 million in the first quarter of 2008. The ratio of net loans charged off to average outstanding loans was 1.00% for the first quarter of 2009 compared with 1.05% for the fourth quarter of 2008 and 0.29% for the first quarter of 2008.

Gross loans charged off in the first quarter of 2009 decreased to $34.5 million from $35.7 million in the fourth quarter of 2008. Gross loans charged off included $15.8 million of commercial loans, $10.2 million of commercial real estate loans, $6.8 million of consumer loans and $1.8 million of residential mortgage loans. Recoveries of loans previously charged off increased to $2.6 million in the first quarter of 2009 from $2.0 million in the previous quarter.

Commercial loans charged off during the first quarter of 2009 included $8.7 million from the services sector of the loan portfolio and $3.0 million from the wholesale / retail sector of the loan portfolio. Commercial loans charged off were primarily in the Colorado market. Commercial real estate loans charged off during the first quarter of 2009 included $9.4 million in the land and residential construction sector of the loan portfolio, primarily in the Arizona market.

Consumer loan net charge-offs, which includes indirect auto loan and deposit account overdraft losses, totaled $4.7 million for the first quarter of 2009, down $410 thousand from the previous quarter. Net charge-offs of indirect auto loans totaled $3.0 million for the first quarter of 2009 and $2.9 million for the fourth quarter of 2008. Net indirect auto loans charged off were $1.6 million in the Oklahoma market, $904 thousand in the Arkansas market and $401 thousand in the Texas market. Approximately 2.64% of the indirect automobile loan portfolio is past due 30 days or more, including 2.60% in Oklahoma, 2.62% in Arkansas and 2.84% in Texas. At December 31, 2008, approximately 3.36% of the indirect automobile loan portfolio was past due 30 days or more. This compares to a national average of 3.02% for indirect automobile loans past due 30 days or more at December 31, 2008.

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 20 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

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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.

Table 21 - Summary of Loan Loss Experience

(In thousands)

	Three Months Ended		
	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008
Reserve for loan losses:			
Beginning balance	$ 233,236	$ 186,516	$ 154,018
Loans charged off:			
Commercial	15,791	25,837	11,393
Commercial real estate	10,215	573	14,394
Residential mortgage	1,765	2,476	2,865
Consumer	6,764	6,795	5,274
Total	34,535	35,681	33,926
Recoveries of loans previously charged off:			
Commercial	356	220	11,882
Commercial real estate	41	7	175
Residential mortgage	214	122	65
Consumer	2,053	1,673	1,590
Total	2,664	2,022	13,712
Net loans charged off	31,871	33,659	20,214
Provision for loan losses	49,637	80,379	52,712
Ending balance	$ 251,002	$ 233,236	$ 186,516
Reserve for off-balance sheet credit losses:			
Beginning balance	$ 15,166	$ 22,544	$ 22,545
Provision for off-balance sheet credit losses	(4,597)	(7,378)	(1)
Ending balance	$ 10,569	$ 15,166	$ 22,544
Total provision for credit losses	$ 45,040	$ 73,001	$ 52,711
Reserve for loan losses to loans outstanding at period-end	1.99%	1.81%	1.47%
Net charge-offs (annualized) to average loans	1.00	1.05	0.64
Total provision for credit losses (annualized) to average loans	1.41	2.28	1.67
Recoveries to gross charge-offs	7.71	5.67	40.42
Reserve for loan losses as a multiple of net charge-offs (annualized)	1.97x	1.73x	2.31x
Reserve for off-balance sheet credit losses to off-balance sheet credit commitments	0.19%	0.27%	0.38%
Combined reserves for credit losses to loans outstanding at period-end	2.07	1.93	1.65

Impaired loans as defined by Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan - an amendment of FASB Statements No. 5 and 15," totaled $309 million at March 31, 2009 and $270 million at December 31, 2008. All of these loans are non-accruing. At March 31, 2009, $233 million of impaired loans had $19 million of specific reserves and $76 million had no specific reserves. At December 31, 2008, $194 million of impaired loans had $29 million of specific reserves and $76 million had no specific reserves. Losses of $19 million were charged off in the first quarter

of 2009 on impaired loans with no specific reserves.

Nonspecific reserves are maintained for risks beyond factors specific to an individual loan or those identified through migration analysis. A range of potential losses is determined for each risk factor identified. The range of nonspecific reserves for general economic factors includes their effect on our commercial, commercial real estate, residential mortgage and consumer loan portfolios. Nonspecific reserves attributed to general economic conditions increased in the first quarter of 2009. Weakness in the economy continues to become more apparent due to disruption in the credit markets, lower consumer confidence and continued weakness in residential real estate markets.

The provision for credit losses totaled $45.0 million for the first quarter of 2009, $73.0 million for the fourth quarter of 2008 and $17.6 million for the first quarter of 2008. Factors considered in determining the provision for credit losses for the first quarter of 2009 included trends of increasing net charge-offs and nonperforming loans, concentrations in energy, commercial real estate and residential homebuilder loans and deteriorating trends in the general economy. The application of statistical migration factors to our loan portfolio identified a trend toward more rapid deterioration from pass grading in the current recession. The increased provision also considered growth of potential problem loans.

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Nonperforming Assets

Non-performing assets totaled $414 million or 3.26% of outstanding loans and repossessed assets at March 31, 2009, up $72 million since December 31, 2008. In addition to $339 million of non-accruing loans, non-performing assets included $14 million of restructured residential mortgage loans and $61 million of real estate and other repossessed assets. Non-performing assets included $11 million of restructured residential mortgage loans guaranteed by agencies of the U.S. government and $11 million of loans and repossessed assets acquired with First United Bank in the second quarter of 2007. The Company will be reimbursed by the sellers up to $5.3 million for any losses incurred during a three-year period after the June 2007 acquisition date.

Non-accruing loans totaled $339 million or 2.68% of outstanding loans at March 31, 2009, compared with $300 million or 2.33% of outstanding loans at December 31, 2008. Growth in non-accruing loans was concentrated primarily in the Arizona and Colorado markets. Approximately $112 million or 20% of loans in the Arizona market were non-accruing at March 31, 2009, up from $81 million or 14% at December 31, 2008. Approximately $39 million or 3.80% of loans in the Colorado market were non-accruing at March 31, 2009, up from $32 million or 3.27% of loans in the Colorado market at December 31, 2008. Non-accruing loans in Oklahoma and Texas, our largest markets, totaled $106 million or 1.82% of outstanding loans and $55 million or 1.52% of outstanding loans, respectively, at March 31, 2009. Non-accruing loans decreased $3 million in the Oklahoma market and increased $12 million in the Texas market during the first quarter. Newly identified non-accruing loans totaled $111 million. Cash payments received on non-accruing loans totaled $15 million, $20 million of non-accruing loans were charged-off and $31 million of non-accruing loans were transferred to real estate owned and other repossessed assets.

Non-accruing commercial and commercial real estate loans included $48 million of shared national credits at March 31, 2009. This represented 2% of the outstanding principal balance of shared national credits.

Non-accruing commercial loans totaled $129 million or 1.81% of total commercial loans at March 31, 2009. Approximately $50 million of non-accruing commercial loans are in the energy sector of the portfolio, including $47 million due from

SemGroup. This amount represents one-third of our pre-bankruptcy amounts due from SemGroup. In addition, $30 million of non-accruing commercial loans are in the services sector of the loan portfolio. Approximately 1.54% of loans in the services sector of the portfolio were non-accruing at March 31, 2009. Non-accruing loans to the manufacturing sector of the portfolio totaled $18 million or 3.55% of all loans to the manufacturing sector at March 31, 2009, up $11 million since year-end. At the same time, non-accruing loans to the wholesale / retail sector of the loan portfolio decreased $10 million. The distribution of non-accruing commercial loans among our various markets included $68 million or 2.17% of commercial loans in Oklahoma ($59 million or 1.02% of loans in the Oklahoma market excluding SemGroup), $36 million or 1.60% of commercial loans in Texas, $15 million or 2.16% of commercial loans in Colorado and $5 million or 1.36% of commercial loans in New Mexico. Non-accruing commercial loans decreased by $6.3 million during the first quarter of 2009.

Non-accruing commercial real estate loans totaled $175 million or 6.42% of outstanding commercial real estate loans at March 31, 2009. Non-accruing commercial real estate loans included $100 million of land and residential lot and construction loans, $27 million of loans secured by multifamily residential properties and $23 million of loans secured by office buildings. The distribution of non-accruing commercial real estate loans among our various markets included $102 million or 36% of commercial real estate loans in Arizona, $26 million or 3.00% of commercial real estate loans in Oklahoma, $23 million or 8.68% of commercial real estate loans in Colorado, $10 million or 3.16% of commercial real estate loans in New Mexico and $8 million or 0.92% of commercial real estate loans in Texas. Non-accruing commercial real estate loans increased $38 million during the first quarter of 2009, primarily due to single family construction and land development loans in the Arizona and Colorado markets.

Non-accruing consumer loans primarily consist of permanent residential mortgage loans which totaled $33 million or 1.80% of outstanding residential mortgage loans at March 31, 2009, a $6.6 million increase over December 31, 2008. Non-accruing home equity loans totaled $1.3 million or 0.27% of total home equity loans. The distribution of non-accruing residential mortgage loans among our various markets included $11 million in Oklahoma, $11 million in Texas and $6 million in Arizona.

Real estate and other repossessed assets totaled $61 million at March 31, 2009, up from $32 million at December 31, 2008. Real estate and other repossessed assets included $34 million of 1-4 family residential properties and residential land development properties, $11 million of developed commercial real estate properties, $8 million of equipment, $6 million of undeveloped land and $2 million of automobiles. The distribution of real estate owned and other repossessed assets among our various markets included $16 million in Arizona, $12 million in Texas, $9 million in Kansas City, $8 million in New Mexico and $6 million in Arkansas.

Table 22 - Nonperforming Assets
(In thousands)

	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 20
Nonaccrual loans:				
Commercial	$ 128,501	$ 134,846	$ 105,757	$ 69
Commercial real estate	175,487	137,279	78,235	60
Residential mortgage	34,182	27,387	27,075	17
Consumer	1,065	561	758	

Total nonaccrual loans	339,235	300,073	211,825	148
Renegotiated loans (3)	13,623	13,039	12,326	11
Total nonperforming loans	352,858	313,112	224,151	160
Other nonperforming assets	61,383	29,179	28,088	21
Total nonperforming assets	$ 414,241	$ 342,291	$ 252,239	$ 181
Nonaccrual loans by principal market:				
Oklahoma	$ 105,536	$ 108,367	$ 87,885	$ 57
Texas	55,225	42,934	29,141	20
New Mexico	18,046	16,016	12,293	9
Arkansas	4,078	3,263	3,386	2
Colorado (4)	38,567	32,415	20,980	23
Arizona	111,772	80,994	54,832	33
Kansas / Missouri	6,011	16,084	3,308	
Total nonaccrual loans	$ 339,235	$ 300,073	$ 211,825	$ 148
Nonaccrual loans by loan portfolio sector:				
Commercial:				
Energy	$ 49,618	$ 49,364	$ 49,839	$ 12
Manufacturing	18,248	7,343	6,479	6
Wholesale / retail	8,650	18,773	7,806	3
Agriculture	115	680	755	
Services	30,226	36,873	26,581	30
Healthcare	14,288	12,118	3,300	3
Other	7,356	9,695	10,997	12
Total commercial	128,501	134,846	105,757	69
Commercial real estate:				
Land development and construction	99,922	76,082	53,624	45
Retail	9,893	15,625	13,011	7
Office	23,305	7,637	3,022	3
Multifamily	27,198	24,950	896	
Industrial	575	6,287	390	
Other commercial real estate	14,594	6,698	7,292	2
Total commercial real estate	175,487	137,279	78,235	60
Residential mortgage:				
Permanent mortgage	32,848	26,233	26,401	17
Home equity	1,334	1,154	674	
Total residential mortgage	34,182	27,387	27,075	17
Consumer	1,065	561	758	
Total nonaccrual loans	$ 339,235	$ 300,073	$ 211,825	$ 148
Ratios:				
Reserve for loan losses to nonperforming loans	71.13%	74.49%	83.21%	95
Nonperforming loans to period-end loans	2.79	2.43	1.77	1
Loans past due (90 days) (1) (2)	$ 46,123	$ 19,123	$ 20,213	$ 10,

(1) Includes residential mortgages guaranteed by agencies of the U.S. Government.	$ 395	$ 872	$ 1,210	$ 1

(2) Includes a $23 million loan that was paid current after March 31, 2009.

(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.	10,514	10,396	9,604	8
(4) Includes loans subject to First United Bank sellers escrow.	11,287	13,181	13,262	11

Our 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 principal or interest is anticipated, these loans were not included in Non-performing Assets. Known information does, however, cause management concern as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled $132 million at March 31, 2009 and $95 million at December 31, 2008. The current composition of potential problem loans by primary industry included real estate - $81 million, manufacturing - $16 million, services - $13 million and wholesale/retail - $12 million. Potential problem real estate loans included $43 million of residential development loans on properties primarily located in Arizona and Colorado, $13 million of loans secured by retail facilities primarily located in Arizona and $11 million of loans secured by office buildings.

As previously noted, loans to energy producers and borrowers related to the energy industry are the largest portion of our commercial loan portfolio. In addition, energy production and related industries have a significant impact on the economy in our primary markets. BOK Financial has always been an energy lender and this continues to be an area of expertise. The energy sector of the economy will be challenged if commodity prices remain in their current range for an extended period of time. As part of our evaluation of credit quality, we analyze rigorous stress tests over a range of commodity prices and take proactive steps to mitigate risk when appropriate.

Liquidity and Capital

Subsidiary Banks

Deposits and borrowed funds are the primary sources of liquidity for the subsidiary banks. For the first quarter of 2009, approximately 65% of our funding was provided by average deposit accounts, 21% from borrowed funds, 2% from long-term subordinated debt and 8% from shareholders' equity. Our funding sources, which primarily included deposits and borrowings from the Federal Home Loan Banks and other banks, and may include issuance of qualifying debt under the U.S. Treasury Liquidity Guarantee Program ("TLGP"), provide adequate liquidity to meet our operating needs.

Deposit accounts represent our largest funding source. We compete for retail and commercial deposits by offering a broad range of products and services and focusing on customer convenience. Retail deposit growth is supported through our sales and customer service program, free checking and online bill paying services, an extensive network of branch locations and ATMs and a 24-hour Express Bank call center. Commercial deposit growth is supported by offering treasury management and lockbox services. We also acquire brokered deposits when the cost of funds is advantageous to other funding sources.

Average deposits totaled $14.8 billion at March 31, 2009 and represented approximately 65% of total average liabilities and capital for the first quarter

of 2009, compared with $14.1 billion and 63% of total average liabilities and capital for the fourth quarter of 2008.

Average deposits increased $756 million over the fourth quarter of 2008. Average interest-bearing transaction deposit accounts continued to grow in the first quarter of 2009, up $494 million over the fourth quarter of 2008, including a $179 million increase in average deposits due to the movement of customer funds from managed money market products into deposits. Average demand deposits increased $152 million over the fourth quarter of 2008. Average time deposits increased $106 million over the fourth quarter of 2008.

Growth in our average interest-bearing transaction deposit accounts over the fourth quarter of 2008 included $496 million of wealth management deposits, $369 million of commercial deposits and $221 million of consumer banking deposits. Average brokered deposits and other non-core deposits decreased $330 million.

Average wealth management time deposits increased $496 million over the fourth quarter of 2008, including $223 million of deposits generated by our broker / dealer network, and $214 million generated by our trust division. Growth in trust division deposits was due largely to movement of customer funds from managed money market products. Average consumer banking deposits increased $221 million across our various markets. Average commercial banking deposits were up $369 million, including $265 million from our commercial banking units and $134 million from our treasury services unit.

Brokered deposits and other non-core deposits averaged $1.2 billion in the first quarter of 2009, down $330 million from the fourth quarter of 2008. Brokered deposits totaled $447 million at March 31, 2009 compared to a $1.0 billion at December 31, 2008. Brokered deposits were largely added in 2008 to remix wholesale funding sources in order to provide more available overnight liquidity and are being replaced by other deposit products as they mature.

The distribution of deposit accounts among our principal markets is shown in Table 23.

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Table 23 - Deposits by Principal Market Area
(In thousands)

	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30 2008
Oklahoma:				
Demand	$ 1,651,111	$ 1,683,374	$ 1,681,325	$ 1,455,9
Interest-bearing:				
Transaction	4,089,838	4,117,729	4,151,430	3,997,1
Savings	95,827	86,476	86,900	90,1
Time	2,876,313	3,104,933	3,036,297	2,672,4
Total interest-bearing	7,061,978	7,309,138	7,274,627	6,759,6
Total Oklahoma	$ 8,713,089	$ 8,992,512	$ 8,955,952	$ 8,215,6
Texas:				
Demand	$ 1,021,424	$ 1,067,456	$ 956,846	$ 1,046,6
Interest-bearing:				
Transaction	1,527,399	1,460,576	1,543,974	1,713,1
Savings	33,867	32,071	32,400	33,2

Time	1,054,632	857,416	794,911	723,1
Total interest-bearing	2,615,898	2,350,063	2,371,285	2,469,4
Total Texas	$ 3,637,322	$ 3,417,519	$ 3,328,131	$ 3,516,1
New Mexico:				
Demand	$ 180,308	$ 155,345	$ 176,477	$ 168,6
Interest-bearing:				
Transaction	401,000	397,382	376,941	417,6
Savings	17,858	16,289	16,316	16,4
Time	561,300	522,894	475,560	445,5
Total interest-bearing	980,158	936,565	868,817	879,5
Total New Mexico	$ 1,160,466	$ 1,091,910	$ 1,045,294	$ 1,048,1
Arkansas:				
Demand	$ 16,503	$ 16,293	$ 23,565	$ 21,1
Interest-bearing:				
Transaction	63,924	38,566	19,146	24,5
Savings	1,100	1,083	865	8
Time	150,015	75,579	47,684	39,3
Total interest-bearing	215,039	115,228	67,695	64,7
Total Arkansas	$ 231,542	$ 131,521	$ 91,260	$ 85,8
Colorado:				
Demand	$ 111,048	$ 116,637	$ 115,677	$ 109,6
Interest-bearing:				
Transaction	466,276	480,113	440,888	507,2
Savings	18,905	17,660	19,300	20,2
Time	584,971	532,475	428,872	423,0
Total interest-bearing	1,070,152	1,030,248	889,060	950,5
Total Colorado	$ 1,181,200	$ 1,146,885	$ 1,004,737	$ 1,060,2
Arizona:				
Demand	$ 54,362	$ 39,424	$ 45,725	$ 49,8
Interest-bearing:				
Transaction	66,809	56,985	64,463	73,0
Savings	970	1,014	1,033	1,2
Time	54,923	34,290	14,433	6,3
Total interest-bearing	122,702	92,289	79,929	80,6
Total Arizona	$ 177,064	$ 131,713	$ 125,654	$ 130,5
Kansas / Missouri:				
Demand	$ 16,140	$ 3,850	$ 5,548	$ 7,1
Interest-bearing:				
Transaction	11,976	10,999	9,780	10,3
Savings	117	42	33	
Time	141,505	55,656,	19,794	51,6

Total interest-bearing	153,598	66,697	29,607	62,0
Total Kansas / Missouri	$ 169,738	$ 70,547	$ 35,155	$ 69,1
Total BOK Financial deposits	$ 15,270,421	$ 14,982,607	$ 14,586,183	$ 14,125,7

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In addition to deposits, subsidiary bank liquidity is provided primarily by federal funds purchased, securities repurchase agreements and Federal Home Loan Bank borrowings. Federal funds purchased consist primarily of unsecured, overnight funds acquired from other financial institutions. Funds are primarily purchased from bankers' banks and Federal Home Loan banks from across the country. The largest single source of Federal funds purchased totaled $178 million at March 31, 2009. Securities repurchase agreements generally mature within 90 days and are secured by certain available for sale securities. Federal Home Loan Bank borrowings are generally short term and are secured by a blanket pledge of eligible collateral (generally unencumbered U.S. Treasury and mortgage-backed securities, 1-4 family mortgage loans and multifamily mortgage loans). At March 31, 2009, the outstanding balance of federal funds purchased totaled $1.3 billion, securities repurchase agreements totaled $913 million and Federal Home Loan Bank borrowings totaled $1.3 billion.

The Company participates in the U.S. Treasury Liquidity Guarantee Program ("TLGP"), which expanded insurance coverage to certain qualifying debt issued by eligible financial institutions. In general, senior unsecured debt newly issued on or before June 30, 2009 will be fully protected by the FDIC through the earlier of the maturity of the debt or June 30, 2012. Subsequently, the FDIC approved a limited four-month extension of the Debt Guarantee Program under the TLGP. Participating insured depository institutions may issue qualifying senior unsecured debt no later than October 31, 2009. The FDIC guarantee of qualifying debt expires on the earliest of the opt-out date, the mandatory conversion date, the stated maturity date or December 31, 2012. Collectively, our subsidiary banks may issue up to $1.8 billion of TLGP protected debt. No TLGP protected debt is currently outstanding.

In 2008, the subsidiary banks began borrowing funds under the Federal Reserve Bank Term Auction Facility program. This is a temporary program which allows banks that are in generally sound financial condition to bid for funds. Funds are borrowed for either 28 or 84 days and are secured by a pledge of eligible collateral. Funds borrowed under this program totaled $900 million at March 31, 2009.

At March 31, 2009, the estimated unused credit available to the subsidiary banks from our traditional sources and within our internal policy limits was approximately $5.7 billion.

Parent Company

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 year plus profits for the two preceding years. Dividends are further restricted by minimum capital requirements. Based on the most restrictive limitations, the subsidiary banks could declare up to $152 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 $80 million under this policy. Further losses or increases in required regulatory capital at the subsidiary banks could affect their ability

to pay dividends to the parent company.

On July 21, 2008, the Company entered into a $188 million, unsecured revolving credit agreement with George B. Kaiser, its Chairman and principal shareholder. Interest on the outstanding balance is based on one-month LIBOR plus 125 basis points and is payable quarterly. Additional interest in the form of a facility fee is paid quarterly on the unused portion of the commitment at 25 basis points. This agreement has no restrictive covenants. The credit agreement matures in December of 2010. The Company fully repaid the amounts owed under this credit agreement during the first quarter of 2009.

Equity capital for BOK Financial was $1.9 billion at March 31, 2009, up $85 million from December 31, 2008. Net income less cash dividend paid increased equity $40 million. Accumulated other comprehensive losses decreased $42 million during the first quarter of 2009 due primarily to a $69 million decrease in net unrealized losses on available for sale securities offset by $25 million related to the non-credit portion of the other-than-temporary impairment of certain debt securities in the first quarter of 2009. 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 28, 2009, the Company's board of directors declared an increase in the cash dividend to $0.24 per common share payable on or about May 29, 2009 to shareholders of record as of May 15, 2009.

BOK Financial is the largest commercial bank, based on asset size, that elected not to participate in the TARP Capital Purchase Program. The decision not to participate in TARP was based on an evaluation of our capital needs in both the current environment and in several capital stress environments. We considered capital requirements for organic growth and potential acquisitions, the cost of TARP capital and a defined exit strategy when the cost of TARP capital increases substantially at the end of year five. We also considered reasonable capital and liquidity support from our majority shareholder.

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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, 784,073 shares have been repurchased by the Company for $38.7 million. No shares were repurchased in the first quarter of 2009.

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 24.

Table 24 - Capital Ratios	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 3 2008
Average total equity to average assets	8.35%	8.57%	8.92%	9.2
Tangible common equity ratio	6.84%	6.64%	7.16%	7.1
Risk-based capital:				
Tier 1 capital	9.76	9.42	9.25	8.6
Total capital	13.20	12.84	12.55	11.6
Leverage	7.85	7.89	7.94	7.8

Capital resources of financial institutions are also regularly measured by the tangible common shareholders' equity ratio. Common shareholders' equity is shareholders' equity as defined by generally accepted accounting principles in the United States of America ("GAAP") less intangible assets and equity which does not benefit common shareholders. Equity that does not benefit common shareholders includes preferred equity and equity provided by the U.S. Treasury's TARP program. This non-GAAP measure is a valuable indicator of a financial institution's capital strength since it eliminates intangible assets from shareholders' equity and retains the effect of unrealized losses on securities and other components of accumulated other comprehensive income (loss) in shareholders' equity. At March 31, 2009, BOK Financial's tangible common shareholders' equity ratio was 6.84%.

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 rented by third-party tenants in the building as of the date of the agreement. All guaranteed space has been rented since the date of the agreement. 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 space in the same building that was vacant as of the date of the agreement. The maximum amount that Bank of Oklahoma may receive under this agreement is $4.5 million. The fair value of this agreement at inception 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. Market risk excludes changes in fair value due to credit of the individual issuers of financial instruments.

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 and agricultural

product 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.

The Company's primary interest rate exposures included the Federal Funds rate, which affects short-term borrowings, and the prime lending rate and LIBOR, which are the basis for much of the variable-rate loan pricing. Additionally, mortgage rates directly affect the prepayment speeds for mortgage-backed securities and mortgage servicing rights. Derivative financial instruments and other financial instruments used for purposes other than trading are included in this simulation. The model incorporates assumptions regarding the effects of changes in interest rates and account balances on indeterminable maturity deposits based on a combination of historical analysis and expected behavior. The impact of planned growth and new business activities is factored into the simulation model. The effects of changes in interest rates on the value of mortgage servicing rights are excluded from Table 25 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 - Consumer 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 25 - Interest Rate Sensitivity
(Dollars in Thousands)

	200 bp Increase		100 bp Decrease	
	2009	2008	2009	2008
Anticipated impact over the next twelve months on net interest revenue	$ (9,776)	$(15,711)	$ (24,029)	$ 3,031
	(1.2)%	(2.5)%	(3.5)%	0.5%

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.

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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 limit the VAR to $3.6 million. At March 31, 2009, the VAR was $2.0 million. The greatest value at risk during the first quarter of 2009 was $2.3 million.

Controls and Procedures

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

Forward-Looking Statements

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

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.

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

	Three Months Ended March 31, 2009	2008
Interest revenue		
Loans	$ 145,744	$ 199,384
Taxable securities	84,002	72,055
Tax-exempt securities	2,650	2,685
Total securities	86,652	74,740
Trading securities	801	1,077
Funds sold and resell agreements	30	840
Total interest revenue	233,227	276,041
Interest expense		
Deposits	51,927	88,147
Borrowed funds	5,889	35,367
Subordinated debentures	5,566	5,399
Total interest expense	63,382	128,913
Net interest revenue	169,845	147,128
Provision for credit losses	45,040	17,571
Net interest revenue after provision for credit losses	124,805	129,557
Other operating revenue		
Brokerage and trading revenue	24,699	23,913

Transaction card revenue		25,428		23,558
Trust fees and commissions		16,510		20,796
Deposit service charges and fees		27,405		27,686
Mortgage banking revenue		18,498		8,034
Bank-owned life insurance		2,317		2,512
Margin asset fees		67		1,967
Other revenue		6,583		5,391
Total fees and commissions		121,507		113,857
Gain on other assets		143		4
Gain (loss) on derivatives, net		(1,664)		2,113
Gain on securities, net		20,108		9,926
Total other-than-temporary impairment losses		(54,368)		(5,306)
Portion of loss recognized in other comprehensive income		(39,366)		-
Net impairment losses recognized in earnings		(15,002)		(5,306)
Total other operating revenue		125,092		120,594
Other operating expense				
Personnel		92,627		88,106
Business promotion		4,428		4,639
Professional fees and services		6,512		5,648
Net occupancy and equipment		16,258		15,061
Insurance		5,638		3,710
Data processing and communications		19,306		18,893
Printing, postage and supplies		4,571		4,419
Net losses and operating expenses of repossessed assets		1,806		378
Amortization of intangible assets		1,686		1,925
Mortgage banking costs		7,467		5,681
Change in fair value of mortgage servicing rights		(1,955)		1,762
Visa retrospective responsibility obligation		-		(2,767)
Other expense		7,450		5,949
Total other operating expense		165,794		153,404
Income before taxes		84,103		96,747
Federal and state income tax		28,838		34,450
Net income before non-controlling interest		55,265		62,297
Non-controlling interest income (expense), net		(233)		(32)
Net income attributable to BOK Financial Corporation	$	55,032	$	62,265
Earnings per share:				
Basic	$	0.81	$	0.92
Diluted	$	0.81	$	0.92
Average shares used in computation:				
Basic		67,315,986		67,202,128
Diluted		67,387,102		67,504,288
Dividends declared per share	$	0.225	$	0.20

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets
(In Thousands Except Share Data)

	March 31, 2009	December 31, 2008
Assets	(Unaudited)	(Footnote 1)
Cash and due from banks	$ 686,976	$ 581,133
Funds sold and resell agreements	27,197	113,809
Trading securities	128,179	99,601
Securities:		
Available for sale	6,728,354	5,800,691
Available for sale securities pledged to creditors	263,449	590,760
Investment (fair value: March 31, 2009 - $256,340; December 31, 2008 - $245,769; March 31, 2008 - $260,912)	251,848	242,344
Mortgage trading securities	454,493	399,211
Total securities	7,698,144	7,033,006
Residential mortgage loans held for sale	245,791	129,246
Loans	12,639,916	12,876,006
Less reserve for loan losses	(251,002)	(233,236)
Loans, net of reserve	12,388,914	12,642,770
Premises and equipment, net	281,300	277,458
Accrued revenue receivable	104,205	96,673
Intangible assets, net	359,523	361,209
Mortgage servicing rights, net	50,246	42,752
Real estate and other repossessed assets	61,383	29,179
Bankers' acceptances	9,316	12,913
Derivative contracts	551,316	452,604
Cash surrender value of bank-owned life insurance	239,348	237,006
Receivable on unsettled securities trades	-	239,474
Other assets	501,604	385,815
Total assets	$ 23,333,442	$ 22,734,648
Liabilities and Shareholders' Equity		
Noninterest-bearing demand deposits	$ 3,050,896	$ 3,082,379
Interest-bearing deposits:		
Transaction	6,627,222	6,562,350
Savings	168,644	154,635
Time (includes fair value: $633,745 at March 31, 2009; $632,754 at December 31, 2008; $139,106 at March 31, 2008)	5,423,659	5,183,243
Total deposits	15,270,421	14,982,607
Funds purchased and repurchase agreements	2,217,081	3,025,399
Other borrowings	2,276,430	1,522,054
Subordinated debentures	398,443	398,407
Accrued interest, taxes and expense	146,111	133,220
Bankers' acceptances	9,316	12,913
Derivative contracts	640,275	667,034
Due on unsettled securities trades	311,133	-
Other liabilities	118,181	132,902

Total liabilities	21,387,391	20,874,536
Shareholders' equity:		
Common stock ($.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: March 31, 2009 - 70,004,401; December 31, 2008 - 69,884,749; March 31, 2008 - 69,670,728)	4	4
Capital surplus	746,250	743,411
Retained earnings	1,467,062	1,427,057
Treasury stock (shares at cost: March 31, 2009 - 2,415,356; December 31, 2008 - 2,411,663; March 31, 2008 - 2,287,410)	(101,493)	(101,329)
Accumulated other comprehensive loss	(180,523)	(222,886)
Total shareholders' equity	1,931,300	1,846,257
Non-controlling interest	14,751	13,855
Total equity	1,946,051	1,860,112
Total liabilities and equity	$ 23,333,442	$ 22,734,648

See accompanying notes to consolidated financial statements.

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

	Common Stock		Accumulated Other Comprehensive	Capital	Retained	Treasury Stock		Sh
	Shares	Amount	Loss	Surplus	Earnings	Shares	Amount	
Balances at December 31, 2007	69,465	$ 4	$(31,234)	$ 722,088	$1,332,954	2,159	$(88,428)	$
Effect of implementing FAS 159, net of income taxes	-	-	-	-	62	-	-	
Comprehensive income:								
Net income from BOKF	-	-	-	-	62,265	-	-	
Non-controlling interest expense, net	-	-	-	-	-	-	-	
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)	-	-	
Capital calls	-	-	-	-	-	-	-	
Balances at March 31, 2008	69,671	$ 4	$(25,676)	$ 731,452	$1,381,797	2,287	$(95,007)	$

Balances at December 31, 2008	69,885	$ 4	$(222,886)	$ 743,411	$1,427,057	2,412	$(101,329)
Comprehensive income:							
Net income from BOKF	-	-	-	-	55,032	-	-
Non-controlling interest expense, net	-	-	-	-	-	-	-
Other comprehensive income, net of tax (1)	-	-	42,363	-	-	-	-
Comprehensive income							
Exercise of stock options	119	-	-	1,502	-	3	(164)
Tax benefit on exercise of stock options	-	-	-	(242)	-	-	-
Stock-based compensation	-	-	-	1,579	-	-	-
Cash dividends on common stock	-	-	-	-	(15,027)	-	-
Capital calls	-	-	-	-	-	-	-
Balances at March 31, 2009	70,004	$ 4	$(180,523)	$ 746,250	$1,467,062	2,415	$(101,493)

See accompanying notes to consolidated financial statements.

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

	Three Month
	2009
Cash Flows From Operating Activities:	
Net income	$ 55,032
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Provision for credit losses	45,040
Change in fair value of mortgage servicing rights	(1,955)
Unrealized (gains) losses from derivatives	4,153
Tax benefit on exercise of stock options	242
Change in bank-owned life insurance	(2,342)
Stock-based compensation	1,579
Depreciation and amortization	13,886
Net (accretion) amortization of securities discounts and premiums	(2,353)
Realized gains on financial instruments and other assets	(12,070)
Mortgage loans originated for resale	(709,450)
Proceeds from sale of mortgage loans held for resale	603,827
Capitalized mortgage servicing rights	(10,490)
Change in trading securities, including mortgage trading securities	(83,568)
Change in accrued revenue receivable	(7,532)
Change in other assets	(115,160)
Change in accrued interest, taxes and expense	12,891
Change in other liabilities	(13,028)
Net cash provided by (used in) operating activities	(221,298)

Cash Flows From Investing Activities:		
Proceeds from maturities of investment securities		4,793
Proceeds from maturities of available for sale securities		81,539
Purchases of investment securities		(14,350)
Purchases of available for sale securities		(1,450,712)
Proceeds from sales of available for sale securities		840,482
Loans originated or acquired net of principal collected		166,550
Proceeds from derivative asset contracts		(12,048)
Net change in other investment assets		-
Proceeds from disposition of assets		3,181
Purchases of assets		(12,765)
Net cash used in investing activities		(393,330)
Cash Flows From Financing Activities:		
Net change in demand deposits, transaction deposits and savings accounts		47,398
Net change in time deposits		242,778
Net change in other borrowings		(53,942)
Net payments or proceeds on derivative liability contracts		8,514
Net change in derivative margin accounts		(147,565)
Change in amount receivable (due) on unsettled security transactions		550,607
Issuance of common and treasury stock, net		1,338
Tax benefit on exercise of stock options		(242)
Repurchase of common stock		-
Dividends paid		(15,027)
Net cash provided by (used in) financing activities		633,859
Net increase (decrease) in cash and cash equivalents		19,231
Cash and cash equivalents at beginning of period		694,942
Cash and cash equivalents at end of period	$	714,173
Cash paid for interest	$	69,551
Cash paid for taxes	$	562
Net loans transferred to repossessed real estate and other assets	$	37,669

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements (Unaudited)

(1) Significant 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. Certain prior period amounts have been reclassified to conform to current period classification. Previously, the Company reported minority interest as part of other liabilities. This balance is now reported as part of total equity on the consolidated balance sheet.

The unaudited consolidated financial statements include accounts of BOK Financial and its subsidiaries, principally Bank of Oklahoma, N.A. and its subsidiaries ("BOk"), Bank of Texas, N.A., Bank of Arkansas, N.A., Bank of Albuquerque, N.A., Colorado State Bank and Trust, N.A., Bank of Arizona, N.A., Bank of Kansas City, N.A., and BOSC, Inc.

The financial information should be read in conjunction with BOK Financial's 2008 Form 10-K filed with the Securities and Exchange Commission, which contains audited financial statements. Amounts presented as of December 31, 2008 have been derived from BOK Financial's 2008 Form 10-K.

Newly Adopted and Pending Accounting Policies

Financial Accounting Standards Board

Statement of Financial Accounting Standards No. 141, "Business Combinations (Revised 2007)" ("FAS 141R")

FAS 141R replaces FAS 141, "Business Combinations," and applies to all transactions or other events in which an entity obtains control over one or more businesses, including combinations achieved without the transfer of consideration. FAS 141R retains the fundamental requirement that all business combinations must be accounted for under the acquisition or purchase method of accounting. All assets acquired, including identifiable intangible assets, liabilities assumed and any non-controlling interests must be recognized at the acquisition-date fair values. Banks may no longer carry over the pre-acquisition allowance for loan losses. Costs incurred to effect the acquisition and restructuring costs that the acquirer is expected but not obligated to incur must be recognized separately from the business combination. Contingent assets and liabilities generally will be recognized at their acquisition-date fair values. Changes in the recognized amounts of contingent assets and liabilities will be recognized in post acquisition-date earnings. FAS 141R may have a significant effect on the Company's financial statements for business combinations completed after January 1, 2009.

Financial Accounting Standards Board Staff Position No. FAS 141R-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies." ("FSP 141R-1")

FSP 141R-1 amends the guidance in FAS 141R to require that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value if fair value can be reasonably estimated. If fair value of such an asset or liability cannot be reasonably estimated, the asset or liability would generally be recognized in accordance with FAS 5, "Accounting for Contingencies," and FASB Interpretation (FIN) No. 14, "Reasonable Estimation of the Amount of a Loss." FSP 141R-1 removes subsequent accounting guidance for assets and liabilities arising from contingencies from FAS 141R and requires entities to develop a systematic and rational basis for subsequently measuring and accounting for assets and liabilities arising from contingencies. FSP 141R-1 eliminates the requirement to disclose an estimate of the range of outcomes of recognized contingencies at the acquisition date. For unrecognized contingencies, entities are required to include only the disclosures required by FAS 5. FSP 141R-1 also requires that contingent consideration arrangements of an acquiree assumed by the acquirer in a business combination be treated as contingent consideration of the acquirer and should be initially and subsequently measured at fair value in accordance with FAS 141R. FSP 141R-1 is effective for assets or liabilities arising from contingencies the Company

acquires in business combinations occurring after January 1, 2009.

Statement of Financial Accounting Standards No. 160,"Non-controlling Interest in Consolidated Financial Statements - An Amendment of ARB No. 51" ("FAS 160")

The FASB issued FAS 160 during 2007 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 included 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. The Company adopted FAS 160 as of January 1, 2009, and it did not have a significant impact on the Company's financial statements.

Statement of Financial Accounting Standards No. 161, "Disclosure About Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133," ("FAS 161")

FAS 161 amends and expands the disclosure requirements of FAS 133 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 FAS 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 credit-risk-related contingent features in derivative agreements. FAS 161 was effective for the Company as of January 1, 2009. It did not have a significant impact on the Company's financial statements.

Financial Accounting Standards Board Staff Position No.FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That are Not Orderly" ("FSP 157-4")

FSP 157-4 was issued April 9, 2009 to provide guidance for determining fair value when there is no active market or where price inputs represent distressed sales. It reaffirms the fair value measurement objective of FAS 157 to reflect how much an asset would be sold for in an orderly transaction under current market conditions. FSP 157-4 is effective for interim and annual periods ending after June 15, 2009. Early adoption for interim and annual periods ending after March 15, 2009 is permitted. FSP 157-4 was adopted as of March 31, 2009. It did not have a significant impact on the Company's financial statements.

Financial Accounting Standards Board Staff Position No.FAS 115-2 and FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP No. 115-2")

FSP 115-2 was issued April 9, 2009 to provide additional guidance and create greater clarity and consistency in accounting for impairment losses on securities. FSP 115-2 replaces the assertion of intent and ability to hold an impaired debt security until fair value recovers with assertions that the holder does not intend to sell the security prior to recovery and that it is more likely than not that the holder will not be required to sell the impaired

security prior to recovery. The full impairment loss is recognized in earnings if the holder is unable to make these assertions. Otherwise, a credit loss portion of the impairment is recognized in earnings and the remaining impairment is recognized in other comprehensive income (equity). Both the full impairment and credit loss portion are presented on the face of the income statement. FSP 115-2 also requires additional disclosures in interim periods. FAS 115-2 is effective for interim and annual periods ending after June 15, 2009. Early adoption for interim and annual periods ending after March 15, 2009 is permitted. FSP 115-2, which was adopted as of March 31, 2009, reduced the loss recognized in earnings on debt securities determined to be other-than-temporarily impaired by $39 million.

FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP107-1")

FSP 107-1 enhances consistency in financial reporting by increasing the frequency of fair value disclosures for any financial instruments that are not currently reflected on the balance sheet at fair value. Previously, these disclosures were only required in annual financial statements. FAS 107-1 requires disclosures in interim financial statements that provide qualitative and quantitative information about fair value estimates. FSP 107-1 is effective for interim and annual periods ending after June 15, 2009. Early adoption for interim and annual periods ending after March 15, 2009 is permitted. BOK Financial will adopt FSP

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107-1 as of June 30, 2009. It is not expected to have a significant impact on the Company's financial statements.

Financial Accounting Standards Board Staff Position No. EITF 03-6-1 "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities" ("FSP No. EITF 03-6-1")

FSP No. EITF 03-6-1 provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 became effective on January 1, 2009. See additional discussion at Note 8 - Earnings Per Share.

(2) Securities

Investment Securities

The amortized cost and fair values of investment securities are as follows (in thousands):

	March 31,					
	2009					
	Amortized	Fair	Gross Unrealized		Amortized	Fai
	Cost	Value	Gain	Loss	Cost	Val
Municipal and other tax-exempt	$ 244,682	$ 249,136	$ 4,672	$ (218)	$249,380	$253,98
Other debt securities	7,166	7,204	38	-	6,875	6,93

Total	$ 251,848	$ 256,340	$ 4,710	$ (218)	$256,255	$260,91

The amortized cost and fair values of investment securities at March 31, 2009, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years	
Municipal and other tax-exempt:					
Amortized cost	$ 69,680	$ 136,671	$30,841	$ 7,490	
Fair value	70,034	140,141	31,483	7,478	
Nominal yield(1)	5.28	5.44	5.75	6.51	
Other debt securities:					
Amortized cost	$ 5,465	$ 1,689	$ -	$ 12	$
Fair value	5,465	1,726	-	13	
Nominal yield	3.66	4.40	-	-	
Total fixed maturity securities:					
Amortized cost	$ 75,145	$ 138,360	$ 30,841	$ 7,502	$
Fair value	75,499	141,867	31,483	7,491	
Nominal yield	5.16	5.43	5.75	6.50	
Total investment securities:					
Amortized cost					
Fair value					
Nominal yield					

(1) Calculated on a taxable equivalent basis using a 39% effective tax rate.
(2) Expected maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without penalty.

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Available for Sale Securities

The amortized cost and fair value of available for sale securities are as follows (in thousands):

	March 31,					
	2009					
	Amortized Cost	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss	Amortized Cost	V
U.S. Treasury	$ 6,990	$ 7,088	$ 98	$ -	$ 6,990	$
Municipal and other tax-exempt	19,679	20,436	798	(41)	15,753	
Mortgage-backed securities:						
U. S. agencies	5,494,930	5,618,879	128,208	(4,259)	3,904,825	3,
Private issue	1,556,716	1,177,645	27	(379,098)	1,583,495	1,

Total mortgage-backed securities	7,051,646	6,796,524	128,235	(383,357)	5,488,320	5,
Other debt securities	35	35	-	-	40	
Federal Reserve Bank stock	32,423	32,423	-	-	27,731	
Federal Home Loan Bank stock	86,172	86,172	-	-	86,735	
Perpetual preferred stock	24,464	16,161	-	(8,303)	27,472	
Equity securities and mutual funds	32,250	32,964	2,323	(1,609)	27,555	
Total	$7,253,659	$6,991,803	$ 131,454	$(393,310)	$ 5,680,596	$5,

The amortized cost and fair values of available for sale securities at March 31, 2009, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years
U.S. Treasuries:				
Amortized cost	$ 6,990	$ -	$ -	$ -
Fair value	7,088	-	-	-
Nominal yield	2.16	-	-	-
Municipal and other tax-exempt:				
Amortized cost	$ -	$ 3,155	$ 15,910	$ 614
Fair value	-	3,295	16,510	631
Nominal yield(1)	-	3.23	9.67	4.67
Other debt securities:				
Amortized cost	$ -	$ 35	$ -	$ -
Fair value	-	35	-	-
Nominal yield(1)	-	6.59	-	-
Total fixed maturity securities:				
Amortized cost	$ 6,990	$ 3,190	$ 15,910	$ 614
Fair value	7,088	3,330	16,510	631
Nominal yield	2.16	3.27	9.67	4.67
Mortgage-backed securities:				
Amortized cost				
Fair value				
Nominal yield(4)				
Equity securities and mutual funds:				
Amortized cost				
Fair value				
Nominal yield				
Total available-for-sale securities:				
Amortized cost				
Fair value				
Nominal yield				

(1) Calculated on a taxable equivalent basis using a 39% effective tax rate.
(2) The average expected lives of mortgage-backed securities were 3.38 years based upon current prepayment assumptions.
(3) Primarily restricted common stock of U.S. government agencies and preferred

stock of corporate issuers with no stated maturity.

(4) The nominal yield on mortgage-backed securities is based upon prepayment assumptions at the purchase date. Actual yields earned may differ significantly based upon actual prepayments.

(5) Expected maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without penalty.

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

	Three Months Ended March 31,	
	2009	2008
Proceeds	$ 840,482	$ 1,076,776
Gross realized gains	22,226	5,571
Gross realized losses	-	(2,624)
Related federal and state income tax expense	7,641	1,897

Gross realized gains for the three months ended March 31, 2008 exclude $6.8 million gain from the redemption of Visa, Inc. Class B common stock.

Mortgage trading securities are mortgage-backed securities that have been designated as an economic hedge of the mortgage servicing rights and are separately identified on the balance sheet. These securities are carried at fair value. Changes in fair value are recognized in earnings as they occur. As of March 31, 2009, mortgage trading securities are carried at their $454 million fair value and had a net unrealized gain of $12.8 million. The Company recognized net losses of $2.1 million on mortgage trading securities in the first quarter of 2009 and net gains on mortgage trading securities of $191 thousand in the first quarter of 2008.

Temporarily Impaired Securities as of March 31, 2009
(In Thousands)

	Number	Less Than 12 Months		12 Months or Longer	
	of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Investment:					
Municipal and other tax exempt	35	$ 3,469	$ 88	$ 5,167	$ 130
Available for sale:					
Other debt securities	2	10	-	25	-
Municipal and other tax-exempt	2	896	41	-	-
Mortgage-backed securities:					
U. S. agencies	30	432,955	1,929	112,336	2,330
Other	114	207,285	77,432	963,401	301,666
Perpetual preferred stock	8	2,443	2,557	8,478	5,746
Equity securities and mutual funds	8	-	-	2,327	1,609
	164	643,589	81,959	1,086,567	311,351
Total	199	$647,058	$ 82,047	$ 1,091,734	$ 311,481

Temporarily Impaired Securities as of March 31, 2008
(In Thousands)

	Number of Securities	Less Than 12 Months		12 Months or Longer	
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Investment:					
Municipal and other tax exempt	50	$ 2,195	$ 21	$ 9,855	$ 108
Other	3	1,152	-	600	-
	53	3,347	21	10,455	108
Available for sale:					
Other debt securities	1	-	-	25	1
Municipal and other tax-exempt	1	-	-	314	1
Mortgage-backed securities:					
U. S. agencies	111	549,550	7,530	336,656	3,171
Other	94	496,486	24,396	873,148	55,044
Equity securities and mutual funds	2	-	-	76	-
	209	1,046,036	31,926	1,210,219	58,217
Total	262	$1,049,383	$ 31,947	$1,220,674	$ 58,325

Debt securities were divided into two groups, those rated investment grade by all nationally-recognized rating agencies and those rated below investment grade by at least one of the nationally-recognized agencies. Impairment of debt securities consistently rated investment grade is considered temporary unless specific contrary information is identified. None of the debt securities consistently rated investment grade were considered to be other-than-temporarily impaired at March 31, 2009.

Approximately $444 million of our portfolio of mortgage-backed securities (based on amortized cost before impairment charges) was rated below investment grade by at least one of the nationally-recognized rating agencies. The aggregate unrealized loss on these securities totaled $167 million before recognition of any other-than-temporary impairment charges. Impairment of securities rated below investment grade was evaluated to determine if we expect not to recover the entire amortized cost basis of the security. This evaluation was based on projections of estimated cash flows based on individual loans underlying each security using current and anticipated increases in unemployment and default rates, decreases in housing prices and increases in loss severity at foreclosure. The primary assumptions used in this evaluation were:

- Unemployment rates - increasing to 10% for the remainder of 2009, dropping to 8% in 2010 and holding at 8% thereafter.

- Housing price depreciation - starting with current depreciated housing prices based on information derived from the Office of Federal Housing Enterprise Oversight data, decreasing by an additional 10% over the remainder of 2009 and holding at that level thereafter.

- Loss severity - held constant at 27% of the then-current depreciated

housing price at estimated foreclosure date. Loss severity includes estimated holding and disposal expenses.

- Discount rates - estimated cash flows were discounted at rates that range from 5.50% to 6.14% based on our current expected yields.

We also use an adjusted loan to value ratio as part of our evaluation of whether the unrealized losses on these securities are temporary or other-than-temporary. The adjusted loan to value ratio is based on the original loan to value ratio inherent in the security, adjusted for changes in housing prices, prepayment speeds, default rates and credit enhancements. A higher adjusted loan to value ratio indicates a greater likelihood that projected cash flows may result in losses. A shortfall between our current amortized cost and the present value of expected cash flows we are likely to collect, based on all available information, is referred to as the credit loss. Credit loss is the amount recognized in net income.

Based on our evaluation, four securities were identified with other-than-temporary impairment at March 31, 2009. Unrealized losses totaled $46 million and estimated credit losses totaled $7.0 million on these securities. Estimated credit losses were charge against earnings for the first quarter of 2009. The difference between total unrealized losses and estimated credit losses on these securities was charged against equity, net of deferred taxes.

Our portfolio of available for sale securities also included preferred stocks issued by six financial institutions. These stocks were originally purchased for $46 million and have a current carrying value of $24 million. Our carrying value of these stocks has been reduced by $22 million of other-than-temporary impairment charges. The aggregate fair value of these preferred stocks was $16 million at March 31, 2009. Although none of the institutions that issued these stocks were in default, one of the preferred stocks was downgraded to below investment grade by at least one of the nationally-recognized rating agencies. We recognized an $8.0 million other-than-temporary impairment loss on the preferred stocks of that issuer during the first quarter of 2009. These preferred stocks have certain debt-like features such as a quarterly dividend based on LIBOR. However, the issuers of these stocks have no obligation to redeem them. Management believes that the fair value of these securities will recover to our carrying value as spreads to LIBOR return to a range of 400 basis points to 500 basis points over a 24-month to 36-month period beginning June 30, 2008, the most recent date that the fair value of these securities equaled our carrying value.

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(3) Derivatives

The fair values of derivative contracts at March 31, 2009 are as follows (in thousands):

	Assets		Liabilities	
	Notional(1)	Fair Value	Notional(1)	Fair Value
Customer Risk Management Programs:				

Interest rate contracts	$2,689,388	$144,391	$2,689,388	$149,580
Energy contracts	1,161,140	430,503	1,161,140	448,716
Cattle contracts	50,709	1,673	50,709	1,637
Foreign exchange contracts	47,941	46,496	48,633	46,496
CD options	47,469	3,873	47,469	3,873
Fair value before cash collateral	3,996,647	626,936	3,997,339	650,302
Less: cash collateral	-	(84,460)	-	(10,027)
Total Customer Derivatives	3,996,647	542,476	3,997,339	640,275
Interest Rate Risk Management Programs	654,046	8,840	-	-
Total Derivative Contracts	$ 4,650,693	$551,316	$3,997,339	$640,275

(1) Notional amounts for commodity contracts are converted into dollar-equivalent amounts based on dollar prices at the inception of the contract.

Interest Rate Risk Management Programs

BOK Financial uses interest rate swaps in managing its interest rate sensitivity. Interest rate swaps are generally used to reduce overall asset sensitivity by converting specific fixed rate liabilities to floating rate based on LIBOR.

For the period ended March 31, 2009 and 2008, net interest revenue was increased by $4.3 million and $463 thousand, respectively, from the settlement of amounts receivable or payable on interest rate swaps.

The notional, fair value included in residential mortgage loans held for sale on the balance sheet and related gain (loss) included in mortgage banking revenue due to changes in the fair value of derivative contracts not designated as hedging instruments under FAS 133 (R) related to mortgage loan commitments and forward contract sales as of March 31, 2009 were (in thousands):

	Mortgage Loans Held for Sale		Mortgage
	Notional	Fair Value	Banking Revenue
Mortgage loan commitments	$661,261	$13,105	$8,517
Forward sales contracts	532,495	(4,503)	(2,341)
		$8,602	$6,176

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(4) Mortgage Banking Activities

BOK Financial engages in mortgage banking activities through the BOk Mortgage Division of BOk. Residential mortgage loans held for sale totaled $246 million and $92 million, and outstanding mortgage loan commitments totaled $527 million and $125 million at March 31, 2009 and 2008, respectively. Mortgage loan commitments are generally outstanding for 60 to 90 days and are subject to both credit and interest rate risk. Credit risk is managed through underwriting policies and procedures, including collateral requirements, which are generally accepted by the secondary loan markets. Exposure to interest rate fluctuations is partially managed through forward sales of mortgage-backed securities and forward sales contracts. These latter contracts set the price for loans that

will be delivered in the next 60 to 90 days. As of March 31, 2009, the unrealized loss recognized on forward sales contracts used to manage the mortgage pipeline interest rate risk was approximately $4.5 million. Gains on mortgage loans sold, including capitalized mortgage servicing rights, totaled $10.9 million and $2.9 million in the first quarter of 2009 and 2008, respectively.

At March 31, 2009, BOK Financial owned the rights to service 59,235 mortgage loans with outstanding principal balances of $6.3 billion, including $810 million serviced for affiliates. The weighted average interest rate and remaining term was 5.99% and 278 months, respectively.

For the three months ended March 31, 2009 and 2008, mortgage banking revenue includes servicing fee income and late charges on loans serviced for others of $4.6 million and $4.3 million, respectively.

Activity in capitalized mortgage servicing rights and related valuation allowance during the three months ending March 31, 2009 is as follows (in thousands):

	Capitalized Mortgage Servicing Rights		
	Purchased	Originated	Total
Balance at December 31, 2008	$ 6,353	$ 36,399	$ 42,752
Additions, net	-	10,490	10,490
Change in fair value due to loan runoff	(776)	(4,175)	(4,951)
Change in fair value due to market changes	1,209	746	1,955
Balance at March 31, 2009	$ 6,786	$ 43,460	$ 50,246

Changes in the fair value of mortgage servicing rights are included in Other Operating Expense in the Consolidated Statements of Earnings (Unaudited). Changes in fair value due to loan runoff are included in mortgage banking costs. Changes in fair value due to market changes are reported separately. Changes in fair value due to market changes during the period relate to assets held at the reporting date.

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

	March 31, 2009	December 31,
Discount rate - risk-free rate plus a market premium	9.25%	9.26%
Prepayment rate - based upon loan interest rate, original term and loan type	6% - 47%	8.3% - 3
Loan servicing costs - annually per loan based upon loan type	$43 - $73	$43 - $7

Escrow earnings rate - indexed to rates paid on deposit accounts with comparable average life	2.30%	2.08%

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Stratification of the mortgage loan servicing portfolio and outstanding principal of loans serviced by interest rate at March 31, 2009 follows (in thousands):

	<5.51%	5.51% - 6.50%	6.51% - 7.50%	> 7
Fair value	$ 18,813	$ 24,422	$ 5,521	$
Outstanding principal of loans serviced (1)	$ 1,603,300	$2,760,000	$956,000	$

(1) Excludes outstanding principal of $810 million for loans serviced for affiliates and $32 million of mortgage loans for which there are no capitalized mortgage servicing rights.

(5) Employee Benefits

BOK Financial has sponsored a defined benefit Pension Plan for all employees who satisfied certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. The Company recognized periodic pension cost of $462 thousand during the three months ended March 31, 2009, and none during the same period of the prior year. The Company made no Pension Plan contributions during the three months ended March 31, 2009 and March 31, 2008.

Management has been advised that the maximum and minimum allowable contributions for 2009 are $25 million and $1 million, respectively.

(6) Commitments and 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.

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 and disagree with the SEC position as it relates to BOK and AXIA. On May 27, 2008, BOK and AXIA responded to the Wells notice denying the SEC position. On June 26, 2008, BOK and AXIA representatives met with SEC Staff at which time the SEC Staff advised that the Staff had not determined whether to recommend any action to the Commission. On September 25, 2008, the SEC Staff requested, and BOK and AXIA agreed to, a tolling agreement for any action the SEC might take until January 15, 2009. On December 22, 2008, the tolling agreement was extended to March 2, 2009. On February 11, AXIA representatives met again with SEC Staff. Nothing further has occurred as of the time of this filing.

As a member of Visa, BOK Financial is obligated for a proportionate share of certain covered litigation losses incurred by Visa under a retrospective responsibility plan. A contingent liability was recognized for the Company's

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share of Visa's covered litigation liabilities. This contingent liability totaled $2.5 million at March 31, 2009. During 2008, Visa funded an escrow account to cover litigation claims, including covered litigation losses under the retrospective responsibility plan, with proceeds from its initial public offering and from available cash. BOK Financial recognized a $2.5 million receivable for its proportionate share of this escrow account.

BOK Financial received 410,562 Visa Class B shares as part of Visa's initial public offering in the first quarter of 2008. 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 0.6296 Class A shares 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.

At March 31, 2009, Cavanal Hill Funds' assets included $1.2 billion of U.S. Treasury, $1.5 billion of cash management and $780 million of tax-free money market funds. Assets of these funds consist of highly-rated, short-term obligations of the U.S. Treasury, corporate issuers and U.S. states and municipalities. The net asset value of units in these funds was $1.00 at March 31, 2009. An investment in these funds is not insured by the Federal Deposit Insurance Corporation or guaranteed by BOK Financial or any of its subsidiaries. BOK Financial may, but is not obligated to purchase assets from these funds to maintain the net asset value at $1.00.

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.

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(7) Shareholders' Equity

On April 28, 2009, the Board of Directors of BOK Financial Corporation approved a $0.24 per share quarterly common stock dividend. The quarterly dividend will be payable on May 29, 2009 to shareholders of record on May 15, 2009.

Dividends declared during the three month periods ended March 31, 2009 and 2008 were $0.225 per share and $0.20 per share, respectively.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) ("AOCI") includes unrealized gains and losses on available for sale securities and accumulated gains or losses on effective cash flow hedges, including hedges of anticipated transactions. Gains and losses in AOCI are net of deferred income taxes. Accumulated losses on the rate lock hedge of the 2005 subordinated debenture issuance will be reclassified into income over the ten-year life of the debt. Unrealized losses on employee benefit plans were recognized as required by Statement of Financial Accounting Standards Board No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("FAS 158"), and will be reclassified into income as Pension Plan costs.

	Unrealized Gain (Loss) On Available For Sale Securities	Other Than Temporary Impairment Losses	Accumulat (Loss) o Effectiv Cash Flo Hedges
Balance at December 31, 2007	$ (22,775)	$ -	$ (1,461
Unrealized gains on securities	13,167	-	-
Unrealized gains on cash flow hedges	-	-	139
Tax expense on unrealized gains	(4,721)	-	(54
Reclassification adjustment for (gains) losses realized and included in net income	(4,672)	-	52
Reclassification adjustment for tax expense (benefit) on realized gains (losses)	1,667	-	(20
Balance at March 31, 2008	$ (17,334)	$ -	$ (1,344
Balance at December 31, 2008	$ (204,648)	$ -	$ (1,19
Unrealized gains on securities	108,941	-	
Other-than-temporary impairment losses on securities	-	(39,366)	
Tax benefit (expense) on unrealized gains (losses)	(37,355)	13,498	
Reclassification adjustment for (gains) losses realized and included in net income	(5,170)	-	6
Reclassification adjustment for tax expense (benefit) on realized gains (losses)	1,776	-	(2
Balance at March 31, 2009	$ (136,456)	$ (25,868)	$ (1,16

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(8) Earnings Per Share

Effective January 1, 2009, the Company adopted Financial Accounting Standards

Board Staff Position (FSP) No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." FSP EITF 03-6-1 provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The Corporation has determined that its outstanding non-vested stock awards are participating securities. Accordingly, effective January 1, 2009, earnings per common share is computed using the two-class method prescribed by SFAS 128, "Earnings Per Share." All previously reported earnings per common share data has been retrospectively adjusted to conform to the new computation method, the effects of which were not material.

	Three Months Ended	
	March 31, 2009	March 31 2008
Numerator:		
Net income	$ 55,032	$ 62,26
Earnings allocated to participating securities	(180)	(16
Numerator for basic earnings per share - income available to common shareholders	54,852	62,10
Effect of reallocating undistributed earnings of participating securities	-	
Numerator for diluted earnings per share - income available to common shareholders	$ 54,852	$ 62,10
Denominator:		
Weighted average shares outstanding	67,536,038	67,379,67
Less: Participating securities included in weighted average shares outstanding	(220,052)	(177,55
Denominator for basic earnings per common share	67,315,986	67,202,12
Dilutive effect of employee stock compensation plans (1)	71,116	302,16
Denominator for diluted earnings per common share	67,387,102	67,504,28
Basic earnings per share	$ 0.81	$ 0.9
Diluted earnings per share	$ 0.81	$ 0.9
(1) Excludes employee stock options with exercise prices greater than current market price.	3,621,306	557,624

(9) Reportable Segments

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended March 31, 2009 is as follows (in thousands):

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Ne
Total reportable segments	$ 121,771	$ 119,983	$ 156,188	$

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense
Unallocated items:			
Tax-equivalent adjustment	2,105	-	-
Funds management and other	45,969	1,667	9,606
BOK Financial consolidated	$ 169,845	$ 121,650	$ 165,794

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

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Ne
Total reportable segments	$ 127,831	$ 110,858	$ 139,993	$
Unallocated items:				
Tax-equivalent adjustment	2,154	-	-	
Funds management and other	17,143	3,003	13,411	
BOK Financial consolidated	$ 147,128	$ 113,861	$ 153,404	$

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

(10) Fair Value Measurements

Fair value measurements as of March 31, 2009 are as follows (in thousands):

	Total	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Sign Unobs In
Assets:				
Trading securities	$128,179	$ 9,627	$118,552	
Investment securities	256,340		256,340	
Available for sale securities:				
U.S. Treasury	7,088	7,088	-	
Municipal and other tax-exempt	20,436		20,436	
Mortgage-backed securities	6,796,524		6,796,524	
Other debt securities	35		35	
Federal Reserve Bank stock	32,423		32,423	
Federal Home Loan Bank stock	86,172		86,172	
Perpetual preferred stock	16,161		16,161	
Equity securities and mutual funds	32,964	20,124	12,840	
	6,991,803	27,212	6,964,591	

Mortgage trading securities	454,493	454,493	
Mortgage servicing rights	50,246		50,
Derivative contracts	635,776	635,776	
Liabilities:			
Certificates of deposit	633,745	633,745	
Derivative contracts	650,302	650,302	

(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. Management has evaluated the methodologies employed by the third-party pricing services and determined that the results represent prices that would be received to sell assets or paid to transfer liabilities in orderly transactions in the current market. A more detailed description of the valuation methodologies used for assets and liabilities measured at fair value is set forth in the Company's 2008 Form 10-K.

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, 2009, the fair value and contractual principal amount of these certificates was $634 million and $625 million, respectively. Change in the fair value of these certificates of deposit resulted in an unrealized gain during the first quarter of 2009 of $2.4 million, which is included in Gain (Loss) on Derivatives, net on the Consolidated Statement of Earnings.

Assets measured on a non-recurring basis include pension plan assets, which are based on quoted prices in active markets for identical instruments, real property and other assets acquired to satisfy loans, which are based primarily on comparisons of completed sales of similar assets, and goodwill, which is based on significant unobservable inputs.

(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, 2009, outstanding commitments and letters of credit were as follows (in thousands):

	March 31, 2009
Commitments to extend credit	$4,985,330
Standby letters of credit	562,322
Commercial letters of credit	14,786

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

	Three Months Ended			
	March 31, 2009			
	Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance
Assets				
Taxable securities (3)	$ 7,084,340	$ 84,004	4.90%	$ 6,634,03
Tax-exempt securities (3)	252,612	4,138	6.64	255,69
Total securities (3)	7,336,952	88,142	4.96	6,889,72
Trading securities	111,962	1,019	3.69	78,84
Funds sold and resell agreements	50,701	30	0.24	48,24
Loans (2)	12,985,900	146,141	4.56	12,947,88
Less reserve for loan losses	252,734	-	-	209,31
Loans, net of reserve	12,733,166	146,141	4.65	12,738,56
Total earning assets (3)	20,232,781	235,332	4.75	19,755,37
Cash and other assets	2,710,588			2,516,27
Total assets	$ 22,943,369			$ 22,271,65
Liabilities and equity				
Transaction deposits	$ 6,610,805	$ 15,417	0.95%	$ 6,116,46
Savings deposits	159,537	109	0.28	155,78
Time deposits	5,215,091	36,401	2.83	5,109,30
Total interest-bearing deposits	11,985,433	51,927	1.76	11,381,55
Funds purchased and repurchase				

agreements	2,562,066	2,825	0.45	3,095,05
Other borrowings	2,158,963	3,064	0.58	1,986,85
Subordinated debentures	398,425	5,566	5.67	398,39
Total interest-bearing liabilities	17,104,887	63,382	1.50	16,861,85
Demand deposits	2,864,751			2,712,38
Other liabilities	1,058,216			788,53
Total equity	1,915,515			1,908,88
Total liabilities and equity	$ 22,943,369			$ 22,271,65
Tax-Equivalent Net Interest Revenue (3)		$ 171,950	3.25%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.47	
Less tax-equivalent adjustment (1)		2,105		
Net interest revenue		169,845		
Provision for credit losses		45,040		
Other operating revenue		125,092		
Other operating expense		165,794		
Income (loss) before taxes		84,103		
Federal and state income tax		28,838		
Non-controlling interest income (expense), net		(233)		
Net income (loss)		$ 55,032		
Earnings Per Average Common Share Equivalent:				
Net income (loss):				
Basic		$ 0.81		
Diluted		$ 0.81		

(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.

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Three Months Ended						
September 30, 2008			June 30, 2008			Ma
Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance

$ 6,056,909	$ 78,030	5.09%	$ 6,026,769	$ 75,959	5.08%	$ 5,624,430
254,803	4,166	6.64	259,410	4,165	6.46	264,398
6,311,712	82,196	5.15	6,286,179	80,124	5.14	5,888,828
66,419	937	5.61	74,058	1,267	6.88	74,957
79,862	290	1.44	72,444	355	1.97	80,735
12,713,356	181,862	5.69	12,527,011	180,424	5.79	12,181,279
182,844	-	-	145,524	-	-	131,709
12,530,512	181,862	5.77	12,381,487	180,424	5.86	12,049,570
18,988,505	265,285	5.55	18,814,168	262,170	5.61	18,094,090
2,832,658			2,794,132			2,402,963
$ 21,821,163			$ 21,608,300			$ 20,497,053
$ 6,565,935	$ 28,312	1.72%	$ 6,420,291	$ 27,755	1.74%	$ 6,267,021
159,856	147	0.37	159,798	148	0.37	156,953
4,792,366	40,810	3.39	4,076,167	38,211	3.77	4,225,141
11,518,157	69,269	2.39	10,656,256	66,114	2.50	10,649,115
3,061,186	15,253	1.98	3,126,110	15,180	1.95	3,061,783
1,390,233	8,935	2.56	2,267,076	14,032	2.49	1,340,846
398,361	5,553	5.55	398,336	5,821	5.88	398,241
16,367,937	99,010	2.41	16,447,778	101,147	2.47	15,449,985
2,739,209			2,634,038			2,443,201
767,832			521,867			599,654
1,946,185			2,004,617			2,004,213
$ 21,821,163			$ 21,608,300			$ 20,497,053
	$ 166,275	3.14%		$ 161,023	3.14%	
		3.48			3.44	
	1,927			2,084		
	164,348			158,939		
	52,711			59,310		
	132,286			54,397		
	164,290			159,268		
	79,633			(5,242)		
	22,958			(2,862)		
	10			1,219		
	$ 56,685			$ (1,161)		
	$ 0.84			$ (0.02)		
	$ 0.84			$ (0.02)		

PART II. Other Information

Item 1. Legal Proceedings

See discussion of legal proceedings at footnote 6 to the consolidated financial statements.

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, 2009.

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, 2009 to January 31, 2009	3,693	$40.62	-
February 1, 2009 to February 28, 2009	-	-	-
March 1, 2009 to March 31, 2009	-	-	-
Total	3,693		-

(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, 2009, the Company had repurchased 784,073 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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Signatures

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

BOK FINANCIAL CORPORATION
(Registrant)

Date: April 29, 2009

/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