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

As filed with the Securities and Exchange Commission on October 30, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 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
(State or other jurisdiction
of Incorporation or Organization)

73-1373454
(IRS Employer
Identification No.)

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

74192
(Zip Code)

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 67,707,547 shares of common

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stock (\$.00006 par value) as of September 30, 2009.

2

BOK Financial Corporation
Form 10-Q
Quarter Ended September 30, 2009

Index

Part I. Financial Information	
Item 1. Consolidated Financial Statements - Unaudited	3
Item 2. Management's Discussion and Analysis	31
Nine Month Financial Summary - Unaudited	74
Quarterly Financial Summary - Unaudited	75
Quarterly Earnings Trend - Unaudited	77
Item 3. Market Risk	78
Item 4. Controls and Procedures	79
Part II. Other Information	
Item 1. Legal Proceedings	80
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	80
Item 6. Exhibits	81
Signatures	82

3

Consolidated Statements of Earnings (Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,	
	2009	2008
Interest revenue		
Loans	\$ 139,344	\$ 179,847
Residential mortgage loans held for sale	2,198	1,743
Taxable securities	81,890	78,030
Tax-exempt securities	2,203	2,668
Total securities	84,093	80,698
Trading securities	593	780
Funds sold and resell agreements	18	290
Total interest revenue	226,246	263,358
Interest expense		
Deposits	36,340	69,269
Borrowed funds	3,887	24,188
Subordinated debentures	5,558	5,553
Total interest expense	45,785	99,010
Net interest revenue	180,461	164,348
Provision for credit losses	55,120	52,711
Net interest revenue after provision for credit losses	125,341	111,637

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Other operating revenue				
Brokerage and trading revenue	24,944		30,846	
Transaction card revenue	26,264		25,632	
Trust fees and commissions	16,315		20,100	
Deposit service charges and fees	30,464		30,404	
Mortgage banking revenue	13,197		7,145	
Bank-owned life insurance	2,634		2,829	
Margin asset fees	51		1,934	
Other revenue	6,087		7,768	

Total fees and commissions	119,956		126,658	

Gain (loss) on other assets, net	3,223		(841)	
Gain (loss) on derivatives, net	(294)		4,366	
Gain on securities, net	12,266		2,103	
Total other-than-temporary impairment losses	(6,133)		-	
Portion of loss recognized in other comprehensive income	(2,752)		-	

Net impairment losses recognized in earnings	(3,381)		-	

Total other operating revenue	131,770		132,286	

Other operating expense				
Personnel	98,012		87,549	
Business promotion	4,827		5,837	
Professional fees and services	7,555		6,501	
Net occupancy and equipment	15,884		15,570	
Insurance	6,092		2,436	
FDIC special assessment	-		-	
Data processing and communications	20,413		19,911	
Printing, postage and supplies	3,716		4,035	
Net (gains) losses and operating expenses of repossessed assets	3,497		(136)	
Amortization of intangible assets	1,686		1,884	
Mortgage banking costs	8,065		5,811	
Change in fair value of mortgage servicing rights	2,981		5,554	
Visa retrospective responsibility obligation	-		1,700	
Other expense	6,004		7,638	

Total other operating expense	178,732		164,290	

Income before taxes	78,379		79,633	
Federal and state income tax	24,772		22,958	

Net income before non-controlling interest	53,607		56,675	
Net income (loss) attributable to non-controlling interest	2,947		(10)	

Net income attributable to BOK Financial Corp.	\$ 50,660	\$	56,685	\$

Earnings per share:				

Basic	\$ 0.75	\$	0.84	\$

Diluted	\$ 0.75	\$	0.84	\$

Average shares used in computation:				

Basic	67,392,059		67,263,317	

Diluted	67,513,700		67,432,444	

Dividends declared per share	\$ 0.24	\$	0.225	\$

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See accompanying notes to consolidated financial statements.

4

Consolidated Balance Sheets

(In Thousands Except Share Data)

	September 30, 2009	December 31, 2008
	(Unaudited)	(Footnote 1)
Assets		
Cash and due from banks	\$ 1,383,244	\$ 581,133
Funds sold and resell agreements	39,465	113,800
Trading securities	100,898	99,600
Securities:		
Available for sale	8,176,631	5,800,690
Available for sale securities pledged to creditors	181,931	590,760
Investment (fair value: September 30, 2009 - \$244,774; December 31, 2008 - \$245,769; September 30, 2008 - \$243,820)	238,101	242,340
Mortgage trading securities	320,971	399,210
Total securities	8,917,634	7,033,000
Residential mortgage loans held for sale	172,301	129,240
Loans	11,611,564	12,876,000
Less reserve for loan losses	(280,902)	(233,230)
Loans, net of reserve	11,330,662	12,642,770
Premises and equipment, net	286,702	277,450
Accrued revenue receivable	68,617	96,670
Intangible assets, net	356,152	361,200
Mortgage servicing rights, net	66,689	42,750
Real estate and other repossessed assets	89,507	29,170
Bankers' acceptances	9,882	12,910
Derivative contracts	397,110	452,600
Cash surrender value of bank-owned life insurance	244,456	237,000
Receivable on unsettled securities trades	-	239,470
Other assets	413,522	385,810
Total assets	\$ 23,876,841	\$ 22,734,640
Liabilities and Shareholders' Equity		
Noninterest-bearing demand deposits	\$ 3,462,188	\$ 3,082,370
Interest-bearing deposits:		
Transaction	7,380,449	6,562,350
Savings	167,896	154,630
Time (includes deposits carried at fair value: \$98,068 at September 30, 2009; \$632,754 at December 31, 2008; \$528,715 at September 30, 2008)	4,084,813	5,183,240
Total deposits	15,095,346	14,982,600
Funds purchased and repurchase agreements	2,198,900	3,025,390
Other borrowings	3,189,948	1,522,050
Subordinated debentures	398,502	398,400
Accrued interest, taxes and expense	123,409	133,220
Bankers' acceptances	9,882	12,910

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Derivative contracts	395,197	667,03
Due on unsettled securities trades	133,974	
Other liabilities	127,689	132,90
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Total liabilities	21,672,847	20,874,53
<hr/>		
Shareholders' equity:		
Common stock (\$.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: September 30, 2009 - 70,137,096; December 31, 2008 - 69,884,749; September 30, 2008 - 69,838,173)	4	
Capital surplus	750,487	743,41
Retained earnings	1,537,373	1,427,05
Treasury stock (shares at cost: September 30, 2009 - 2,429,549; December 31, 2008 - 2,411,663; September 30, 2008 - 2,404,336)	(102,088)	(101,32)
Accumulated other comprehensive loss	(763)	(222,88)
<hr/>		
Total shareholders' equity	2,185,013	1,846,25
Non-controlling interest	18,981	13,85
<hr/>		
Total equity	2,203,994	1,860,11
<hr/>		
Total liabilities and equity	\$ 23,876,841	\$ 22,734,64

See accompanying notes to consolidated financial statements.

5

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)	\$1,
Effect of								
implementing FAS								
159, net of income taxes	-	-	-	-	62	-	-	-
Comprehensive income:								
Net income from BOKF	-	-	-	-	117,789	-	-	-
Net income (loss)								
attributable to								
non-controlling interest	-	-	-	-	-	-	-	-
Other comprehensive								
loss, net of tax	-	-	(75,015)	-	-	-	-	-
Comprehensive income								
Treasury stock purchase	-	-	-	-	-	166	(7,992)	-
Exercise of stock options	373	-	-	11,359	-	79	(4,381)	-
Tax benefit on exercise of								
stock options, net	-	-	-	1,004	-	-	-	-
Stock-based compensation	-	-	-	6,127	-	-	-	-
Cash dividends on								
common stock	-	-	-	-	(43,834)	-	-	-
Capital calls, net	-	-	-	-	-	-	-	-

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Balances at									
September 30, 2008	69,838	\$	4	\$(106,249)	\$740,578	\$1,406,971	2,404	\$(100,801)	\$1,

Balances at									
December 31, 2008	69,885	\$	4	\$(222,886)	\$743,411	\$1,427,057	2,412	\$(101,329)	\$1,
Comprehensive income:									
Net income from BOKF	-		-	-	-	157,807	-	-	
Net income (loss)									
attributable to									
non-controlling interest	-		-	-	-	-	-	-	
Other comprehensive									
income, net of tax	-		-	222,123	-	-	-	-	
Comprehensive income									
Exercise of stock options	252		-	-	3,351	-	18	(759)	
Tax benefit on exercise of									
stock options, net	-		-	-	(539)	-	-	-	
Stock-based compensation	-		-	-	4,264	-	-	-	
Cash dividends on									
common stock	-		-	-	-	(47,491)	-	-	
Capital calls, net	-		-	-	-	-	-	-	

Balances at									
September 30, 2009	70,137	\$	4	\$(763)	\$750,487	\$1,537,373	2,430	\$(102,088)	\$2,

See accompanying notes to consolidated financial statements.

6

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

Nine Months E

2009

Cash Flows From Operating Activities:

Net income before non-controlling interest	\$	161,212
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses		147,280
Change in fair value of mortgage servicing rights		(6,839)
Unrealized losses from derivatives		26,485
Tax benefit on exercise of stock options		539
Change in bank-owned life insurance		(7,450)
Stock-based compensation		4,264
Depreciation and amortization		58,858
Net (accretion) amortization of securities discounts and premiums		17,930
Realized gains on financial instruments and other assets		(47,052)
Mortgage loans originated for resale		(2,203,732)
Proceeds from sale of mortgage loans held for resale		2,186,897
Capitalized mortgage servicing rights		(32,699)
Change in trading securities, including mortgage trading securities		43,405
Change in accrued revenue receivable		28,056
Change in other assets		(107,402)
Change in accrued interest, taxes and expense		(9,811)
Change in other liabilities		(5,499)

6

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Net cash provided by operating activities	254,442
Cash Flows From Investing Activities:	
Proceeds from maturities of investment securities	82,513
Proceeds from maturities of available for sale securities	1,202,911
Purchases of investment securities	(78,753)
Purchases of available for sale securities	(5,273,635)
Proceeds from sales of investment securities	-
Proceeds from sales of available for sale securities	2,481,861
Loans originated or acquired net of principal collected	1,082,051
Net payments or proceeds on derivative asset contracts	415,849
Net change in other investment assets	-
Proceeds from disposition of assets	15,442
Purchases of assets	(50,464)
Net cash used in investing activities	(122,225)
Cash Flows From Financing Activities:	
Net change in demand deposits, transaction deposits and savings accounts	1,211,169
Net change in time deposits	(1,090,580)
Net change in other borrowings	841,395
Net payments or proceeds on derivative liability contracts	(459,840)
Net change in derivative margin accounts	(234,604)
Change in amount receivable (due) on unsettled security transactions	373,448
Issuance of common and treasury stock, net	2,592
Tax benefit on exercise of stock options	(539)
Repurchase of common stock	-
Dividends paid	(47,491)
Net cash provided by financing activities	595,550
Net increase (decrease) in cash and cash equivalents	727,767
Cash and cash equivalents at beginning of period	694,942
Cash and cash equivalents at end of period	\$ 1,422,709
Cash paid for interest	\$ 184,734
Cash paid for taxes	\$ 97,689
Net loans transferred to repossessed real estate and other assets	\$ 79,627

See accompanying notes to consolidated financial statements.

7

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

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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 BOSCO, 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 ("FASB")

Accounting Standards Codification 805, "Business Combinations" ("ASC 805" and formerly Statement of Financial Accounting Standards No. 141, "Business Combinations (Revised 2007)," ("FAS 141R"))

FAS 141R was codified by the FASB as ASC 805 as a replacement to Statement of Financial Accounting Standards No. 141, "Business Combinations," ("FAS 141") and applies to all transactions and other events in which one entity obtains control over one or more other businesses. ASC 805 requires an acquirer, upon initially obtaining control of another entity, to recognize the assets, liabilities and any non-controlling interest in the acquiree at fair value as of the acquisition date. Contingent consideration is required to be recognized and measured at fair value on the date of acquisition rather than at a later date when the amount of that consideration may be determinable beyond a reasonable doubt. This fair value approach replaces the cost-allocation process required under FAS 141 whereby the cost of an acquisition was allocated to the individual assets acquired and liabilities assumed based on their estimated fair value. ASC 805 requires acquirers to expense acquisition-related costs as incurred rather than allocating such costs to the assets acquired and liabilities assumed, as was previously the case under FAS 141. Under ASC 805, the requirements of FASB Accounting Standards Codification 420, "Exit or Disposal Cost Obligations," (formerly Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities") would have to be met in order to accrue for a restructuring plan in purchase accounting. Pre-acquisition contingencies are to be recognized at fair value, unless it is a non-contractual contingency that is not likely to materialize, in which case, nothing should be recognized in purchase accounting and, instead, that contingency would be subject to the probable and estimable recognition criteria of FASB Accounting Standards Codification 450, "Contingencies" (formerly Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies"). ASC 805 is applicable to the Company's accounting for business combinations closing on or 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")

Issued during 2007, FAS 160 was codified by FASB into Accounting Standards Codification 810, "Consolidations," to establish accounting and reporting standards for the non-controlling interest in a subsidiary and for the

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deconsolidation of a subsidiary. It 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, consolidated net income is required to be reported at amounts that included the amounts attributable to both the parent and the non-controlling

8

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 this guidance as of January 1, 2009, and it did not have a significant impact on the Company's financial statements.

Accounting Standards Codification 815-10-50 "Derivatives and Hedging - Disclosures" ("ASC 815-10-50" and formerly 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 was codified by FASB as ASC 815-10-50 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 FASB Accounting Standards Codification 815, "Derivatives and Hedging" 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, ASC 815-10-50 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. ASC 815-10-50 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 codified by FASB into the FASB Accounting Standards Codification 820 "Fair Value Measurements." ("ASC 820"). It 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 that fair value represents how much an asset would be sold for in an orderly transaction under current market conditions. The guidance was effective for interim and annual periods ending after June 15, 2009. Early adoption for interim and annual periods ending after March 15, 2009 was permitted. The Company adopted this guidance 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 codified by FASB into the FASB Accounting Standards Codification 320, "Investments - Debt and Equity Securities." It was issued April 9, 2009 to provide additional guidance and create greater clarity and consistency in accounting for impairment losses on securities. It 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

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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. The guidance is effective for interim and annual periods ending after June 15, 2009 and requires additional disclosures in interim periods. Early adoption for interim and annual periods ending after March 15, 2009 was permitted. The Company adopted this guidance as of March 31, 2009 and accordingly 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 was codified into the FASB Accounting Standards Codification 820, "Fair Value Measurements" ("ASC 820") and 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. It requires disclosures in interim financial statements that were previously only required in annual financial statements to provide qualitative and quantitative information about fair value estimates. The guidance included in ASC 820 was effective for interim and annual periods ending after June 15, 2009. Early adoption for interim and annual periods ending after March 15, 2009 was permitted. The Company adopted the guidance included in ASC 820 as of June 30, 2009. It did not 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")

9

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 and was codified by FASB into the Accounting Standards Codification 260, "Earnings Per Share." See additional discussion at Note 10 - Earnings Per Share.

Accounting Standards Codification 855 "Subsequent Events" ("ASC 855" and formerly Statement of Financial Accounting Standards No. 165, "Subsequent Events" ("FAS 165"))

On May 28, 2009, the FASB issued FAS 165 to provide authoritative accounting guidance on management's assessment of subsequent events. FAS 165 was codified by FASB into ASC 855 which incorporates existing U.S. auditing literature and clarifies that management is responsible for evaluating, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued or are available to be issued. ASC 855 was effective for the Company as of June 30, 2009 and did not have a significant impact on the Company's financial statements.

Statement of Financial Accounting Standards No. 166, "Accounting for Transfers of Financial Assets - an amendment to Statement No. 140," ("FAS 166")

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FAS 166 amends FAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," to enhance reporting about transfers of financial assets, including securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. FAS 166 eliminates the concept of a "qualifying special-purpose entity" and changes the requirements for derecognizing financial assets. FAS 166 also requires additional disclosures about all continuing involvement with transferred financial assets including information about gains and losses resulting from transfers during the period. FAS 166 will be effective January 1, 2010 and is not expected to have a significant impact on the Company's financial statements. The FASB has not yet codified FAS 166.

Statement of Financial Accounting Standards No. 167, "Amendments to FASB Interpretation No. 46(R)," ("FAS 167")

FAS 167 amends FIN 46 (Revised December 2003), "Consolidation of Variable Interest Entities," to change how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. FAS 167 requires additional disclosures about the reporting entity's involvement with variable-interest entities and any significant changes in risk exposure due to that involvement as well as its affect on the entity's financial statements. FAS 167 will be effective January 1, 2010 and is not expected to have a significant impact on the Company's financial statements. The FASB has not yet codified FAS 167.

FASB Accounting Standards Update No. 2009-01, "Topic 105-Generally Accepted Accounting Principles-amendments based on Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a Replacement of FASB Statement No. 162," ("ASU 2009-01")

ASU 2009-01 replaces FAS 162, "The Hierarchy of Generally Accepted Accounting Principles" and establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative guidance for SEC registrants. All guidance contained in the Codification carries an equal level of authority. All non-grandfathered, non-SEC accounting literature not included in the Codification is superseded and deemed non-authoritative. ASU 2009-01 was effective for the Company's financial statements for periods ending after September 15, 2009 and did not have a significant impact on the Company's financial statements.

10

Accounting Standards Update No. 2009-05, "Topic 820 - Fair Value Measurements and Disclosures - Measuring Liabilities at Fair Value" ("ASU 2009-05")

ASU 2009-05 provides clarification that the fair value measurement of liabilities in which a quoted price in an active market for the identical liability is not available should be developed based on a valuation technique that uses the quoted price of the identical liability when traded as an asset or quoted prices for similar liabilities when traded as assets or another valuation

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technique that is consistent with the principles of Topic 820 - Fair Value Measurements and Disclosures. ASU 2009-05 also clarifies that there is no requirement to adjust the fair value related to the existence of a restriction that prevents the transfer of the liability and that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. This guidance was effective for the Company as of September 30, 2009 and did not have a significant impact on the Company's financial statements.

Accounting Standards Update No. 2009-12, "Topic 820 - Fair Value Measurements and Disclosures - Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)" ("ASU 2009-12")

ASU 2009-12 permits, as a practical expedient, fair value of an investment that is within the scope of the ASU such as hedge funds, private equity funds, real estate funds, venture capital funds, offshore fund vehicles and fund of funds to be measured based on the net asset value of the investment or its equivalent as of the reporting entity's measurement date. It also requires certain disclosures including any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitments and the investment strategies of the investees. ASU 2009-12 is effective for interim and annual periods ending December 15, 2009. Early application is permitted. The Company will adopt ASU 2009-12 as of December 31, 2009 and it is not expected to have a significant impact on the Company's financial statements.

11

(2) Securities

Investment Securities

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

	September 30,					
	2009					
	Amortized Cost	Fair Value	Not Recognized in OCI (1)		Amortized Cost	Fair Value
		Gross Gain	Unrealized Loss			
Municipal and other tax-exempt	\$230,868	\$237,520	\$6,667	\$ (15)	\$238,042	\$238,042
Other debt securities	7,233	7,254	21	-	5,575	5,575
Total	\$238,101	\$244,774	\$6,688	\$ (15)	\$243,617	\$243,617
	December 31, 2008					
	Amortized Cost	Fair Value	Not Recognized in OCI (1)			
			Gross Gain	Unrealized Loss		
Municipal and other tax-exempt	\$235,791	\$239,178	\$3,736	\$ (349)		

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Other debt securities	6,553	6,591	38	-

Total	\$242,344	\$245,769	\$3,774	\$(349)

(1) Other comprehensive income

The amortized cost and fair values of investment securities at September 30, 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	\$ 57,991	\$ 140,205	\$25,395	\$ 7,277
Fair value	58,808	144,594	26,596	7,522
Nominal yield(1)	5.29	4.61	5.76	6.44
Other debt securities:				
Amortized cost	\$ 5,795	\$ 1,425	\$ -	\$ 13
Fair value	5,811	1,430	-	13
Nominal yield	1.82	5.09	-	-

Total fixed maturity securities:				
Amortized cost	\$ 63,786	\$ 141,630	\$ 25,395	\$ 7,290
Fair value	64,619	146,024	26,596	7,535
Nominal yield	4.97	4.62	5.76	6.43

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.

12

Available for Sale Securities

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

		September 30,			
		2009			
		Recognized in OCI (1)			
Amortized Cost	Fair Value	Gross Unrealized		Other Than Temporary Impairment	Amortized Cost
		Gain	Loss		

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U.S. Treasury	\$ 6,995	\$ 7,052	\$ 57	\$ -	\$ -	\$ 26,984
Municipal and other tax-exempt	46,393	47,903	1,730	(220)	-	18,832
Residential mortgage-backed securities:						
U. S. agencies:						
FNMA	3,400,688	3,510,572	112,054	(2,170)	-	2,110,871
FHLMC	2,323,379	2,396,767	73,440	(52)	-	1,978,890
GNMA	828,543	846,693	18,559	(409)	-	259,826
Other	131,270	132,835	5,047	(3,482)	-	203,995
Total U.S. agencies	6,683,880	6,886,867	209,100	(6,113)	-	4,553,582
Private issue:						
Alt-A loans	298,738	233,976	-	(41,377)	(23,385)	346,662
Jumbo-A loans	1,033,612	906,967	80	(122,156)	(4,569)	1,339,080
Total private issue	1,332,350	1,140,943	80	(163,533)	(27,954)	1,685,742
Total residential mortgage-backed securities	8,016,230	8,027,810	209,180	(169,646)	(27,954)	6,239,324
Other debt securities	15,883	15,862	-	(21)	-	38
Federal Reserve Bank stock	32,526	32,526	-	-	-	32,078
Federal Home Loan Bank stock	146,355	146,355	-	-	-	56,471
Perpetual preferred stock	19,751	20,038	527	(240)	-	32,582
Equity securities and mutual funds	43,531	61,016	18,009	(524)	-	31,874
Total	\$8,327,664	\$8,358,562	\$ 229,503	\$ (170,651)	\$ (27,954)	\$ 6,438,183

December 31, 2008

	Amortized Cost	Fair Value	Recognized in OCI (1)	
			Gross Unrealized	
			Gain	Loss
U.S. Treasury	\$ 6,987	\$ 7,126	\$ 139	\$ -
Municipal and other tax-exempt	19,537	20,163	664	(38)
Residential mortgage-backed securities:				
U. S. agencies:				
FNMA	2,194,834	2,225,589	37,855	(7,100)
FHLMC	2,222,253	2,254,989	37,577	(4,841)
GNMA	195,767	200,086	4,319	-
Other	288,041	292,264	4,322	(99)
Total U.S. agencies	4,900,895	4,972,928	84,073	(12,040)
Private issue:				
Alt-A loans	393,118	268,545	-	(124,573)
Jumbo-A loans	1,243,816	972,693	28	(271,151)
Total private issue	1,636,934	1,241,238	28	(395,724)
Total residential mortgage-backed				

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securities	6,537,829	6,214,166	84,101	(407,764)
Other debt securities	37	36	-	(1)
Federal Reserve Bank stock	32,380	32,380	-	-
Federal Home Loan Bank stock	61,760	61,760	-	-
Perpetual preferred stock	32,472	21,701	-	(10,771)
Equity securities and mutual funds	31,421	34,119	2,698	-
Total	\$6,722,423	\$6,391,451	\$ 87,602	\$ (418,574)

(1) Other comprehensive income

13

The amortized cost and fair values of available for sale securities at September 30, 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	\$ 6,995	\$ -	\$ -	\$ -
Fair value	7,052	-	-	-
Nominal yield	2.16	-	-	-
Municipal and other tax-exempt:				
Amortized cost	\$ -	\$ 4,468	\$ 15,717	\$ 26,208
Fair value	-	4,722	17,124	26,057
Nominal yield(1)	-	4.04	4.12	0.65
Other debt securities:				
Amortized cost	\$ 25	\$ 8	\$ -	\$ 15,850
Fair value	25	8	-	15,829
Nominal yield(1)	6.18	7.61	-	1.66
Total fixed maturity securities:				
Amortized cost	\$ 7,020	\$ 4,476	\$ 15,717	\$ 42,058
Fair value	7,077	4,730	17,124	41,886
Nominal yield	2.18	4.05	4.12	1.03
Residential 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

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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.

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

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2009	2008	2009	2008
Proceeds	\$ 704,897	\$ 687,515	\$ 2,481,861	\$ 2,158,861
Gross realized gains	15,122	4,256	48,992	12,122
Gross realized losses	(1,390)	(3,339)	(1,390)	(8,122)
Related federal and state income tax expense	2,752	264	16,039	1,122

Gains and losses on sales of available for sale securities are realized on settlement date.

Gross realized gains for the nine months ended September 30, 2008 exclude \$6.8 million gain from the redemption of Visa, Inc. Class B common stock. Gross realized losses are due to price changes subsequent to June 30, 2009 on \$91 million of impaired debt securities. The amortized cost of these securities was written down to fair value through an other-than-temporary-impairment ("OTTI") charge of \$1.3 million in the second quarter of 2009 based on the Company's intent to sell the securities.

Mortgage trading securities are mortgage-backed securities issued by U.S. government agencies 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 September 30, 2009, mortgage trading securities are carried at their \$321 million fair value and had a net unrealized gain of \$5.0 million. The Company recognized a net gain of \$3.6 million on mortgage trading securities during the third quarter of 2009 and a net loss of \$8.8 million for the nine months ended September 30, 2009. The Company recognized a net gain of \$1.2 million on mortgage trading securities during the third quarter of 2008 and a net loss of \$4.1 million for the nine months ended September 30, 2008.

14

Temporarily Impaired Securities as of September 30, 2009
(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 Available for sale:	8	\$ 3,355	\$ 1	\$ 2,363	\$ 14

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Municipal and other tax-exempt Residential mortgage-backed securities:	14	25,360	220	-	-
U. S. agencies:					
FNMA	8	152,385	1,012	10,238	1,158
FHLMC	3	76,500	52	-	-
GNMA	2	50,995	409	-	-
Other	3	16,624	3	39,119	3,479
Total U.S. agencies	16	296,504	1,476	49,357	4,637
Private issue:					
Alt-A loans	25	-	-	233,976	64,762
Jumbo-A loans	86	16,755	3,277	864,312	123,448
Total private issue	111	16,755	3,277	1,098,288	188,210
Total residential mortgage-backed securities	127	313,259	4,753	1,147,645	192,847
Other debt securities	3	6,878	21	-	-
Perpetual preferred stock	3	-	-	10,162	240
Equity securities and mutual funds	7	2,681	524	-	-
Total available for sale	154	348,178	5,518	1,157,807	193,087
Total	162	\$351,533	\$ 5,519	\$1,160,170	\$ 193,101

Temporarily Impaired Securities as of December 31, 2008
(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	63	\$ 10,331	\$ 147	\$ 7,914	\$ 202
Available for sale:					
Municipal and other tax-exempt Residential mortgage-backed securities:	4	645	30	1,269	8
U. S. agencies:					
FNMA	31	539,121	7,083	10,787	17
FHLMC	28	273,165	4,282	152,885	559
Other	1	36,444	99	-	-
Total U.S. agencies	60	848,730	11,464	163,672	576
Private issue:					
Alt-A loans	28	148,329	78,258	120,216	46,315
Jumbo-A loans	87	283,405	89,715	675,226	181,436
Total private issue	115	431,734	167,973	795,442	227,751
Total residential mortgage-backed securities	175	1,280,464	179,437	959,114	228,327

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Other debt securities	2	-	-	36	1
Perpetual preferred stock	14	14,107	8,122	7,594	2,649
<hr/>					
Total available for sale	195	1,295,216	187,589	968,013	230,985
<hr/>					
Total	258	\$1,305,547	\$ 187,736	\$ 975,927	\$ 231,187
<hr/>					

15

Temporarily Impaired Securities as of September 30, 2008
(In Thousands)

	Number	Less Than 12 Months		12 Months or Longer	
	of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<hr/>					
Investment:					
Municipal and other tax exempt Available for sale:	196	\$ 40,891	\$ 521	\$ 34,595	\$ 843
Municipal and other tax-exempt Residential mortgage-backed securities:	39	10,898	213	2,745	142
U. S. agencies:					
FNMA	106	903,902	15,816	257,153	4,113
FHLMC	62	276,586	3,537	328,818	2,918
GNMA	21	32,428	769	7,938	30
Other	5	114,149	530	-	
<hr/>					
Total U.S. agencies	194	1,327,065	20,652	593,909	7,061
<hr/>					
Private issue:					
Alt-A loans	24	195,398	54,124	89,809	7,331
Jumbo-A loans	86	369,992	19,687	841,162	81,624
<hr/>					
Total private issue	110	565,390	73,811	930,971	88,955
<hr/>					
Total residential mortgage-backed securities	304	1,892,455	94,463	1,524,880	96,016
<hr/>					
Other debt securities	1	-	-	25	1
Perpetual preferred stock	13	4,727	273	19,034	8,438
Equity securities and mutual funds	12	-	-	10,381	32
<hr/>					
Total available for sale	369	1,908,080	94,949	1,557,065	104,629
<hr/>					
Total	565	\$ 1,948,971	\$ 95,470	\$1,591,660	\$105,472
<hr/>					

On a quarterly basis, the Company performs separate evaluations of impaired debt and equity securities to determine if the unrealized losses are temporary.

For equity securities, including perpetual preferred stocks, this evaluation begins with an assessment of management's ability and intent to hold the securities until fair value recovers. The assessment of the ability and intent to hold these securities focuses on liquidity needs, asset / liability management objectives and securities portfolio objectives. Based on the results of this evaluation, management concluded that as of September 30, 2009, it had

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both the intent and ability to hold these equity securities until the fair value recovers.

For debt securities, management determines whether it intends to sell or if it is more-likely-than-not that it will be required to sell impaired securities. This determination considers current and forecasted liquidity requirements, regulatory and capital requirements and securities portfolio management. Based on this evaluation as of September 30 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.

For all impaired debt securities for which there was no intent or expected requirement to sell, the evaluation considers all available evidence to assess whether it is more likely than not that all amounts due would not be collected according to the security's contractual terms.

Impaired debt securities are 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 rating agencies. Impairment of debt securities consistently rated investment grade is considered temporary unless specific contrary information is identified. None of the debt securities rated investment grade were considered to be other-than-temporarily impaired at September 30, 2009.

16

As of September 30, 2009 the composition of the Company's securities portfolio by the lowest current credit rating assigned by any of the three nationally-recognized rating agencies is as follows (in thousands):

	U.S. Govt / GSE (1)		AAA - AA		A - BBB		Below Investment Grade	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Held-to-Maturity:								
Municipal and other								
tax-exempt	\$ -	\$ -	\$ 52,172	\$ 53,665	\$ 52,060	\$ 53,533	\$ -	\$ -
Other debt securities	-	-	-	-	600	600	-	-
Total	\$ -	\$ -	\$ 52,172	\$ 53,665	\$ 52,660	\$ 54,133	\$ -	\$ -
Available for Sale:								
U.S. Treasury	\$ 6,995	\$ 7,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal and other								
tax-exempt	-	-	32,246	33,562	7,248	7,399	4,655	4,550
Residential mortgage-backed securities:								
U. S. agencies:								
FNMA	3,400,688	3,510,572	-	-	-	-	-	-
FHLMC	2,323,379	2,396,767	-	-	-	-	-	-
GNMA	828,543	846,693	-	-	-	-	-	-
Other	131,270	132,835	-	-	-	-	-	-
Total U.S. agencies	6,683,880	6,886,867	-	-	-	-	-	-

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Private issue:									
Alt-A loans	-	-	42,155	38,021	13,997	12,968	242,586	182,987	
Jumbo-A loans	-	-	504,224	471,403	137,268	121,048	392,120	314,516	

Total private issue	-	-	546,379	509,424	151,265	134,016	634,706	497,503	

Total residential									
mortgage-backed securities	6,683,880	6,886,867	546,379	509,424	151,265	134,016	634,706	497,503	

Other debt securities	-	-	13,050	13,034	250	245	2,550	2,550	
Federal Reserve Bank stock	32,526	32,526	-	-	-	-	-	-	
Federal Home Loan Bank stock	146,355	146,355	-	-	-	-	-	-	
Perpetual preferred stock	-	-	-	-	19,751	20,038	-	-	
Equity securities and mutual funds	-	-	-	-	-	-	-	-	

Total	\$6,869,756	\$7,072,800	\$591,675	\$556,020	\$178,514	\$161,698	\$641,911	\$504,603	\$4

- (1) U.S. government and government sponsored enterprises are not rated by the nationally-recognized rating agencies as these securities are guaranteed by agencies of the U.S. government or government-sponsored enterprises.

Approximately \$635 million of our portfolio of privately issued 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 \$137 million. Ratings by the nationally recognized rating agencies are subjective in nature and accordingly ratings can vary significantly amongst the agencies. Limitations generally expressed by the rating agencies include statements that ratings do not predict the specific percentage default likelihood over any given period of time and that ratings do not opine on expected loss severity of an obligation should the issuer default. As such, the impairment of securities rated below investment grade by at least one of the nationally-recognized rating agencies 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:

- o Unemployment rates - increasing to 10.5% over the next 12 months, dropping to 8% for the following 12 months, and holding at 8% thereafter.
- o Housing price depreciation - starting with current depreciated housing prices based on information derived from the Federal Housing Finance Agency data, decreasing by an additional 7.5% over the next nine months and holding at that level thereafter.
- o Estimated Liquidation Costs - held constant at 27% of the then-current depreciated housing price at estimated foreclosure date.

17

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

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These securities were further evaluated based on the loan-to-value ratio and credit enhancement coverage ratio, with each of these criteria being given equal weight in the evaluation.

Adjusted loan-to-value ratio is an estimate of the collateral value available to support the realizable value of the security. The Company calculates the adjusted loan-to-value ratio for each security using loan-level data that comprises each security. The adjusted loan-to-value ratio is the original loan-to-value ratio adjusted for market-specific home price depreciation and the credit enhancement on the specific tranche of the security owned by the Company. The home price depreciation is derived from the Federal Housing Finance Agency ("FHFA"). FHFA provides historical information on home price depreciation at both the Metropolitan Statistical Area ("MSA") and state level. This information is matched to each loan to calculate the home price depreciation. Data is accumulated from the loan level to determine the adjusted loan-to-value ratio for the security as a whole. The Company believes that an adjusted loan-to-value ratio above 85% provides evidence that the collateral value may not provide sufficient cash flows to support our carrying value. The 85% guideline provides for further home price depreciation in future periods beyond our assumptions of current loss trends for residential real estate loans and is consistent with underwriting standards used by the Company to originate new residential mortgage loans. A distribution of the amortized cost (after recognition of the other-than-temporary impairment) and fair value by adjusted loan to value ratio is as follows (in thousands):

Adjusted LTV Ratio	Amortized Cost	Fair Value
<70 %	\$ 49,249	\$ 45,290
70 <75	73,732	56,108
75 <80	269,637	214,600
80 <85	224,646	171,303
>= 85	17,442	10,202
Total	\$ 634,706	\$ 497,503

OTTI charges have been recognized through earnings for estimated credit losses on securities with adjusted loan-to-value ratios in excess of 85%. The remaining impairment represents unrealized losses attributed to factors other than credit losses and are recognized in accumulated other comprehensive losses.

Credit enhancement coverage ratio is an estimate of credit enhancement available to absorb current projected losses within the pool of loans that support the security. The Company acquires the benefit of credit enhancement by investing in super-senior tranches for many of our mortgage-backed securities. Subordinated tranches held by other investors are specifically designed to absorb losses before the super-senior tranches which effectively doubled the typical credit support for these types of bonds. Current projected losses consider depreciation of home prices based on FHFA data, estimated costs and additional losses to liquidate collateral and delinquency status of the individual loans underlying the security. Management believes that a credit enhancement coverage ratio below 1.50 provides evidence that current credit enhancement may not provide sufficient cash flows of the individual loans to support our carrying value at the security level. The credit enhancement coverage ratio guideline of 1.50 times is based on standard underwriting criteria which consider loans with coverage ratios of 1.20 to 1.25 times to be well-secured.

Additional evidence considered by the Company is the current loan-to-value ratio and the FICO score of individual borrowers whose loans are still performing within the collateral pool as forward-looking indicators of possible future losses that could affect our evaluation.

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We recognized an other-than-temporary impairment loss on certain private-label residential mortgage-backed securities of \$3.4 million in earnings during the third quarter of 2009; \$1.6 million was related to an initial other-than-impairment charge on one security. The remaining \$1.8 million was for additional other-than-temporary impairment due to declines in the projected cash flows on securities identified in previous quarters. We recognized an other-than-temporary impairment loss on mortgage-backed securities of \$279 thousand in the second quarter of 2009.

18

The following represents the composition of net impairment losses recognized in earnings (in thousands):

	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
	-----	-----
OTTI related to perpetual preferred stocks	\$ -	\$ (8,008)
OTTI on debt securities due to change in intent to sell	-	(1,263)
OTTI on debt securities not intended for sale	(6,133)	(52,493)
Less: Portion of OTTI recognized in other comprehensive income	(2,752)	(41,839)
	-----	-----
OTTI recognized in earnings related to credit losses on debt securities not intended for sale	(3,381)	(10,654)
	-----	-----
Total OTTI recognized in earnings	\$ (3,381)	\$ (19,925)
	-----	-----

The following is a tabular rollforward of the amount of credit-related OTTI recognized on available-for-sale debt securities in earnings (in thousands):

	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
	-----	-----
Balance of credit-related OTTI recognized on available for sale debt securities at July 1, 2009 and January 1, 2009, respectively	\$ 7,273	\$ -
Additions for credit-related OTTI not previously recognized	1,563	8,557
Additions for increases in credit-related OTTI previously recognized when there is no intent to sell and no requirement to sell before recovery of amortized cost	1,818	2,097
	-----	-----
Balance of credit-related OTTI recognized on available for sale debt securities at September 30, 2009	\$ 10,654	\$ 10,654
	-----	-----

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19

(3) Derivatives

The following table summarizes the fair values of derivative contracts recorded as "derivative contracts" assets and liabilities in the balance sheet at September 30, 2009 (in thousands):

	Gross Basis					
	Assets		Liabilities		Assets	
	Notional(1)	Fair Value	Notional(1)	Fair Value	Notional(1)	Fair Value
Customer Risk Management Programs:						
Interest rate contracts	\$4,851,226	\$136,625	\$4,849,680	\$142,008	\$4,851,226	\$136,625
Energy contracts	4,197,005	618,943	4,198,626	613,144	1,117,398	215,000
Cattle contracts	57,062	1,650	45,192	1,522	57,062	1,650
Foreign exchange contracts	54,068	54,160	54,160	54,160	54,068	54,160
CD options	55,938	4,888	55,938	4,888	55,938	4,888
Total Customer Derivatives before cash collateral	9,215,299	816,266	9,203,596	815,722	6,135,692	412,000
Less: cash collateral	-	-	-	-	-	(17,000)
Total customer derivatives	9,215,299	816,266	9,203,596	815,722	6,135,692	395,000
Interest Rate Risk Management Programs						
	98,541	1,732	-	-	98,541	1,732
Total Derivative Contracts	\$9,313,840	\$817,998	\$9,203,596	\$815,722	\$6,234,233	\$397,000

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

(2) Derivative contracts are recorded on a net basis in the balance sheet in recognition of master netting agreements that enable the Company to settle all derivative positions with a given counterparty in total and to offset the net derivative position with the related cash collateral.

The following summarizes the pre-tax net gains (losses) on derivative instruments and where they are recorded in the income statement (in thousands):

	Three Months ended September 30, 2009		Nine Months ended September 30, 2009	
	Brokerage and Trading Revenue	Gain (Loss) on Derivatives, Net	Brokerage and Trading Revenue	Gain (Loss) on Derivatives, Net
Customer Risk Management Programs:				
Interest rate contracts	\$ (197)	\$ -	\$1,482	\$ -

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Energy contracts	1,313	-	2,627	-
Cattle contracts	196	-	529	-
Foreign exchange contracts	197	-	371	-
CD options	-	-	-	-

Total Customer Derivatives	1,509	-	5,009	-
Interest Rate Risk Management Programs	-	(2,242)	-	(10,846)

Total Derivative Contracts	\$1,509	\$ (2,242)	\$5,009	\$ (10,846)

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 quarters ended September 30, 2009 and 2008, net interest revenue was increased by \$2.7 million and \$2.4 million, respectively, from the settlement of amounts receivable or payable on interest rate swaps.

The notional and the 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 related to mortgage loan commitments and forward contract sales as of September 30, 2009 were (in thousands):

	Mortgage Loans Held for Sale		Mortgage Banking Revenue	
	Notional	Fair Value	Three months ended Sept. 30, 2009	Nine months ended Sept. 30, 2009
Mortgage loan commitments	\$159,598	\$3,481	\$ 1,634	\$ 1,312
Forward sales contracts	310,799	(3,875)	(8,960)	(1,712)
		\$ (394)	\$ (7,326)	\$ (400)
		=====	=====	=====

20

(4) Impaired Loans

Impaired Loans

Investments in loans considered to be impaired under FAS 114 were as follows (in thousands):

	September 30, 2009	December 31, 2008	September 30, 2008
Investment in loans impaired under FAS 114 (all of which were on a nonaccrual basis)	\$357,954	\$269,908	\$184,333

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Loans with specific reserves for loss	247,309	194,292	119,783
Specific reserve balance	37,739	28,532	15,552
No specific related reserve for loss	110,645	75,616	64,544
Average recorded investment in impaired loans	342,921	179,808	150,186

Approximately \$123 million of losses on impaired loans with no related specific reserves at September 30, 2009 were charged off against the allowance for loan losses. Interest income recognized on impaired loans was not significant.

(5) Reserve for Credit Losses

The activity in the reserve for loan losses is summarized as follows (in thousands):

	Three Months ended September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
Beginning balance	\$263,309	\$154,018	\$233,236	\$126,677
Provision for loan losses	53,580	52,712	150,461	127,901
Loans charged off	(38,581)	(33,926)	(110,525)	(86,530)
Recoveries	2,594	13,712 (1)	7,730	18,468
Ending balance	\$280,902	\$186,516	\$280,902	\$186,516

(1) Includes a \$7.1 million recovery of a loan charged off in 2005 and a \$4.0 million recovery of a loan charged off in 2001.

The activity in the reserve for off-balance sheet credit losses is summarized as follows (in thousands):

	Three Months ended September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
Beginning balance	\$10,445	\$22,545	\$15,166	\$20,853
Provision for off-balance sheet credit losses	1,540	(1)	(3,181)	1,691
Ending balance	\$11,985	\$22,544	\$11,985	\$22,544
Provision for credit losses	\$55,120	\$52,711	\$147,280	\$129,592

21

(6) Mortgage Banking Activities

Residential mortgage loans held for sale totaled \$172 million and \$113 million, and outstanding mortgage loan commitments totaled \$216 million and \$93 million at September 30, 2009 and 2008, respectively. Mortgage loan commitments are

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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 September 30, 2009, the unrealized loss recognized on forward sales contracts used to manage the mortgage pipeline interest rate risk was approximately \$3.9 million. Gains on mortgage loans sold, including capitalized mortgage servicing rights, totaled \$5.0 million and \$26.2 million in the three and nine months ended September 30, 2009. Gains on mortgage loans sold, including capitalized mortgage servicing rights, totaled \$1.7 million and \$7.2 million in the three and nine months ended September 30, 2008.

At September 30, 2009, BOK Financial owned the rights to service 62,860 mortgage loans with outstanding principal balances of \$7.1 billion, including \$832 million serviced for affiliates. The weighted average interest rate and remaining term was 5.74% and 289 months, respectively.

For the three and nine months ended September 30, 2009, mortgage banking revenue includes servicing fee income and late charges on loans serviced for others of \$5.2 million and \$14.6 million, respectively. For the three and nine months ended September 30, 2008, mortgage banking revenue includes servicing fee income and late charges on loans serviced for others of \$4.4 million and \$13.0 million, respectively.

Activity in capitalized mortgage servicing rights during the nine months ending September 30, 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	-	32,699	32,699
Change in fair value due to loan runoff	(1,984)	(13,617)	(15,601)
Change in fair value due to market and assumption changes	2,141	4,698	6,839
Balance at September 30, 2009	\$ 6,510	\$ 60,179	\$ 66,689

Activity in capitalized mortgage servicing rights during the nine months ending September 30, 2008 is as follows (in thousands):

	Capitalized Mortgage Servicing Rights		
	Purchased	Originated	Total
Balance at December 31, 2007	\$ 13,906	\$ 56,103	\$ 70,009
Additions, net	-	15,406	15,406
Change in fair value due to loan runoff	(1,719)	(6,933)	(8,652)
Change in fair value due to market and assumption changes	(1,063)	(7,020)	(8,083)
Balance at September 30, 2008	\$ 11,124	\$ 57,556	\$ 68,680

Changes in the fair value of mortgage servicing rights are included in Other Operating Expense in the Consolidated Statements of Earnings (Unaudited).

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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.

22

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

	September 30, 2009	December 31,
Discount rate - risk-free rate plus a market premium -----	10.3%	9.26%
Prepayment rate - based upon loan interest rate, ----- original term and loan type	8.9% - 25.0%	8.3% - 38
Loan servicing costs - annually per loan based upon ----- loan type	\$43 - \$66	\$43 - \$7
Escrow earnings rate - indexed to rates paid on deposit ----- accounts with comparable average life	2.65%	2.08%

Stratification of the mortgage loan servicing portfolio and outstanding principal of loans serviced by interest rate at September 30, 2009 follows (in thousands):

	<5.51%	5.51% - 6.50%	6.51% - 7.50%	> 7
Fair value	\$ 36,148	\$ 23,006	\$ 6,005	\$
Outstanding principal of loans serviced (1)	\$3,000,000	\$2,339,000	\$776,000	\$1

(1) Excludes outstanding principal of \$832 million for loans serviced for affiliates and \$28 million of mortgage loans for which there are no capitalized mortgage servicing rights.

(7) Employee Benefits

BOK Financial has sponsored a defined benefit Pension Plan for all employees who satisfied certain age and service requirements. Pension Plan benefits were curtailed as of April 1, 2006. The Company recognized periodic pension cost of \$0.6 million and \$1.8 million during the three and nine months ended September 30, 2009, respectively, and none during the same periods of the prior year. The Company made no Pension Plan contributions during the nine months ended September 30, 2009 and September 30, 2008.

Management has been advised that the maximum and minimum allowable contributions

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for 2009 are \$23 million and \$0.4 million, respectively.

(8) Commitments and Contingent Liabilities

BOSC, Inc. has been joined as a defendant in a putative class action brought on behalf of unit holders of SemGroup Energy Partners, LP in the United States District Court for the Northern District of Oklahoma. The lawsuit is brought pursuant to Sections 11 and 12(a)(2) of the Securities Act of 1933 against all of the underwriters of issuances of partnership units in the Initial Public Offering in July 2007 and in a Secondary Offering in January 2008. BOSC underwrote \$6.25 million of units in the Initial Public Offering. BOSC was not an underwriter in the Secondary Offering. Counsel for BOSC believes BOSC has valid defenses to the claims asserted in the litigation and management does not anticipate any material loss.

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 share of Visa's covered litigation liabilities. This contingent liability totaled \$2.1 million at September 30, 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 \$2.1 million receivable for its proportionate share of this escrow account.

23

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 0.5824 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 September 30, 2009, Cavanal Hill Funds' assets included \$924 million of U.S. Treasury, \$1.1 billion of cash management and \$594 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 September 30, 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.

The Company has evaluated events from the date of the consolidated financial statements on September 30, 2009 through the issuance of those consolidated financial statements included in this Quarterly Report on Form 10-Q on October 30, 2009. No events were identified requiring recognition in and/or disclosure in consolidated financial statements.

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24

(9) Shareholders' Equity

On October 27, 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 December 2, 2009 to shareholders of record on November 16, 2009.

Dividends declared during the three and nine months ended September 30, 2009 were \$0.24 per share and \$0.705 per share, respectively. Dividends declared during the three and nine months ended September 30, 2008 were \$0.225 per share and \$0.65 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 will be reclassified into income as pension plan costs are recognized over the remaining service period of plan participants.

(In thousands)

	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 losses on securities	(103,379)	-	-
Unrealized gains on cash flow hedges	-	-	139
Tax benefit (expense) on unrealized gains (losses)	29,776	-	(54)
Reclassification adjustment for losses realized and included in net income	(2,317)	-	214
Reclassification adjustment for tax benefit on realized losses	689	-	(83)
Balance at September 30, 2008	\$ (98,006)	\$ -	\$ (1,245)
Balance at December 31, 2008	\$ (204,648)	\$ -	\$ (1,199)
Unrealized gains on securities	381,772	13,885	-
Other-than-temporary impairment losses on securities	-	(41,839)	-
Tax benefit (expense) on unrealized gains (losses)	(128,568)	9,418	-
Reclassification adjustment for (gains) losses realized and included in net income	(19,089)	-	169
Reclassification adjustment for tax expense (benefit) on realized gains (losses)	6,441	-	(66)
Balance at September 30, 2009	\$ 35,908	\$ (18,536)	\$ (1,096)

25

(10) Earnings Per Share

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Effective January 1, 2009, 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. 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. The following table presents the computation of basis and diluted earnings per share (dollar in thousands except per share data):

	Three Months Ended		
	Sept. 30, 2009	Sept. 30, 2008	Se
Numerator:			
Net income	\$ 50,660	\$ 56,685	\$
Earnings allocated to participating securities	(222)	(142)	
<hr style="border-top: 1px dashed black;"/>			
Numerator for basic earnings per share - income available to common shareholders	50,438	56,543	
Effect of reallocating undistributed earnings of participating securities	-	-	
<hr style="border-top: 1px dashed black;"/>			
Numerator for diluted earnings per share - income available to common shareholders	\$ 50,438	\$ 56,543	\$
<hr style="border-top: 1px dashed black;"/>			
Denominator:			
Weighted average shares outstanding	67,689,450	67,432,521	67,
Less: Participating securities included in weighted average shares outstanding	(297,391)	(169,204)	(
<hr style="border-top: 1px dashed black;"/>			
Denominator for basic earnings per common share	67,392,059	67,263,317	67,
Dilutive effect of employee stock compensation plans (1)	121,641	169,127	
<hr style="border-top: 1px dashed black;"/>			
Denominator for diluted earnings per common share	67,513,700	67,432,444	67,
<hr style="border-top: 1px dashed black;"/>			
Basic earnings per share	\$ 0.75	\$ 0.84	
<hr style="border-top: 1px dashed black;"/>			
Diluted earnings per share	\$ 0.75	\$ 0.84	
<hr style="border-top: 1px dashed black;"/>			
(1) Excludes employee stock options with exercise prices greater than current market price.	2,461,878	2,892,091	2,

(11) Reportable Segments

Reportable segments reconciliation to the Consolidated Financial Statements for the nine months ended September 30, 2009 is as follows (in thousands):

	Net Interest Revenue	Other Operating Revenue (1)	Other Operating Expense	Ne
Total reportable segments	\$ 352,403	\$ 359,222	\$ 481,809	\$
Unallocated items:				
Tax-equivalent adjustment	5,879	-	-	

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Funds management and other	167,604	9,680	38,487	
BOK Financial consolidated	\$ 525,886	\$ 368,902	\$ 520,296	\$

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

26

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended September 30, 2009 is as follows (in thousands):

	Net Interest Revenue	Other Operating Revenue (1)	Other Operating Expense	Ne
Total reportable segments	\$ 111,559	\$ 117,214	\$ 170,201	\$
Unallocated items:				
Tax-equivalent adjustment	1,982	-	-	
Funds management and other	66,920	5,965	8,531	
BOK Financial consolidated	\$ 180,461	\$ 123,179	\$ 178,732	\$

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

Reportable segments reconciliation to the Consolidated Financial Statements for the nine months ended September 30, 2008 is as follows (in thousands):

	Net Interest Revenue	Other Operating Revenue (1)	Other Operating Expense	Ne
Total reportable segments	\$ 383,112	\$ 305,395	\$ 440,780	\$
Unallocated items:				
Tax-equivalent adjustment	6,165	-	-	
Funds management and other	81,138	(3,117)	36,182	
BOK Financial consolidated	\$ 470,415	\$ 302,278	\$ 476,962	\$

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

Reportable segments reconciliation to the Consolidated Financial Statements for the three months ended September 30, 2008 is as follows (in thousands):

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

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Total reportable segments	\$	131,779	\$	73,191	\$	153,404	\$
Unallocated items:							
Tax-equivalent adjustment		1,927		-		-	
Funds management and other		30,642		52,626		10,886	
BOK Financial consolidated	\$	164,348	\$	125,817	\$	164,290	\$

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

27

(12) Fair Value Measurements

The following table presents the carrying values and estimated fair values of financial instruments as of September 30, 2009 (dollars in thousands):

	Carrying Value	Range of Contractual Yields	Average Repricing (in years)	Discount Rate
Cash and cash equivalents	\$1,422,709			
Securities	9,018,532			
Residential mortgage - held for sale	172,301	-	-	-
Loans:				
Commercial	6,370,056	1.16 - 18.00%	0.44	0.25 - 3.8
Commercial real estate	2,560,335	1.50 - 18.00	1.19	0.27 - 3.8
Residential mortgage	1,829,824	4.00 - 12.75	7.07	1.02 - 4.5
Consumer	851,349	2.00 - 21.00	1.35	3.81
Total loans	11,611,564			
Reserve for loan losses	(280,902)			
Net loans	11,330,662			
Derivative instruments with positive fair value, net of cash margin	397,110			
Deposits with no stated maturity	11,010,533			
Time deposits	4,084,813	0.03 - 10.00	1.97	0.15 - 2.2
Other borrowings	5,388,848	1.13 - 3.52	0.06	0.08 - 0.2
Subordinated debentures	398,502	5.58	3.80	1.78
Derivative instruments with negative fair value, net of cash margin	395,197			

The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of September 30, 2009 (in thousands):

Total	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Sign Unobs In
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Assets:

Trading securities	\$100,898	\$ 1,118	\$ 89,905	\$9,
Investment securities	244,774		244,774	
Available for sale securities:				
U.S. Treasury	7,052	7,052	-	
Municipal and other tax-exempt	47,903		21,696	26,
Mortgage-backed securities	8,027,810		8,027,810	
Other debt securities	15,862		33	15,
Federal Reserve Bank stock	32,526		32,526	
Federal Home Loan Bank stock	146,355		146,355	
Perpetual preferred stock	20,038		20,038	
Equity securities and mutual funds	61,016	8,043	52,973	
	8,358,562	15,095	8,301,431	42,
Mortgage trading securities	320,971		320,971	
Mortgage servicing rights	66,689			66,
Derivative contracts	397,110		397,110	
Liabilities:				
Certificates of deposit	98,068		98,068	
Derivative contracts	395,197		395,197	

- (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 6, Mortgage Banking Activities.

28

The fair value of assets and liabilities based on significant other observable inputs are generally determined based on a single price for each financial instrument provided to us by an applicable third-party pricing service 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 by comparing the price provided by the pricing service with other sources, including brokers' quotes, sales or purchases of similar instruments and discounted flows to establish a basis for reliance on the pricing service values. Significant differences between the pricing service provided value and other sources are discussed with the pricing service to understand the basis for their values. Based on this evaluation, we 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.

The fair value of certain municipal and other debt securities are based on

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significant unobservable inputs. The Company transferred approximately \$44.7 million of trading securities to significant unobservable inputs and recognized a loss of \$513 thousand against earnings. Independent pricing of these securities was unavailable due to a lack of observable inputs. These securities were subsequently transferred from trading to available for sale. Inputs used to estimate fair value include limited observed trades, projected cash flows, current credit rating of the issuers and, when applicable, the insurers of the debt and observed trades of similar debt. All of these securities are currently paying in accordance with their respective contractual terms.

The fair value of our trading and available for sale securities valued by significant unobservable inputs is primarily based on reference to interest rate spreads on comparable securities of similar duration and credit rating as determined by the nationally recognized rating agencies adjusted for a lack trading volume. Taxable securities rated investment grade by all nationally recognized rating agencies are generally valued to yield a range of 1.74% to 2.85%. Comparable short-term taxable securities available in the market generally yield less than 1%. Tax-exempt securities rated investment grade by all nationally recognized rating agencies are generally valued using a spread of 44 to 51 basis points over yields of comparable securities. Approximately \$4.6 million of our municipal and other tax-exempt securities are rated below investment grade by at least one of the three nationally recognized rating agencies and are valued using a yield of approximately 363 basis points over comparable municipal securities.

The following represents the changes for the three months ended September 30, 2009 related to assets measured at fair value on a recurring basis using significant unobservable inputs (in thousands):

	Available for Sale Securities		
	Trading Securities	Municipal and other tax-exempt	Other debt securities
Balance at June 30, 2009	\$9,950	\$ 22,602	\$ 11,650
Purchases, sales, issuances and settlements, net	-	3,898	4,200
Trading loss recognized in earnings	(75)	-	-
Other comprehensive income (loss)	-	(293)	(21)
Balance at September 30, 2009	\$9,875	\$ 26,207	\$ 15,829

29

The following represents the changes for the nine months ended September 30, 2009 related to assets measured at fair value on a recurring basis using significant unobservable inputs (in thousands):

	Available for Sale Securities		
	Trading Securities	Municipal and other tax-exempt	Other debt securities

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Balance at December 31, 2008	\$ -	\$ -	\$ -
Transfer to significant unobservable inputs	44,715	-	-
Transfer from trading to available for sale	(34,252)	22,602	11,650
Purchases, sales, issuances and settlements, net	-	3,898	4,200
Trading loss recognized in earnings	(588)	-	-
Other comprehensive income (loss)	-	(293)	(21)
	-----	-----	-----
Balance at September 30, 2009	\$9,875	\$ 26,207	\$ 15,829
	=====	=====	=====

Certain certificates of deposit were designated as carried at fair value. These certificates have been converted from fixed interest rates to variable interest rates based on LIBOR with interest rate swaps that have not been designated as hedging instruments. The fair value election for these liabilities better represents the economic effect of these instruments on the Company. At September 30, 2009, the fair value and contractual principal amount of these certificates was \$98 million and \$97 million, respectively. Change in the fair value of these certificates of deposit resulted in an unrealized gain during the three and nine months ended September 30, 2009 of \$120 thousand and \$1.8 million, respectively, which is included in Gain (Loss) on Derivatives, net on the Consolidated Statement of Earnings.

Assets measured at fair value on a non-recurring basis include pension plan assets, which are based on quoted prices in active markets for identical instruments, collateral for certain impaired loans and 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.

The following represents the carrying value of assets measured at fair value on a non-recurring basis (and related losses) during the period. The carrying value represents only those assets adjusted to fair value during the quarter ended September 30, 2009:

	Carrying Value at September 30, 2009			A
	Level 1	Level 2	Level 3	for
	-----	-----	-----	ende
Impaired loans	\$ -	\$ 46,933	\$ -	
Real estate and other repossessed assets	-	10,562	-	

Fair value adjustments of impaired loans are charged against the allowance for loan losses. Fair value adjustments of real estate and other repossessed assets are charged against operating expenses as net gains, losses and operating expenses of repossessed assets.

30

(13) Federal and State Income Taxes

The reconciliations of income (loss) attributable to continuing operations at the U.S. federal statutory tax rate to income tax expense are as follows (in thousands):

Three Months Ended	Nine Months Ended
September 30,	September 30,

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	2009	2008	2009	2008
Amount:				
Federal statutory tax	\$ 27,433	\$ 27,872	\$ 85,098	\$ 59,898
Tax exempt revenue	(1,127)	(1,062)	(3,381)	(3,186)
Effect of state income taxes, net of federal benefit	1,283	390	5,899	2,828
Utilization of tax credits	(1,338)	(297)	(2,095)	(890)
Bank-owned life insurance	(820)	(1,211)	(2,460)	(2,961)
Other, net	(659)	(2,734)	(1,136)	(1,143)
Total	\$ 24,772	\$ 22,958	\$ 81,925	\$ 54,546

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Percent of pretax income:				
Federal statutory tax	35%	35%	35%	35%
Tax exempt revenue	(1)	(1)	(1)	(2)
Effect of state income taxes, net of federal benefit	2	1	2	2
Utilization of tax credits	(2)	-	(1)	-
Bank-owned life insurance	(1)	(2)	(1)	(2)
Other, net	(1)	(4)	-	(1)
Total	32%	29%	34%	32%

(14) 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 September 30, 2009, outstanding commitments and letters of credit were as follows (in thousands):

	September 30, 2009
Commitments to extend credit	\$ 4,963,432
Standby letters of credit	580,819
Commercial letters of credit	6,049

31

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

Performance Summary

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BOK Financial Corporation ("the Company") reported net income for the third quarter of 2009 of \$50.7 million or \$0.75 per diluted share. Net income for the second quarter of 2009 totaled \$52.1 million or \$0.77 per diluted share and \$56.7 million or \$0.84 per diluted share was recognized for the third quarter of 2008.

Net income for the nine months ended September 30, 2009 totaled \$157.8 million or \$2.33 per diluted share compared with net income of \$117.8 million or \$1.74 per diluted share for the nine months ended September 30, 2008. Net income for the nine months ended September 30, 2008 was impacted by \$67.6 million in pre-tax charges for loan and energy derivative credit exposure related to a customer bankruptcy filing which reduced net income by approximately \$43.9 million or \$0.65 per diluted share.

Highlights of the third quarter of 2009 included:

- o Net interest revenue totaled \$180.5 million, up \$4.9 million compared to the second quarter of 2009. Net interest margin was 3.63% for the third quarter of 2009, up 8 basis points over the second quarter of 2009 largely due to higher loan yields and lower funding costs.
- o Fees and commissions revenue totaled \$120.0 million, down \$3.1 million from the previous quarter. Mortgage banking revenue decreased \$6.7 million due to lower volume of loans originated during the quarter. Brokerage and trading revenue and deposit service charges increased over the previous quarter.
- o Operating expenses totaled \$178.7 million, up \$3.0 million over the second quarter of 2009. Net losses and operating expenses related to repossessed assets and personnel expenses increased over the previous quarter.
- o Combined reserve for credit losses totaled \$293 million or 2.52% of outstanding loans at September 30, 2009, up from \$274 million or 2.27% of outstanding loans at June 30, 2009. Net loans charged off and provision for credit losses were \$36.0 million and \$55.1 million, respectively, for the third quarter of 2009.
- o Non-performing assets totaled \$490 million or 4.19% of outstanding loans and repossessed assets at September 30, 2009 compared to \$446 million or 3.67% of outstanding loans and repossessed assets at June 30, 2009.
- o Available for sale securities totaled \$8.4 billion at September 30, 2009, up \$1.1 billion since June 30. The increase consisted of \$1.0 billion of net securities purchased during the quarter and \$159 million net increase in the fair value of securities held in the portfolio. Purchased securities consisted primarily of residential mortgage-backed securities issued by U.S. government agencies.
- o Outstanding loan balances were \$11.6 billion at September 30, 2009, down \$458 million since June 30, 2009. All major loan categories decreased during the third quarter largely due to reduced customer demand, normal repayment trends and management decisions to exit certain loan types.
- o Average deposit balances totaled \$15.1 billion for the third quarter of 2009, down \$202 million compared with average deposits for the second quarter of 2009. Total period-end deposits grew \$440 million in the third quarter of 2009 to \$15.1 billion at September 30, 2009. Growth in demand and interest-bearing transaction deposits was partially offset by decreases in higher-costing time deposits.
- o Tangible common equity ratio and tier 1 common equity ratio increased to

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7.78% and 10.45%, respectively, at September 30, 2009 from 7.55% and 9.77%, respectively, at June 30, 2009 largely due to lower unrealized losses on securities. The tangible common equity ratio and tier 1 common equity ratio are non-GAAP measures of capital strength used by the Company and investors based on shareholders' equity as defined by generally accepted accounting principles in the United States of America ("GAAP") minus

32

intangible assets and equity that does not benefit common shareholders such as preferred equity and equity provided by the U.S. Treasury's Troubled Asset Relief Program ("TARP") Capital Purchase Program. We chose not to participate in the TARP Capital Purchase Program. Tier 1 capital ratios were 10.56% at September 30, 2009 and 9.86% at June 30, 2009.

- o The Company paid a cash dividend of \$16.3 million or \$0.24 per common share during the third quarter of 2009. On October 27, 2009, the board of directors declared a cash dividend of \$0.24 per common share payable on or about December 2, 2009 to shareholders of record as of November 16, 2009.

Results of Operations

Net Interest Revenue and Net Interest Margin

Net interest revenue totaled \$180.5 million for the third quarter of 2009, up \$16.1 million or 10% over the third quarter of 2008 and \$4.9 million over the second quarter of 2009. The increase in net interest revenue over the third quarter of 2008 was due to growth in average earning assets and a 15 basis point improvement in net interest margin.

Average earning assets for the third quarter of 2009 increased \$1.2 billion or 6% compared to the third quarter of 2008, primarily due to a \$2.0 billion increase in average securities. Average available for sale securities, which consist largely of U.S. government agency issued mortgage-backed securities, increased \$1.8 billion. We purchase securities to supplement earnings, especially during periods of declining loan demand, and to manage the Company's interest rate risk. Average loans, net of allowance for loan losses, decreased \$808 million compared to the third quarter of 2008 primarily due to growth in residential mortgage loans offset by decreases in commercial, commercial real estate and consumer loans.

Growth in average earning assets was funded primarily by a \$870 million increase in average deposits and a \$416 million decrease in average margin assets held as part of our customer derivatives programs. Average demand deposits increased \$653 million and average interest-bearing transaction accounts increased \$597 million over the third quarter of 2008. Average time deposits decreased \$388 million compared with the third quarter of 2008.

Average earning assets for the third quarter of 2009 decreased \$237 million compared to the second quarter of 2009, primarily due to a \$406 million increase in average securities, offset by a \$524 million decrease in average loans, net of allowance for loan losses and a \$110 million decrease in residential mortgage loans held for sale. Growth in average securities was due to purchases of additional U.S. government agency issued mortgage-backed securities as well as increases in the fair value of securities held by the Company. The average balance of all major loan categories declined in the third quarter of 2009. Average deposits decreased \$202 million compared with the second quarter of 2009, including a \$209 million increase in average demand deposits, a \$308 million increase in average interest-bearing transaction accounts, offset by a \$719 million decrease in average time deposits. We chose not to renew certain higher-costing time deposits as they matured. Average funds purchased,

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repurchase agreements and other borrowed funds increased \$189 million from the second quarter of 2009.

Net interest margin was 3.63% for the third quarter of 2009, 3.55% for the second quarter of 2009 and 3.48% for the third quarter of 2008. Growth in the net interest margin was due primarily to lower funding costs and improved loan yields.

The cost of interest-bearing liabilities was 1.09% for the third quarter of 2009, down 132 basis points from the third quarter of 2008. The cost of interest bearing deposits decreased 116 basis points to 1.23% and the cost of funds purchased and other borrowings decreased 160 basis points to 0.77%. The cost of interest-bearing liabilities for the third quarter of 2009 was also down 22 basis points from the second quarter of 2009. The cost of interest-bearing deposits decreased 26 basis points and the cost of funds purchased and other borrowings decreased 9 basis points.

The tax-equivalent yield on earning assets was 4.54% for the third quarter of 2009, down 101 basis points from the third quarter of 2008. Loan yields decreased 102 basis points from the third quarter of 2008 to 4.67%. However, loan spreads continue to improve. The securities portfolio yield was 4.21%, down 94 basis points over the third 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 tax-equivalent yield on earning assets for the third quarter of 2009 was down 11

33

basis points from the second quarter of 2009. Yield on the securities portfolio dropped by 33 basis points while yield on the loan portfolio increased by 3 basis points. The benefit to the net interest margin from earning assets funded by non-interest bearing liabilities was 18 basis points in the third quarter of 2009 compared with 34 basis points in the third quarter of 2008 and 21 basis points in the preceding quarter.

We regularly model the effects of changes in interest rates on net interest revenue. Based on this modeling, we expect net interest revenue to increase slightly over a one-year forward looking period. However, other factors such as loan spreads, deposit product mix, the overall balance sheet composition and changes in the spread among various funding sources may affect our 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, meaning 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 \$95 million convert certain 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 \$2.7 million in the third quarter of 2009, \$3.9 million in the second quarter of 2009, \$2.4 million in the third quarter of 2008 from periodic

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settlements of these contracts. This increase in net interest revenue contributed 5 basis points to net interest margin in the third quarter of 2009, 8 basis points to net interest margin in the second quarter of 2009, and 5 basis points to the third quarter of 2008. These derivative contracts are carried on the balance sheet at fair value. Changes in the fair value of these contracts 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 the following table and in the interest rate sensitivity projections as shown in the Market Risk section of this report.

34

Table 1 - Volume / Rate Analysis
(In thousands)

	Three Months Ended September 30, 2009 / 2008			Nine Months Ended September 30, 2009 / 2008	
	Change Due To (1)				
	Change	Volume	Yield / Rate	Change	Volume
Tax-equivalent interest revenue:					
Securities	\$ 3,162	\$ 19,970	\$ (16,808)	\$ 19,691	\$ 19,691
Trading securities	(166)	(20)	(146)	(864)	(864)
Loans	(39,781)	(8,266)	(31,515)	(127,016)	(127,016)
Funds sold and resell agreements	(272)	(25)	(247)	(1,423)	(1,423)
Total	(37,057)	11,659	(48,716)	(109,612)	5,000
Interest expense:					
Transaction deposits	(16,517)	1,792	(18,309)	(57,727)	(57,727)
Savings deposits	56	9	47	(118)	(118)
Time deposits	(16,409)	(2,687)	(13,722)	(32,315)	(32,315)
Federal funds purchased and repurchase agreements	(13,436)	(2,239)	(11,197)	(47,385)	(47,385)
Other borrowings	(6,924)	2,879	(9,803)	(27,235)	(27,235)
Subordinated debentures	5	9	(4)	(17)	(17)
Total	(53,225)	(237)	(52,988)	(164,797)	1,000
Tax-equivalent net interest revenue	16,168	11,896	4,272	55,185	3,000
Change in tax-equivalent adjustment	(55)			286	
Net interest revenue	\$ 16,113			\$ 55,471	

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

35

Other Operating Revenue

Other operating revenue was \$131.8 million for the third quarter of 2009 compared to \$132.3 million for the third quarter of 2008. Fees and commissions

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revenue decreased \$6.7 million or 5% compared with the third quarter of 2008. Net gains on securities, derivatives and other assets increased \$6.2 million over the third quarter of 2008. Other operating revenue increased \$3.8 million compared to the second quarter of 2009, including a \$6.9 million increase in net gains on securities, derivatives and other assets partially offset by a \$3.1 million decrease in fees and commissions revenue.

Fees and commissions revenue

Diversified sources of fees and commissions revenue are a significant part of our business strategy and represented 40% of total revenue, excluding provision for credit losses and gains and losses on asset sales, securities and derivatives, for the third quarter of 2009. 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, regulatory constraints, increased competition and saturation in our existing markets could affect the rate of future increases.

Table 2 - Other Operating Revenue
(In thousands)

	Three Months Ended September 30,		Increase (Decrease)	% Increase (Decrease)	Three M Ende June 200
	2009	2008			
Brokerage and trading revenue	\$ 24,944	\$30,846	\$ (5,902)	(19%)	\$ 2
Transaction card revenue	26,264	25,632	632	2%	2
Trust fees and commissions	16,315	20,100	(3,785)	(19%)	1
Deposit service charges and fees	30,464	30,404	60	0%	2
Mortgage banking revenue	13,197	7,145	6,052	85%	1
Bank-owned life insurance	2,634	2,829	(195)	(7%)	
Margin asset fees	51	1,934	(1,883)	(97%)	
Other revenue	6,087	7,768	(1,681)	(22%)	
Total fees and commissions revenue	119,956	126,658	(6,702)	(5%)	12
Gain (loss) on other assets	3,223	(841)	4,064	N/A	
Gain (loss) on derivatives, net	(294)	4,366	(4,660)	N/A	
Gain on available for sale securities	8,706	917	7,789	N/A	1
Gain (loss) on mortgage hedge securities	3,560	1,186	2,374	N/A	(1
Gain (loss) on securities, net	12,266	2,103	10,163	N/A	
Total other-than-temporary impairment	(6,133)	-	(6,133)	N/A	
Portion of loss recognized in other comprehensive income	(2,752)	-	(2,752)	N/A	
Net impairment losses recognized in earnings	(3,381)	-	(3,381)	N/A	
Total other operating revenue	\$ 131,770	\$ 132,286	\$ (516)	0%	\$ 12
Gain (loss) on change in fair value of mortgage servicing rights	\$ (2,981)	\$ (5,554)	\$ 2,573	N/A	\$

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Certain percentage increases (decreases) in non-fees and commissions revenue are not meaningful for comparison purposes based on the nature of the item.

Brokerage and trading revenue decreased \$5.9 million or 19% over the third quarter of 2008. Revenue for the third quarter of 2008 included a \$6.7 million net benefit from changes in the fair value derivative contracts related to the SemGroup LP and Lehman Brothers bankruptcies. Securities trading increased \$4.4 million or 41% over the third quarter of 2008. Increased mortgage lending activity increased the level of securities transactions by our mortgage banking customers. Excluding the impact of the SemGroup LP and Lehman Brothers bankruptcies, customer

36

hedging revenue decreased \$5.5 million compared to the third quarter of 2008. Customer hedging revenue in the third quarter of 2008 benefitted from strong market volatility in both crude oil and natural gas. Low commodity prices in the third quarter 2009 reduced the level of customer hedging activity. Investment banking revenue and retail brokerage fees increased \$1.3 million and \$596 thousand, respectively, compared to the third quarter of 2008.

Brokerage and trading revenue increased \$3.2 million compared with the second quarter of 2009, including \$2.2 million in increased investment banking activity and a \$773 thousand increase in securities trading revenue. Increased retail brokerage fees were largely offset by a decrease in derivative fee income in the third quarter of 2009.

Transaction card revenue depends largely on the volume and amount of transactions processed, the number of ATM locations and the number of merchants served. Transaction card revenue increased \$632 thousand or 2% over the prior year primarily due to a \$435 thousand increase in ATM network revenue and a \$236 thousand increase in check card revenue. Transaction card revenue declined \$1.3 million compared the second quarter of 2009, primarily due to a decline in ATM network revenue.

Trust fees declined \$3.8 million or 19% compared to the prior year. In the third quarter of 2009, approximately \$1.1 million of fees related to administration of the Cavanal Hill Funds and our cash management sweep fund were voluntarily waived in order to maintain positive yields on these funds in the current low short-term interest rate environment. The remaining decline is primarily due to decreases in the fair value of all trust assets administered by the Company, which is the basis for a significant portion of trust fees and commissions revenue. The decline in the fair value of trust assets was primarily due to current market conditions. The fair value of trust assets administered by the Company totaled \$29.9 billion at September 30, 2009 compared with \$33.2 billion at September 30, 2008 and \$29.2 billion at June 30, 2009.

Deposit service charges and fees were flat compared to the third quarter of 2008. Increased commercial account service charge revenue was largely offset by decreases in overdraft fees due to lower transaction volume. Increases in commercial account service charge revenue was primarily related to a partial pass-through of the FDIC special assessment. This was partially offset by an increase in the earnings credit, which provides a non-cash method for commercial customers to avoid incurring charges for deposit services based on account balances. Average commercial demand deposit account balances were up \$642 million over the third quarter of 2008.

Deposit service charges and fees increased \$2.0 million compared to the second quarter of 2009 primarily due to a \$1.7 million increase in overdraft fees as a result of an increase in the per item fee and marginally higher transaction

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volume. Commercial account service charge revenue also increased during the third quarter of 2009 related to the partial pass-through of the FDIC special assessment, partially offset by an increase in the earnings credit. Average commercial demand deposit account balances were up \$255 million over the second quarter of 2009.

Federal legislation is being considered that may significantly reduce future overdraft fee revenue. The full effect of this legislation, if enacted, cannot be quantified at this time. Federal legislation is being considered that may significantly reduce future overdraft fee revenue. The full effect of this legislation, if enacted, cannot be quantified at this time. Overdraft fee revenue for the three months and nine months ended September 30, 2009 was \$19.9 million and \$54.5 million, respectively.

Mortgage banking revenue increased \$6.1 million compared to the third quarter of 2008 and declined \$6.7 million compared to the second quarter of 2009. Revenue from originating and marketing mortgage loans increased \$5.3 million compared to the third quarter of 2008. Revenue from originating and marketing mortgage loans decreased \$7.1 million compared to the second quarter of 2009. Mortgage loans originated for sale in the secondary market totaled \$536 million for the third quarter of 2009, \$1.0 billion for the second quarter of 2009 and \$258 million in the third quarter of 2008. Mortgage loan originations slowed in the third quarter of 2009, but remained well above historical levels due to government initiatives to lower national mortgage interest rates. Mortgage loan servicing revenue totaled \$5.2 million for the third quarter of 2009, \$4.8 million for the second quarter of 2009 and \$4.4 million for the third quarter of 2008. The outstanding principal balance of mortgage loans serviced for others totaled \$6.3 billion at September 30, 2009, \$6.1 billion at June 30, 2009, and \$5.2 billion at September 30, 2008. Growth in mortgage loans serviced for others is due to retaining mortgage servicing rights from mortgage loans originated. No mortgage loan servicing rights were purchased in 2008 or 2009.

Margin assets which are held primarily as part of the Company's customer derivatives programs averaged \$189 million for the third quarter of 2009 compared with \$532 million for the third 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.

37

Net gains on securities, derivatives and other assets

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. For the third quarter of 2009, gains on our mortgage hedge securities of \$3.6 million were partially offset with losses on the change in the fair value of our mortgage servicing rights of \$3.0 million.

We recognized \$8.7 million of net gains on sales of \$377 million of available for sale securities in the third 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 total return.

We recognized an other-than-temporary impairment loss on certain private-label residential mortgage-backed securities of \$3.4 million in earnings during the third quarter of 2009; \$1.6 million was related to an initial other-than-temporary-impairment charge on one security. The remaining \$1.8 million was for additional other-than-temporary impairment due to declines in the projected cash flows on securities identified in previous quarters. We

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recognized an other-than-temporary impairment loss on mortgage-backed securities of \$279 thousand in the second quarter of 2009.

Net gains or losses on derivatives consist of fair value adjustments of all our derivatives used to manage interest rate risk and certain liabilities we have elected to carry at fair value. Derivative instruments generally consist of interest rate swaps where we pay a variable rate based on LIBOR and receive a fixed rate. The fair value of these swaps generally decrease in value as interest rates rise resulting in a loss to the Company and increase in value as interest rates fall resulting in a gain to the Company. Certain certificates of deposit have been designated as reported at fair value. This determination is made when the certificates of deposit are issued based on our intent to swap the interest rate on the certificates from a fixed rate to a LIBOR-based variable rate. As interest rates fall, the fair value of these fixed-rate certificates of deposit generally increases and we recognize a loss. Conversely, as interest rates rise, the fair value of these fixed-rate certificates of deposit generally decrease in value and we recognize a gain.

Net gain on other assets is primarily related to a \$3.5 million improvement of the fair value of our private equity funds; \$2.9 million of the improvement is allocated to limited partners through Non-controlling interest, net on the Statement of Earnings.

38

Other Operating Expense

Other operating expense increased \$14.4 million or 9% compared with the third quarter of last year. Excluding changes in the fair value of mortgage servicing rights, other operating expense increased \$17.0 million or 11%. Personnel expense increased \$10.5 million or 12% compared with the third quarter of 2008 and non-personnel expense, excluding changes in the fair value of mortgage servicing rights, increased \$8.3 million or 12% primarily due to an increase in FDIC assessments and net losses and operating expenses related to repossessed assets.

Other operating expense increased \$3.0 million or 2% over the second quarter of 2009. Personnel expense increased \$1.8 million and net losses and operating expenses of repossessed assets increased \$2.5 million. A decrease in FDIC special assessment expense was largely offset by changes in the fair value of mortgage servicing rights.

Table 3 - Other Operating Expense
(In thousands)

	Three Months		Increase (Decrease)	% Increase (Decrease)	June 30, 2009
	Ended September 30, 2009	2008			
Regular compensation	\$59,227	\$55,435	\$3,792	7%	\$ 58,573
Incentive compensation:					
Cash-based	20,835	20,110	725	4%	20,427
Stock-based	3,808	68	3,740	N/A	2,443
Total incentive compensation	24,643	20,178	4,465	22%	22,870
Employee benefits	14,142	11,936	2,206	18%	14,748
Total personnel expense	98,012	87,549	10,463	12%	96,191
Business promotion	4,827	5,837	(1,010)	(17%)	4,569

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Professional fees and services	7,555	6,501	1,054	16%	7,363
Net occupancy and equipment	15,884	15,570	314	2%	15,973
Insurance	6,092	2,436	3,656	150%	5,898
FDIC special assessment	-	-	-	N/A	11,773
Data processing & communications	20,413	19,911	502	3%	20,452
Printing, postage and supplies	3,716	4,035	(319)	(8%)	4,072
Net (gains) losses and operating expenses of repossessed assets	3,497	(136)	3,633	N/A	996
Amortization of intangible assets	1,686	1,884	(198)	(11%)	1,686
Mortgage banking costs	8,065	5,811	2,254	39%	9,336
Change in fair value of mortgage servicing rights	2,981	5,554	(2,573)	(46%)	(7,865)
Visa retrospective responsibility obligation	-	1,700	(1,700)	(100%)	-
Other expense	6,004	7,638	(1,634)	(21%)	5,326
Total other operating expense	\$178,732	\$ 164,290	\$ 14,442	9%	\$175,770
Number of employees (full-time equivalent)	4,422	4,231	191	5%	4,434

Certain percentage increases (decreases) are not meaningful for comparison purposes.

Personnel expense

Regular compensation expense, which consists of salaries and wages, overtime pay and temporary personnel costs, increased \$3.8 million or 7% over the third quarter of 2008 primarily due to head count and standard annual merit

39

increases which were effective in the second quarter of 2009. The Company generally awards annual merit increases effective April 1st for a majority of its staff.

Incentive compensation increased \$4.5 million or 22% compared to the third quarter of 2008. Cash-based incentive compensation are either intended to provide current rewards to employees who generate long-term business opportunities to the Company based on growth in loans, deposits, customer relationships and other measurable metrics or intended to compensate employees with commissions on completed transactions. The increase in cash-based incentive compensation over the third quarter of 2008 included a \$1.8 million decrease in commissions and incentives related to brokerage and trading revenue, offset by net increases in all other cash-based incentive compensation.

The Company also provides stock-based incentive compensation plans. Stock-based compensation plans include both equity and liability awards. Compensation expense related to liability awards increased \$3.6 million compared with the third quarter of 2008 due to changes in the market value of BOK Financial common stock and other investments. The market value of BOK Financial common stock increased \$8.83 per share in the third quarter of 2009 and decreased \$5.04 per share in the third quarter of 2008. Compensation expense for equity awards increased \$91 thousand compared with the third 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.

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Compared to the third quarter of 2008, employee benefit expense increased primarily due to increased expenses related to medical insurance costs, employee retirement plans and payroll taxes. Medical insurance costs were up \$1.1 million or 27%. The Company self-insures a portion of its employee health care coverage and these costs may be volatile.

Personnel expense increased \$1.8 million or 2% compared with the second quarter of 2009 primarily due an increase in stock-based incentive compensation.

Non-personnel operating expenses

Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, increased \$6.6 million compared to the third quarter of 2008 primarily due to a \$3.6 million increase in regular FDIC insurance premiums related to previously announced increases in deposit insurance premiums, a \$3.6 million increase in net losses and operating expenses on repossessed assets and a \$2.3 million increase in mortgage banking costs. Growth in non-personnel operating expense was partially offset by a \$1.0 million decrease in business promotion expense primarily due to timing. 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 losses and operating expenses on repossessed assets increased primarily due to a \$61 million increase in real estate and other repossessed assets.

As a member of Visa, we are obligated for a proportionate share of certain covered litigation costs incurred by Visa under the retrospective responsibility plan. In the third quarter of 2008, we recognized an accrual of \$1.7 million related to our portion of expected litigation costs which was subsequently reversed in the fourth quarter of 2008.

Non-personnel operating expenses, excluding changes in the fair value of mortgage servicing rights, decreased \$9.7 million compared to the second quarter of 2009 primarily due to the \$11.8 million FDIC special assessment recognized in the second quarter of 2009 and lower mortgage banking costs related to decreased mortgage loan originations in the third quarter of 2009, partially offset by a \$2.5 million increase in net losses and operating expenses on repossessed assets.

Income Taxes

Income tax expense was \$24.8 million or 32% of book taxable income for the third quarter of 2009 compared with income tax expense of \$23.0 million or 29% of book taxable income for the third quarter of 2008 and income tax expense of \$28.3 million or 35% of book taxable income for the second quarter of 2009. Income tax expense for the third quarter of 2009 was reduced by \$2.0 million for the effect of additional federal and state income tax credits. Income tax expense for the quarter would have been \$26.8 million or 34% of book taxable income excluding these credits. The statute of limitations expired on an uncertain tax position and we adjusted our current income tax

40

liability to amounts on filed tax returns for 2007 during the third quarter of 2008. Income tax expense would have been \$26.6 million or 33% of book taxable income for the third quarter of 2008, excluding these items.

We operate 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 September 30, 2009

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and was largely unchanged from December 31, 2008.

Lines of Business

We operate 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 our 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 our lines of business, we have a funds management unit. The primary purpose of this unit is to manage our 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. Funds management and other also included the FDIC special assessment charge in the second quarter of 2009. Regular increases in FDIC insurance assessments are charged to the business units.

We allocate resources and evaluate performance of our 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 the following table, net income attributable to our lines of business decreased \$3.9 million or 20% compared to the third quarter of 2008. The decrease was due primarily to less net interest revenue attributed to the lines of business and more net interest revenue attributed to the funds management unit. Total tax-equivalent net interest revenue recognized by the lines of business decreased to \$112 million for the third quarter of 2009 from

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\$132 million for the third quarter of 2008. Tax-equivalent net interest revenue recognized by the funds management unit increased to \$70 million during the third quarter of 2009 from \$34 million in the third quarter of 2008. Lower market interest rates decrease the transfer pricing credit provided to business units that generate lower-costing funds for the Company. This tends to shift revenue from units that provide funds to the Company. In addition, net interest revenue in the business units was reduced by a decrease in average loan balances while net interest revenue in the funds management unit increased due to growth in the securities portfolio. Net income of the business units also decreased due to higher net loans charged-off and operating expenses.

41

Table 4 - Net Income (Loss) by Line of Business
(In thousands)

	Three months ended September 30,		Nine mo Septem 2009
	2009	2008	
Commercial banking	\$ 10,500	\$ 5,192	\$ 43,516
Consumer banking	2,428	6,634	18,478
Wealth management	3,045	8,084	10,265
Subtotal	15,973	19,910	72,259
Funds management and other	34,687	36,775	85,548
Total	\$ 50,660	\$ 56,685	\$157,807

Commercial Banking

Commercial banking contributed \$10.5 million and \$5.2 million to consolidated net income for the third quarters of 2009 and 2008, respectively. Net interest revenue decreased \$11.1 million compared to the third quarter of 2008. Other operating revenue increased \$36.4 million over the third quarter of 2008, which was impacted by a \$45 million write down of customer hedging derivative contracts. Commercial banking net income was also reduced by pre-tax charges for credit losses of \$27.8 million in 2009 and \$15.5 million in 2008.

Table 5 Commercial Banking
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine Mon Septem 2009
	2009	2008		
NIR (expense) from external sources	\$ 87,022	\$ 114,062	\$ (27,040)	\$ 259,637
NIR (expense) from internal sources	(15,219)	(31,150)	15,931	(41,169)
Total net interest revenue	71,803	82,912	(11,109)	218,468
Other operating revenue	32,789	(3,610)	36,399	100,051
Operating expense	56,567	55,364	1,203	166,321
Net loans charged off	27,819	15,526	12,293	76,832
Gain on financial instruments, net	-	-	-	-
Gain (loss) on repossessed				

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assets, net	(3,020)	86	(3,106)	(4,145)
Income before taxes	17,186	8,498	8,688	71,221
Federal and state income tax	6,686	3,306	3,380	27,705
Net income	\$ 10,500	\$ 5,192	\$ 5,308	\$ 43,516
Average assets	\$9,580,929	\$11,132,506	\$(1,551,577)	\$10,057,700
Average loans	8,932,705	9,770,126	(837,421)	9,387,126
Average deposits	5,663,758	4,926,125	737,633	5,219,094
Average invested capital	1,045,520	1,098,600	(53,080)	1,031,220
Return on average assets	0.43%	0.19%	25 b.p.	0.58%
Return on invested capital	3.98%	1.87%	211 b.p.	5.64%
Efficiency ratio	54.08%	69.81%	(1,573 b.p.)	52.22%
Net charge-offs (annualized) to average loans	1.25%	0.64%	61 b.p.	1.64%

Average earning assets decreased \$1.1 billion or 11% primarily due to decrease in average loans and average funds sold and resell agreements. The impact of this decrease was partially offset by improving loan spreads. Decreases in average earning assets combined with changes in the internal transfer pricing credit to reduce net interest revenue by \$11.1 million.

42

Excluding the impact of the \$45 million writedown of customer hedging derivatives in the third quarter of 2008, other operating revenue decreased \$8.8 million compared to the third quarter of 2008. Energy derivative income and related margin interest fees declined \$7.2 million compared to the third quarter of 2008 due to declines in energy derivative activity and their associated fees due to low commodity prices. Operating expenses were up \$1.2 million compared to the third quarter of 2008 largely due to increased FDIC insurance expenses as a result of an increase in deposit balances and the regular assessment rate. Repossession expenses were also up over the third quarter of 2008 as average repossessed asset balances increased \$60 million over the third quarter of 2008. The increase in net loans charged off was due primarily to increased losses on commercial real estate loans.

The average outstanding balance of loans attributed to commercial banking was \$8.9 billion for the third quarter of 2009, down \$837 million or 9% compared to the third quarter of 2008. Energy loans averaged \$1.8 billion, an increase of \$41 million or 2% over the third quarter of 2008. Commercial real estate loans decreased \$120 million or 7% compared to the second quarter of 2008 to \$1.6 billion. Average commercial and industrial loans, excluding energy, of \$3.5 billion were down \$106 million or 3% compared to the third quarter of 2008. Agricultural loans decreased \$95 million or 38% compared to the third quarter of 2008 to \$158 million. Small business loans averaged \$1.7 billion, a decrease of \$514 million or 23% compared to the third quarter of 2008.

Average deposits attributed to commercial banking were \$5.7 billion for the third quarter of 2009, up \$738 million or 15% over the third quarter of 2008. Average balances attributed to our commercial and industrial customers increased \$771 million or 92%. Average balances attributable to our small business customers increased \$188 million or 11% and average deposit balances of our commercial real estate customers increased \$45 million or 23%. Treasury services deposit balances decreased \$163 million or 11%. Deposit balances attributed to our energy customers decreased by \$76 million or 14%.

43

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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. Consumer banking contributed \$2.4 million to consolidated net income for the third quarter of 2009, down \$4.2 million compared to the third quarter of 2008.

Table 6 Consumer Banking
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine M Sept
	2009	2008		2009
NIR (expense) from external sources	\$ 15,066	\$ 10,223	\$ 4,843	\$ 40,26
NIR (expense) from internal sources	14,892	27,445	(12,553)	61,00
<hr/>				
Total net interest revenue	29,958	37,668	(7,710)	101,26
Other operating revenue	43,578	37,923	5,655	138,49
Operating expense	63,755	55,733	8,022	190,14
Net loans charged off	7,079	4,638	2,441	18,31
Increase (decrease) in fair value of mortgage service rights	(2,981)	(5,554)	2,573	6,83
Gain (loss) on financial instruments, net	3,560	1,186	2,374	(8,75
Gain on repossessed assets, net	693	5	688	85
<hr/>				
Income before taxes	3,974	10,857	(6,883)	30,24
Federal and state income tax	1,546	4,223	(2,677)	11,76
<hr/>				
Net income	\$ 2,428	\$ 6,634	\$ (4,206)	\$ 18,47
<hr/>				
Average assets	\$ 6,155,932	\$ 5,746,253	\$409,679	\$ 6,129,53
Average loans	2,303,654	2,531,420	(277,766)	2,524,78
Average deposits	6,089,389	5,695,593	393,796	6,064,53
Average invested capital	252,620	243,100	9,520	248,48
Return on average assets	0.16%	0.46%	(30 b.p.)	0.40
Return on invested capital	3.81%	10.83%	(702 b.p.)	9.94
Efficiency ratio	86.70%	73.73%	1,297 b.p.	79.31
Net charge-offs (annualized) to average loans	1.23%	0.73%	50 b.p.	1.45
Mortgage loans funded	\$ 536,173	\$ 258,171	\$278,002	\$ 2,268,00

	September 30, 2009	September 30, 2008	Increase (Decrease)
Branch locations	179	173	6
Mortgage loan servicing portfolio	\$ 6,339,764	\$ 5,167,584	\$ 1,172,180

Net interest revenue from consumer banking activities decreased \$7.7 million or 20% compared to the third quarter of 2008. Average earning assets increased \$410 million or 7% from the third quarter of 2008 due to increases in mortgage hedge securities held as an economic hedge of our mortgage servicing rights and funds sold to the funds management unit. The favorable impact of this growth was

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offset by a \$10.0 million decrease related to a lower internal transfer pricing credit provided to the consumer banking segment for deposits sold to our funds management unit.

Other operating revenue increased \$5.7 million or 15% over the third quarter of 2008 primarily due to increased mortgage banking revenue. Loan refinancing volumes were up due to government initiatives to lower national mortgage interest rates. Operating expenses increased \$8.0 million or 14% over the third quarter of 2008, including a \$2.4 million increase in personnel cost due to branch expansion in Arizona, Colorado and Texas. Mortgage banking expenses increased \$2.2 million due to the effect of accelerated actual loan repayments on the value of our mortgage servicing rights. FDIC insurance premiums grew \$1.1 million primarily due to increased deposit balances

44

and FDIC insurance regular assessment rates. In addition, facilities and other operating expenses increased due to branch expansion in Arizona, Colorado, and Texas.

Net loans charged off by the consumer banking unit totaled \$7.1 million in the third quarter of 2009 and \$4.6 million in the third quarter of 2008. Net consumer banking charge-offs include residential mortgage loans, indirect automobile loans, overdrawn deposit accounts and other direct consumer loans.

Our Consumer banking unit originates, markets and services conventional and government-sponsored mortgage loans for all of our geographical markets. During the third quarter of 2009, \$536 million of mortgage loans were funded compared to \$258 million funded in the third quarter of 2008. Approximately 51% of our mortgage loans funded were in the Oklahoma market, 13% in the Texas market and 9% in the Colorado market. Revenue from mortgage loan origination and marketing activities totaled \$8.0 million in the third quarter of 2009 and \$2.7 million in the third quarter of 2008. We also service \$7.1 billion of mortgage loans as of September 30, 2009, including \$832 million of loans serviced for affiliated entities. Approximately 95% of the mortgage loans serviced were to borrowers in our primary geographical market areas. Mortgage loan servicing revenue totaled \$5.2 million in the third quarter of 2009 and \$4.4 million in the third quarter of 2008.

Changes in fair value of our mortgage loan servicing rights, net of economic hedge, increased consumer banking net income by \$479 thousand in the third quarter of 2009 compared with a decrease in net income of \$4.4 million in the third quarter of 2008. Changes in the fair value of mortgage servicing rights and securities held as an economic hedge are due to movement in interest rates, actual and anticipated loan prepayment speeds and related factors.

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 September 30, 2009, a 50 basis point increase in mortgage interest rates is expected to increase the fair value of our mortgage servicing rights, net of economic hedging by \$1.0 million. 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 \$5.7 million. 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 in the third quarter of 2009 increased \$394 million or 7% over the third quarter of 2008. Average interest-bearing transaction accounts in the third quarter of 2009 were up \$205 million or 9% and average time

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deposits were up \$138 million or 5% compared to the third quarter of 2008. Average demand deposit accounts in the third quarter of 2009 increased \$42 million or 6% over the third quarter of 2008. Movement of funds among the various types of consumer deposits was largely based on interest rates and product features offered.

Wealth Management

Wealth Management contributed consolidated net income of \$3.0 million in the third quarter of 2009 compared to net income of \$8.1 million in the third quarter of 2008. The decrease in net income was due primarily to increased operating expenses, market driven decline in trust fee income and lower net interest revenue.

45

Table 7 Wealth Management
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine Mon Septem
	2009	2008		2009
NIR (expense) from external sources	\$ 7,772	\$ 4,108	\$ 3,664	\$ 17,317
NIR (expense) from internal sources	2,026	7,091	(5,065)	15,352
<hr/>				
Total net interest revenue	9,798	11,199	(1,401)	32,669
Other operating revenue	40,847	38,878	1,969	120,676
Operating expense	44,571	36,844	7,727	128,898
Net loans charged off	1,089	3	1,086	7,647
Loss on financial instruments, net	-	-	-	-
<hr/>				
Income before taxes	4,985	13,230	(8,245)	16,800
Federal and state income tax	1,940	5,146	(3,206)	6,535
<hr/>				
Net income	\$ 3,045	\$ 8,084	\$ (5,039)	\$ 10,265
<hr/>				
Average assets	\$ 2,805,331	\$ 2,115,989	\$689,342	\$ 2,948,793
Average loans	1,067,375	950,614	116,761	1,048,421
Average deposits	2,767,139	2,052,911	714,228	2,906,428
Average invested capital	214,580	200,450	14,130	205,650
Return on assets	0.43%	1.52%	(109 b.p.)	0.47%
Return on invested capital	5.63%	16.00%	(1,037 b.p.)	6.67%
Efficiency ratio	88.01%	73.57%	1,444 b.p.	84.06%
Net charge-offs (annualized) to average loans	0.41%	0.00%	41 b.p.	1.46%

	September 30, 2009	September 30, 2008	Increase (Decrease)
Trust assets	\$ 29,945,585	\$ 33,242,296	\$ (3,296,711)

Net interest revenue for the third quarter of 2009 decreased \$1.4 million or 13% compared to third quarter of 2008 due to increases in average earning assets offset by a lower internal transfer pricing credit. Other operating revenue

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increased \$2.0 million compared to the third quarter of 2008. Increased trading and brokerage revenue due to higher level of securities transactions by our mortgage banking customers and increased investment banking and retail brokerage activity was somewhat offset by declines in trust fees and commissions due to fee waivers and decreases in the fair value of trust assets. Operating expenses increased \$7.7 million compared to the third quarter of 2008 primarily related to higher personnel costs due to increased staffing and incentive compensation. Additional staffing has been added to increase penetration in markets outside of Oklahoma. Growth in non-personnel expenses was primarily due to increased FDIC insurance premiums as a result of increased deposit balances and an increase in the FDIC regular assessment rate in the third quarter of 2009 compared to the third quarter of 2008.

Growth in average assets was largely due to funds sold to the funds management unit. Funds provided by wealth management deposits, which are largely sold to the funds management unit, increased primarily due to an increase in time deposits and interest bearing transaction accounts, including movement of customer funds from managed money market products that were not on the Company's balance sheet, to deposits. Average deposits provided by the wealth management division increased \$714 million in the third quarter of 2009 compared with the third quarter of 2008. Interest-bearing transaction accounts averaged \$1.7 billion for the third quarter of 2009, an increase of \$297 million or 21% over the third quarter of 2008. Average time deposits were \$813 million, up \$396 million or 95% over last year.

At September 30, 2009 and 2008, the Wealth Management line of business was responsible for trust assets with aggregate market values of \$29.9 billion and \$33.2 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 \$11.1 billion of trust assets at September 30, 2009 compared to \$12.6 billion of trust assets at September 30, 2008. The fair value of non-managed assets was \$18.8 billion at September 30, 2009 and \$20.7 billion at September

46

30, 2008. The fair value of assets held in safekeeping totaled \$8.0 billion at September 30, 2009 and \$8.5 billion at September 30, 2008.

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 include insignificant results of operations in locations outside our primary geographic regions.

Table 8 Net Income (Loss) by Geographic Region
(In Thousands)

	Three Months ended September 30,		Nine Mo Septe
	2009	2008	2009
Oklahoma	\$18,673	\$ 7,122	\$ 70,750
Texas	3,921	12,107	13,290
New Mexico	873	3,881	4,923
Arkansas	2,159	2,084	8,485
Colorado	(6,694)	(59)	(8,167)
Arizona	(4,614)	(5,765)	(22,064)

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Kansas / Missouri	1,698	1,071	5,073
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Subtotal	16,016	20,441	72,290
Funds management and other	34,644	36,244	85,517
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Total	\$50,660	\$ 56,685	\$ 157,807
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47

Oklahoma Market

Oklahoma is a significant market to the Company. Our Oklahoma offices are located primarily in the Tulsa and Oklahoma City metropolitan areas. For the third quarter of 2009, approximately 50% of our average loans, 52% of our average deposits and 37% of our consolidated net income is attributed to the Oklahoma market. In addition, all of our mortgage servicing activity and 75% of our trust assets are attributed to the Oklahoma market.

Table 9 Oklahoma
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine Sep 2009
	2009	2008		
Net interest revenue	\$ 56,304	\$ 62,892	\$ (6,588)	\$ 178,0
Other operating revenue	78,874	41,738	37,136	242,6
Operating expense	93,883	87,602	6,281	278,4
Net loans charged off	11,652	1,009	10,643	25,0
Increase (decrease) in fair value of mortgage service rights	(2,981)	(5,554)	2,573	6,8
Gain (loss) on financial instruments, net	3,560	1,186	2,374	(8,7
Gain on repossessed assets, net	339	5	334	5
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Income before taxes	30,561	11,656	18,905	115,7
Federal and state income tax	11,888	4,534	7,354	45,0
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Net income	\$ 18,673	\$ 7,122	\$ 11,551	\$ 70,7
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Average assets	\$ 8,679,144	\$ 8,286,261	\$392,883	\$ 8,791,3
Average loans	5,888,614	6,402,424	(513,810)	6,222,8
Average deposits	7,889,417	7,072,725	816,692	7,799,7
Average invested capital	818,690	798,910	19,780	780,4
Return on average assets	0.85%	0.34%	51 b.p.	1.08
Return on invested capital	9.05%	3.54%	551 b.p.	12.12
Efficiency ratio	69.45%	83.73%	(1,428 b.p.)	66.20
Net charge-offs (annualized) to average loans	0.79%	0.06%	73 b.p	0.80

Net income generated in the Oklahoma market increased \$11.6 million over the third quarter of 2008. Other operating revenue for the third quarter of 2008 was reduced by a \$45 million pre-tax charge for losses on customer hedging derivative contracts. This charge reduced net income in the Oklahoma market by \$27.5 million.

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Net interest revenue decreased \$6.6 million or 10% compared to the third quarter of 2008. Net interest revenue was impacted by a decline in average loans of \$514 million compared to the third quarter of 2008, offset by improving interest spreads on loans. Average deposit growth of \$817 million compared to the third quarter of 2008 was offset by lower internal funds transfer credit provided for deposits sold to the funds management unit.

Other operating revenue, excluding derivative losses in the third quarter of 2008, decreased \$8.0 million primarily due to lower derivative and related margin interest fees, lower trust fees due to fee waivers and lower trust asset values and lower transaction card revenues. Increased mortgage banking revenue related to government initiatives to lower national mortgage rates provided a partial offset.

Operating expenses increased primarily due to personnel costs and mortgage banking costs. FDIC premiums also were higher as a result of increased deposit balances and regular assessment rate in the third quarter of 2009.

Changes in the fair value of mortgage servicing rights, net of changes in the fair value of financial instruments, increased pre-tax income by \$579 thousand in the third quarter of 2009 and reduced net income by \$4.4 million in the third quarter of 2008.

48

Net loans charged off increased by \$10.6 million from losses on commercial, residential mortgage and consumer loans. Annualized net charge-offs were 0.79% of average loans for the third quarter of 2009.

Average deposits in the Oklahoma market for the third quarter of 2009 increased \$817 million over the third quarter of 2008. The increase came primarily from commercial and wealth management units, including trust, broker/dealer and private banking. Consumer banking also contributed to deposit growth.

Texas Market

Texas is our second largest market. Our Texas offices are located primarily in Dallas, Fort Worth and Houston metropolitan areas. Approximately 29% of our average loans, 25% of our average deposits and 8% of our consolidated net income is attributed to the Texas market.

Table 10 Texas
(Dollars in Thousands)

	Three Months ended		Increase	Nine Mo
	September 30,			
	2009	2008		2009
Net interest revenue	\$ 31,830	\$ 39,712	\$ (7,882)	\$ 100,37
Other operating revenue	13,684	11,445	2,239	37,27
Operating expense	34,631	30,015	4,616	100,34
Net loans charged off	4,021	2,262	1,759	15,74
Gain (loss) on repossessed assets, net	(736)	37	(773)	(80
Income before taxes	6,126	18,917	(12,791)	20,76
Federal and state income tax	2,205	6,810	(4,605)	7,47

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Net income	\$ 3,921	\$ 12,107	\$ (8,186)	\$ 13,29
Average assets	\$ 3,999,313	\$ 3,779,444	\$ 219,869	\$ 3,831,27
Average loans	3,504,839	3,729,982	(225,143)	3,679,56
Average deposits	3,791,236	3,310,615	480,621	3,602,59
Average invested capital	557,080	540,450	16,630	542,58
Return on average assets	0.39%	1.27%	(88 b.p.)	0.4
Return on invested capital	2.79%	8.89%	(610 b.p.)	3.2
Efficiency ratio	76.09%	58.67%	1,742 b.p.	72.8
Net charge-offs (annualized) to average loans	0.46%	0.24%	22 b.p.	0.8

Net income in the Texas market decreased by \$8.2 million compared to the third quarter of 2008 primarily due to decreased net interest revenue, increased operating expenses and net loans charged off.

Net interest revenue decreased \$7.9 million or 20% compared to the third quarter of 2008. Average outstanding loans decreased \$225 million or 6% compared to the third quarter of 2008. Average deposits increased \$481 million. The benefit of an increase in average deposits was offset by the average decrease in loans and reduced the benefit from funds sold to the funds management unit.

Other operating revenue increased \$2.2 million or 20% compared to the third quarter of 2008 primarily due to increased mortgage banking revenue, transaction card revenue, trading and brokerage revenue and deposit service charges. Operating expenses increased \$4.6 million or 15% over the third quarter of last year primarily due to higher personnel costs and the FDIC insurance premiums due to increased deposit balances and assessment rate.

Net loans charged off increased \$1.8 million to 0.46% of average loans, compared to 0.24% of average loans for the third quarter of 2008.

49

Other Markets

For the third quarter of 2009, net income attributable to our New Mexico market totaled \$873 thousand or 2% of consolidated net income, down from \$3.9 million in the third quarter of 2008. The decrease in net income attributed to New Mexico resulted primarily from higher net loans charged off and lower net interest revenue due to lower internal funds transfer credit provided for deposits sold to the funds management unit. Average deposits increased \$143 million over the third quarter of 2008. Net loans charged off in the third quarter of 2009 totaled \$2.7 million or 1.35% annualized of average loans.

For the third quarter of 2009, net income attributable to the Arkansas market totaled \$2.2 million, unchanged compared to the third quarter of 2008. Increased securities trading revenue at our Little Rock office was primarily offset by higher personnel costs. Average deposits in our Arkansas market were up \$102 million or 143% over the third quarter of 2008 due primarily to commercial banking deposits. Consumer and wealth management deposits also increased over the third quarter of 2008.

For the third quarter of 2009, we incurred a net loss in the Colorado market of \$6.7 million, a \$6.6 million decrease compared to the third quarter of 2008. The decrease was primarily due to increases in net loans charged off and the FDIC insurance premiums in the third quarter of 2009. Net loans charged off increased \$7.2 million, of which \$8.2 million is related to a single commercial real estate credit. Average loans decreased \$37 million compared to the third quarter of 2008 and average deposits increased \$94 million.

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We also incurred a net loss of \$4.6 million in the Arizona market in the third quarter of 2009 compared with a net loss of \$5.8 million in the third quarter of 2008. Losses from loan charge-offs totaled \$4.7 million, down \$6.1 million compared to the same period last year. This improvement was partially offset by losses on repossessed assets, decreased net interest revenue and increased operating expenses related to the opening of 3 branch locations. Net charge-offs in the Arizona market were down \$11.6 million from the previous quarter. Average loans declined \$23 million compared to the third quarter of 2008 and average deposits grew by \$78 million compared to the third quarter of 2008. The positive deposit growth was offset by lower internal funds transfer credit provided for deposits sold to the funds management unit.

Consistent with plans when we first acquired Valley Commerce Bank in Phoenix, the Company's objective is to focus on growth in commercial and small business lending in the Arizona market. We currently have approximately \$17 million of goodwill in the Arizona market. The majority of this goodwill is attributed to commercial banking. The estimated fair value of the Arizona market exceeded the carrying value by 10% as of the date of our latest goodwill impairment test in the fourth quarter of 2008. This fair value estimate included a period of time to clear commercial real estate loan losses from the portfolio and to execute our original growth objective. We will perform our annual goodwill impairment analysis during the fourth quarter of 2009. Goodwill impairment in the Arizona market will depend largely on our ability to meet growth projections for the Arizona market.

We continue to grow in the Kansas City market. Net income for the third quarter of 2009 increased \$627 thousand or 59% over the third quarter of 2008 due largely to growth in other operating revenue. Total average deposits increased \$136 million over the third quarter of 2008.

50

Table 11 New Mexico
(Dollars in Thousands)

	Three Months ended		Increase (Decrease)	Nine Mon Septem
	September 30,			
	2009	2008		2009
Net interest revenue	\$ 7,924	\$ 9,717	\$ (1,793)	\$ 24,690
Other operating revenue	6,070	6,082	(12)	17,989
Operating expense	9,834	9,155	679	29,016
Net loans charged off	2,731	293	2,438	4,680
Loss on repossessed assets, net	-	-	-	(925)
Income before taxes	1,429	6,351	(4,922)	8,058
Federal and state income tax	556	2,470	(1,914)	3,135
Net income	\$ 873	\$ 3,881	\$ (3,008)	\$ 4,923
Average assets	\$ 1,256,065	\$ 1,115,530	\$140,535	\$ 1,237,637
Average loans	807,407	837,447	(30,040)	822,493
Average deposits	1,169,220	1,025,765	143,455	1,145,099
Average invested capital	97,390	116,310	(18,920)	99,110
Return on average assets	0.28%	1.38%	(110 b.p.)	0.53%
Return on invested capital	3.56%	13.24%	(968 b.p.)	6.64%

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Efficiency ratio	70.27%	57.95%	1,232 b.p.	67.99%
Net charge-offs (annualized) to average loans	1.35%	0.14%	121 b.p.	1.14%

Table 12 Arkansas
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine Mont Septemb 2009
	2009	2008		
Net interest revenue	\$ 2,908	\$ 3,017	\$ (109)	\$ 8,866
Other operating revenue	8,464	6,626	1,838	28,660
Operating expense	7,070	5,385	1,685	21,039
Net loans charged off	733	847	(114)	2,564
Loss on repossessed assets, net	(35)	-	(35)	(36)
Income before taxes	3,534	3,411	123	13,887
Federal and state income tax	1,375	1,327	48	5,402
Net income	\$ 2,159	\$ 2,084	\$ 75	\$ 8,485
Average assets	\$ 415,735	\$ 452,423	\$ (36,688)	\$ 431,771
Average loans	397,159	440,079	(42,920)	418,322
Average deposits	172,086	70,716	101,370	152,657
Average invested capital	34,340	37,480	(3,140)	33,340
Return on average assets	2.06%	1.83%	23 b.p.	2.63%
Return on invested capital	24.94%	22.06%	288 b.p.	34.03%
Efficiency ratio	62.17%	55.84%	633 b.p.	56.07%
Net charge-offs (annualized) to average loans	0.74%	0.77%	(3 b.p.)	1.23%

51

Table 13 Colorado
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine Mo Septe 2009
	2009	2008		
Net interest revenue	\$7,803	\$ 9,704	\$ (1,901)	\$ 26,
Other operating revenue	3,780	3,945	(165)	13,0
Operating expense	10,085	8,749	1,336	29,3
Net loans charged off	12,196	4,996	7,201	23,0
Loss on repossessed assets, net	(258)	-	(258)	(20
Income (loss) before taxes	(10,956)	(96)	(10,861)	(13,36
Federal and state income tax	(4,262)	(37)	(4,225)	(5,20
Net income (loss)	\$ (6,694)	\$ (59)	\$ (6,636)	\$ (8,16

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Average assets	\$ 1,151,882	\$ 1,051,773	\$100,109	\$ 1,166,000
Average loans	855,358	891,923	(36,565)	931,250
Average deposits	1,127,381	1,033,674	93,707	1,146,066
Average invested capital	161,150	150,600	10,550	141,590
Return on average assets	(2.31%)	(0.02%)	(229 b.p.)	(0.94%)
Return on invested capital	(16.48%)	(0.16%)	(1,632 b.p.)	(7.71%)
Efficiency ratio	87.07%	64.10%	2,297 b.p.	74.72%
Net charge-offs (annualized) to average loans	5.70%	2.24%	346 b.p.	4.96%

Table 14 Arizona
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine Months September 2009
	2009	2008		
Net interest revenue	\$ 2,544	\$ 4,575	\$ (2,031)	\$ 8,301
Other operating revenue	1,027	248	779	2,176
Operating expense	4,833	3,543	1,290	13,774
Net loans charged off	4,654	10,764	(6,110)	30,949
Gains (losses) on repossessed assets, net	(1,636)	49	(1,685)	(1,865)
Income (loss) before taxes	(7,552)	(9,435)	1,883	(36,111)
Federal and state income tax	(2,938)	(3,670)	732	(14,047)
Net income (loss)	\$ (4,614)	\$ (5,765)	\$ 1,151	\$ (22,064)
Average assets	\$ 627,411	\$ 586,433	\$ 40,978	\$ 613,293
Average loans	559,227	582,235	(23,008)	574,612
Average deposits	200,484	122,496	77,988	176,653
Average invested capital	81,140	90,630	(9,490)	83,830
Return on average assets	(2.92%)	(3.90%)	98 b.p.	(4.81%)
Return on invested capital	(22.56%)	(25.24%)	268 b.p.	(35.19%)
Efficiency ratio	135.34%	73.46%	6,188 b.p.	131.47%
Net charge-offs (annualized) to average loans	3.33%	7.39%	(406 b.p.)	10.77%

52

Table 15 Kansas / Missouri
(Dollars in Thousands)

	Three Months ended September 30,		Increase (Decrease)	Nine Months September 2009
	2009	2008		
Net interest revenue	\$ 2,245	\$ 2,065	\$ 180	\$ 5,903
Other operating revenue	4,825	2,609	2,216	15,372
Operating expense	4,291	2,925	1,366	12,239

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Net loans charged off	-	(3)	3	733
Income before taxes	2,779	1,752	1,027	8,303
Federal and state income tax	1,081	681	400	3,230
Net income	\$ 1,698	\$ 1,071	\$ 627	\$ 5,073
Average assets	\$ 310,941	\$ 359,898	\$ (48,957)	\$ 317,499
Average loans	291,127	356,758	(65,631)	309,202
Average deposits	170,458	34,900	135,558	167,193
Average invested capital	24,550	36,410	(11,860)	23,950
Return on average assets	2.17%	1.18%	99 b.p.	2.14%
Return on invested capital	27.44%	11.67%	1,577 b.p.	28.32%
Efficiency ratio	60.69%	62.58%	(189 b.p.)	57.53%
Net charge-offs (annualized) to average loans	-%	-%	- b.p.	0.47%

Financial Condition

Securities

We maintain a securities portfolio to enhance profitability, support interest rate risk management strategies, provide liquidity and comply with regulatory requirements. Securities are classified as held for investment, available for sale or trading. See Note 2 to the consolidated financial statements for the composition of the securities portfolio as of September 30, 2009.

Investment securities, which consist primarily of Oklahoma municipal bonds, are carried at cost and adjusted for amortization of premiums or accretion of discounts. At September 30, 2009, investment securities were carried at \$238 million and had a fair value of \$245 million.

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 \$8.3 billion at September 30, 2009, up \$974 million compared with June 30, 2009. We continued a strategy to increase the available for sale securities portfolio to supplement earnings during a period of declining loan demand and readily-available liquidity. Securities purchased consisted of short-duration mortgage-backed securities issued by U.S. government agencies. Residential mortgage-backed securities represented 96% of total available for sale securities. We hold no debt securities of corporate issuers or mortgage-backed securities holding pools of commercial real estate loans.

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 September 30, 2009. Management estimates that the expected duration would extend to approximately 3.3 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

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the underlying loans. We mitigate this risk by primarily investing in securities issued by U.S. government agencies. Principal and interest payments on the underlying loans are either fully or partially guaranteed. At September 30, 2009, approximately \$6.7 billion of our mortgage-backed securities, based on amortized cost, were issued by U.S. government agencies. The fair value of these mortgage-backed securities totaled \$6.9 billion at September 30, 2009. We also hold amortized cost of \$1.3 billion in mortgage-backed securities privately issued by publicly-owned financial institutions. The fair value of our portfolio of privately issued mortgage-backed securities totaled \$1.1 billion at September 30, 2009.

Our portfolio of mortgage-backed securities originated by private issuers consists primarily of \$1.0 billion of Jumbo-A mortgage loans and \$299 million of Alt-A mortgage loans. Jumbo-A mortgage loans generally meet government agency underwriting standards, but have loan balances that exceed agency maximums. Alt-A mortgage loans generally do not have sufficient documentation to meet government agency underwriting standards. Credit risk on mortgage-backed securities originated by private issuers is mitigated by investment in senior tranches with additional collateral support. None of the privately-issued securities are backed by sub-prime mortgage loans, collateralized debt obligations or collateralized loan obligations. Approximately 84% of the Alt-A mortgage-backed securities are credit enhanced with additional collateral support and 100% of the Alt-A mortgage-backed securities originated in 2006 and 2007 have additional credit 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. Approximately 63% of our Jumbo-A securities are credit enhanced with additional collateral support and 80% of the Jumbo A securities originated in 2006 and 2007 have additional credit support. Approximately 27% of the Jumbo-A mortgage-backed securities represents pools of fixed rate mortgage loans. None of the adjustable rate mortgages are payment option ARMS. During the third quarter of 2009, the amortized cost of the privately issued mortgage-backed securities decreased \$112 million from cash received. The unrealized loss on these securities decreased \$82 million.

Our portfolio of available for sale securities also included preferred stocks issued by six financial institutions. 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. At September 30, 2009, these stocks have a carrying value and an aggregate fair value of \$20 million. The aggregate unrealized loss of \$2.9 million on these preferred stocks at June 30, 2009 improved to an aggregate unrealized gain of \$287 thousand at September 30, 2009. No additional other-than-temporary impairments were recorded on these securities in the third quarter of 2009.

On a quarterly basis, we perform separate evaluations on debt and equity securities to determine if the unrealized losses are temporary as more fully described in Note 2 to the financial statements. We recognized a \$3.4 million other-than-temporary impairment charge against earnings in the third quarter of 2009 related to certain private-label residential mortgage-backed securities that the Company does not intend to sell, including \$1.6 million related to an initial other-than-impairment charge on one security during the third quarter. The remaining \$1.8 million was due to additional other-than-temporary impairment due to declines in the projected cash flows on securities identified in previous quarters.

Certain government agency issued residential 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.

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We also maintain a separate trading portfolio of securities acquired with the intent to sell at a profit to the Company which are carried at fair value with changes in fair value recognized in current period income.

Bank-Owned Life Insurance

We have approximately \$244 million of bank-owned life insurance at September 30, 2009. This investment is expected to provide a long-term source of earnings to support existing employee benefit programs. Approximately \$212 million is held in separate accounts. Our separate account holdings are invested in diversified portfolios of investment-grade fixed income securities and cash equivalents, including U.S. Treasury and Agency securities, residential mortgage-backed securities, corporate debt, asset-backed and commercial mortgage-backed 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

54

value wrap, which protects against changes in the fair value of the investments. At September 30, 2009, the cash surrender value represented by the underlying fair value of investments held in separate accounts was approximately \$221 million. As the underlying fair value of the investments held in a separate account at September 30, 2009 exceeded the net book value of the investments, no cash surrender value was supported by the stable value wrap. The stable value wrap is provided by a well-rated, domestic financial institution. The remaining cash surrender value of \$32 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 \$11.6 billion at September 30, 2009, a \$458 million decrease since June 30, 2009.

 Table 16 - Loans
 (In thousands)

	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008

Commercial:				
Energy	\$ 2,093,802	\$ 2,203,558	\$ 2,329,237	\$ 2,311,8
Services	1,768,454	1,884,097	1,962,297	2,038,4
Wholesale/retail	940,258	1,027,532	1,133,275	1,165,0
Manufacturing	442,729	496,496	514,748	497,9
Healthcare	745,777	765,285	747,299	777,1
Agriculture	156,997	157,759	193,863	197,6
Other commercial and industrial	222,039	181,124	220,811	423,5

Total commercial	6,370,056	6,715,851	7,101,530	7,411,6

Commercial real estate:				
Construction and land development	735,196	818,837	879,368	926,2
Retail	409,775	413,789	424,565	371,2

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Office	488,564	490,044	486,065	459,3
Multifamily	339,847	306,175	344,227	316,5
Industrial	127,845	129,239	150,488	149,3
Other real estate loans	459,108	453,609	447,368	478,4
<hr/>				
Total commercial real estate	2,560,335	2,611,693	2,732,081	2,701,2
<hr/>				
Residential mortgage:				
Permanent mortgage	1,348,183	1,362,505	1,339,957	1,273,2
Home equity	481,641	471,470	479,993	479,2
<hr/>				
Total residential mortgage	1,829,824	1,833,975	1,819,950	1,752,5
<hr/>				
Consumer:				
Indirect automobile	516,062	582,380	650,370	692,6
Other consumer	335,287	326,029	335,985	317,9
<hr/>				
Total consumer	851,349	908,409	986,355	1,010,5
<hr/>				
Total	\$ 11,611,564	\$ 12,069,928	\$ 12,639,916	\$ 12,876,0

55

The decline in outstanding loan balances was broadly distributed among the various segments of the portfolio and across geographic markets. Generally, the decline in outstanding loan balances was due to reduced customer demand in response to current economic conditions, normal repayment trends and management decisions to mitigate credit risk by exiting certain loan types and relationships. A breakdown by geographical market follows:

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

	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008
<hr/>				
Oklahoma:				
Commercial	\$ 2,738,217	\$ 2,918,478	\$ 3,119,362	\$ 3,356,5
Commercial real estate	815,362	855,742	881,620	843,5
Residential mortgage	1,245,917	1,249,104	1,234,417	1,196,9
Consumer	483,369	521,431	562,021	579,8
<hr/>				
Total Oklahoma	\$ 5,282,865	\$ 5,544,755	\$ 5,797,420	\$ 5,976,8
<hr/>				
Texas:				
Commercial	\$ 2,075,379	\$ 2,182,756	\$ 2,277,186	\$ 2,353,8
Commercial real estate	734,742	741,199	816,830	825,7
Residential mortgage	335,797	345,780	337,044	315,4
Consumer	188,374	196,752	214,134	212,8
<hr/>				
Total Texas	\$ 3,334,292	\$ 3,466,487	\$ 3,645,194	\$ 3,707,8
<hr/>				
New Mexico:				
Commercial	\$ 344,910	\$ 380,378	\$ 393,180	\$ 418,7

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Commercial real estate	344,988	313,190	315,511	286,511
Residential mortgage	88,271	90,944	99,805	98,000
Consumer	18,176	18,826	19,900	18,600
Total New Mexico	\$ 796,345	\$ 803,338	\$ 828,396	\$ 821,911
Arkansas:				
Commercial	\$ 99,559	\$ 97,676	\$ 99,955	\$ 103,400
Commercial real estate	128,984	133,026	133,227	134,000
Residential mortgage	19,128	19,015	17,145	16,800
Consumer	136,461	152,620	168,971	175,600
Total Arkansas	\$ 384,132	\$ 402,337	\$ 419,298	\$ 429,900
Colorado:				
Commercial	\$ 569,549	\$ 595,858	\$ 675,223	\$ 660,500
Commercial real estate	249,879	269,923	267,035	261,800
Residential mortgage	68,667	58,557	59,120	53,800
Consumer	18,272	14,097	14,599	16,100
Total Colorado	\$ 906,367	\$ 938,435	\$ 1,015,977	\$ 992,300
Arizona:				
Commercial	\$ 219,330	\$ 215,540	\$ 211,953	\$ 211,300
Commercial real estate	257,169	262,607	285,841	319,500
Residential mortgage	57,304	58,265	61,605	62,100
Consumer	4,826	3,229	5,261	6,000
Total Arizona	\$ 538,629	\$ 539,641	\$ 564,660	\$ 599,000
Kansas / Missouri:				
Commercial	\$ 323,112	\$ 325,165	\$ 324,671	\$ 307,100
Commercial real estate	29,211	36,006	32,017	29,900
Residential mortgage	14,740	12,310	10,814	9,300
Consumer	1,871	1,454	1,469	1,400
Total Kansas / Missouri	\$ 368,934	\$ 374,935	\$ 368,971	\$ 347,900
Total BOK Financial loans	\$ 11,611,564	\$ 12,069,928	\$ 12,639,916	\$ 12,876,000

56

Commercial

Commercial loans represent loans for working capital, facilities acquisition or expansion, purchases of equipment and other needs of commercial customers primarily located within our geographical footprint. Commercial loans are underwritten individually and represent on-going relationships based on a thorough knowledge of the customer, the customer's industry and market. While commercial loans are generally secured by the customer's assets including real property, inventory, accounts receivable, operating equipment, interests in mineral rights and other property and may also include personal guarantees of the owners and related parties, the primary source of repayment of the loans is the on-going cash flow from operations of the customer's business. Inherent lending risks are centrally monitored on a continuous basis from underwriting throughout the life of the loan for compliance with commercial lending policies.

The commercial loan portfolio decreased \$346 million during the third quarter of 2009 to \$6.4 billion at September 30, 2009. The decrease in outstanding

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commercial loans was primarily due to decreases of \$116 million in service sector loans, \$110 million in energy sector loans and \$87 million in wholesale/retail sector loans. Commercial loan origination activity has slowed to less than amounts necessary to offset normal repayment trends in the portfolio. In general, loan demand has softened due to lower working capital needs and less capital project spending by our customers. The commercial sector of our loan portfolio is distributed as follows (in thousands):

Table 18 - Commercial Loans by Principal Market Area

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizo
Energy	\$994,508	\$763,857	\$ 6,119	\$ 2,634	\$321,294	\$
Services	506,900	603,285	207,229	27,996	155,633	150,
Wholesale/retail	471,816	277,055	50,983	52,704	26,198	36,
Manufacturing	226,137	133,828	49,182	1,535	21,777	5,
Healthcare	410,942	258,620	9,706	14,289	28,698	22,
Agriculture	26,590	3,958	148	32	250	
Other commercial and industrial	101,324	34,776	21,543	369	15,699	3,
Total commercial loans	\$2,738,217	\$2,075,379	\$344,910	\$ 99,559	\$569,549	\$219,

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. We have always been an energy lender and this continues to be an area of expertise. Loans collateralized by oil and gas properties are subject to a semi-annual engineering review by our internal staff of petroleum engineers. This review is utilized as the basis for developing the expected cash flows supporting the loan amount. The projected cash flows are discounted according to risk characteristics of the underlying oil and gas properties. Loans are evaluated to demonstrate with reasonable certainty that crude oil, natural gas and natural gas liquids can be recovered from known oil and gas reservoirs under existing economic and operating conditions at current pricing levels and with existing conventional equipment and operating methods and costs. 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.

Energy loans totaled \$2.1 billion or 18% of total loans. Outstanding energy loans decreased \$110 million during the third quarter of 2009 primarily due to low customer loan demand as a result of low commodity prices which has led to curtailed exploration and production of oil and gas reserves and reduced borrowing capacity based upon collateral values. Approximately \$1.8 billion of energy loans were to oil and gas producers, down from \$1.9 billion at June 30, 2009. Approximately 52% of the committed amount of energy production loans are primarily secured by natural gas properties and 48% are primarily secured by oil properties. The energy category also included approximately \$133 million of loans to borrowers that provide services to the energy industry, \$79 million of loans to borrowers engaged in wholesale or retail energy sales and \$53 million of loans to borrowers that manufacture equipment primarily for the energy industry.

The services sector of the loan portfolio totaled \$1.8 billion or 15% of total loans and consists of a large number of

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loans to a variety of businesses, including communications, gaming and transportation services. Approximately \$1.1 billion of the services category is made up of loans with individual balances of less than \$10 million. Service sector loans are generally secured by the assets of the borrower with repayment coming from the cash flows of ongoing operations of the customer's business. Loans in this sector may also be secured by personal guarantees of the owners or related parties. Outstanding loans to the service sector of the loan portfolio decreased \$116 million during the third quarter of 2009 due to reduced loan demand as a result of general economic conditions.

We participate 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 September 30, 2009, the outstanding principal balance of these loans totaled \$1.6 billion. Substantially all of these loans are to borrowers with local market relationships. We serve as the agent lender in approximately 21% of its shared national credits, based on dollars committed. We hold shared national credits to the same standard of analysis and perform the same level of review as internally originated credits. Our lending policies generally avoid loans in which we do not have the opportunity to maintain or achieve other business relationships with the customer. In addition to management's quarterly assessment of credit risk, grading of shared national credits is provided annually by banking regulators. Risk grading provided by the regulators in the third quarter of 2009 did not differ significantly from management's assessment.

Commercial Real Estate

Commercial real estate represents loans for the construction of buildings or other improvements to real estate and property held by borrowers for investment purposes within our geographical footprint. We require collateral values in excess of the loan amounts, demonstrated cash flows in excess of expected debt service requirements, equity investment in the project and a portion of the project already sold, leased or permanent financing already secured. The expected cash flows from all significant new or renewed income producing property commitments are stress tested to reflect the risks in varying interest rates, vacancy rates and rental rates. As with commercial loans, inherent lending risks are centrally monitored on a continuous basis from underwriting throughout the life of the loan for compliance with applicable lending policies.

Commercial real estate loans totaled \$2.6 billion or 22% of the loan portfolio at September 30, 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 decreased \$51 million from the previous quarter end. The commercial real estate sector of our loan portfolio is distributed as follows (in thousands):

Table 19 - Commercial Real Estate Loans by Principal Market Area

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizo
Construction and land development	\$ 203,266	\$ 178,883	\$ 84,216	\$ 18,409	\$142,942	\$ 100
Retail	138,340	117,567	62,659	17,207	11,292	49
Office	151,091	132,500	79,255	13,451	65,150	46
Multifamily	91,117	133,742	38,210	56,100	4,856	9
Industrial	62,535	32,205	18,894	716	1,499	11
Other real estate loans	169,013	139,845	61,754	23,101	24,140	39

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Total commercial						
real estate loans	\$ 815,362	\$ 734,742	\$ 344,988	\$ 128,984	\$249,879	\$ 257

Construction and land development loans, which consisted primarily of residential construction properties and developed building lots, decreased \$84 million from June 30, 2009 to \$735 million at September 30, 2009 due to payments, transfers to other real estate owned and charge-offs. This sector of the loan portfolio is expected to continue to decrease as construction projects currently in process are completed. This decrease was offset by a \$34 million increase in loans secured by multifamily residential properties, primarily in the New Mexico and Texas markets.

Residential Mortgage and Consumer

Residential mortgage loans provide funds for our customers to purchase or refinance their primary residence or to borrow against the equity in their home. Residential mortgage loans are secured by a first or second-mortgage on the

58

customer's primary residence. Consumer loans include direct loans secured by and for the purchase of automobiles, recreational and marine equipment as well as other unsecured loans. Consumer loans also include indirect automobile loans made through primary dealers. Residential mortgage and consumer loans are made in accordance with underwriting policies we believe to be conservative and are fully documented. Credit scoring is assessed based on significant credit characteristics including credit history, residential and employment stability.

Residential mortgage loans totaled \$1.8 billion, essentially unchanged from June 30, 2009. Permanent 1-4 family mortgage loans decreased \$14 million and home equity loans increased \$10 million. In general, we sell the majority of our conforming fixed-rate loan originations in the secondary market. 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 adjustable rate mortgage loans with initial rates that are below market.

The permanent mortgage loan portfolio is primarily composed of various mortgage programs to support customer relationships including jumbo mortgage loans, non-builder construction loans and special loans programs for high net worth individuals or certain professionals. The aggregate outstanding balance of loans in these programs is \$1.1 billion. Jumbo loans may be fixed or variable rate and are fully amortizing. Jumbo loans generally conform to government sponsored entity standards, with exception that the loan size exceeds maximums required under these standards. These loans generally require a minimum FICO score of 720 and a maximum debt-to-income ratio ("DTI") of 38%. Loan-to-value ratios ("LTV") are tiered from 60% to 100%, depending on the market. Special mortgage programs include fixed and variable rate fully amortizing loans tailored to the needs of certain health-care professionals. Variable rate loans are fully indexed at origination and may have fixed rates for three to ten years, then adjust annually thereafter. The maximum loan amount of any of our residential mortgage loans products is \$4 million. Jumbo loans generally conform to government sponsored entity standards, with exception that the loan size exceeds maximums required under these standards.

Approximately \$116 million or 9% of permanent mortgage loans consist of first lien, fixed rate residential mortgage loans originated under various community development programs. These loans were underwritten to standards approved by various U.S. government agencies under these programs and include full documentation. However, these loans do have a higher risk of delinquency and

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losses given default than traditional residential mortgage loans. The initial maximum LTV of loans in these programs was 103%.

The composition of residential mortgage and consumer loans at September 30, 2009 is as follows (in thousands):

Table 20 - Residential Mortgage and Consumer Loans by Principal Market Area

	Oklahoma	Texas	New Mexico	Arkansas	Colorado	Arizo
Permanent mortgage	\$ 948,980	\$251,819	\$ 23,003	\$14,396	\$49,754	\$4
Home equity	296,937	83,978	65,268	4,732	18,913	
Total residential mortgage	\$ 1,245,917	\$ 335,797	\$88,271	\$19,128	\$68,667	\$5
Consumer:						
Indirect automobile	\$313,991	\$ 69,678	\$ -	\$132,393	\$ -	\$
Other consumer	169,378	118,696	18,176	4,068	18,272	4
Total consumer	\$483,369	\$188,374	\$ 18,176	\$136,461	\$ 18,272	\$ 4

Indirect automobile loans decreased \$66 million since June 30, 2009, primarily due to the previously-disclosed decision by the Company to exit the business in the first quarter of 2009 in favor of a customer-focused direct lending approach.

Loan Commitments

We enter 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 \$581 million at September 30, 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

59

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 \$8.9 million of the outstanding standby letters of credit were issued on behalf of customers whose loans are non-performing at September 30, 2009.

We also have 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 September 30, 2009, the principal balance of loans sold subject to recourse obligations totaled \$345 million compared to \$346 million at June 30, 2009. Substantially all of these loans are to borrowers in our primary markets including \$242 million to borrowers in Oklahoma, \$38 million to borrowers in Arkansas, \$20 million to borrowers in New Mexico, \$17 million to borrowers in the Kansas City area and \$16 million to

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borrowers in Texas. The separate reserve for these off-balance sheet commitments was \$11.2 million at September 30, 2009. Approximately 4.81% of the loans sold with recourse with an outstanding principal balance of \$17 million were either delinquent more than 90 days, in bankruptcy or in foreclosure, and 6.27% were past due 30 to 89 days. The provision for credit losses on loans sold with recourse, which is included in mortgage banking costs, was \$2.0 million for the third quarter of 2009. Net losses charged against the reserve totaled \$1.5 million for the third quarter of 2009.

Derivatives with Credit Risk

We offer programs that permit our 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 the Company. Offsetting contracts are executed between the Company and selected counterparties to minimize the risk to the Company 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 our 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 are reduced and additional margin collateral is required.

A deterioration of the credit standing of one or more of the customers or counterparties to these contracts may result in the Company 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 September 30, 2009, the net fair values of derivative contracts, excluding cash margin, reported as assets under these programs totaled \$412 million, down from \$476 million at June 30, 2009 due primarily to cash settlements and reduced transaction volumes. At September 30, 2009, derivative contracts carried as assets included primarily energy contracts with fair values of \$215 million, interest rate contracts with fair values of \$137 million, and foreign exchange contracts with fair values of \$54 million. The aggregate net fair values of derivative contracts, excluding cash margin, reported as liabilities totaled \$417 million.

At September 30, 2009, total derivative assets were reduced by \$17 million of cash collateral received from

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counterparties and total derivative liabilities were reduced by \$22 million of cash collateral paid to counterparties related to instruments executed with the same counterparty under a master netting agreement as permitted by GAAP.

A table showing the notional and the fair value of derivative assets and liabilities on both a gross and net basis is presented in Note 3 to the Consolidated Financial Statements (Unaudited).

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 September 30, 2009 was (in thousands):

Table 21 - Fair Value of Derivative Contracts

Customers	\$ 180,380
Energy companies	123,110
Banks	85,896
Exchanges	175
Other	5,817

Fair value of customer hedge asset derivative contracts, net	\$395,378

The largest net amount due from a single counterparty, a domestic subsidiary of a major energy company, at September 30, 2009 was \$116 million. This amount was offset by \$140 million in 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 to the equivalent of \$35 per barrel of oil would increase the fair value of derivative assets by \$313 million, with dealer counterparties comprising the bulk of the assets. An increase in prices to the equivalent of \$110 per barrel of oil would increase the fair value of derivative assets by \$465 million as current prices move away from the fixed prices embedded in our existing contracts. Further increases in prices to the equivalent of \$125 per barrel of oil would increase the fair value of our derivative assets by \$627 million with lending customers comprising the bulk of the assets.

61

Summary of Loan Loss Experience

We maintain 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 \$293 million or 2.52% of outstanding loans at September 30, 2009 and 77% of non-accruing loans at September 30, 2009. The allowance for loan losses was \$281 million and the reserve for off-balance sheet credit losses was \$12 million. At June 30, 2009, the combined allowance for loan losses and reserve for off-balance sheet credit losses totaled \$274 million or 2.27% of outstanding loans and 77% of non-accruing loans.

Table 22 - Summary of Loan Loss Experience
(In thousands)

Three Months Ended

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	September 30, 2009	June 30, 2009	March 31, 2009	
Reserve for loan losses:				
Beginning balance	\$ 263,309	\$ 251,002	\$ 233,236	\$
Loans charged off:				
Commercial	12,026	9,135	15,791	
Commercial real estate	17,407	17,186	10,215	
Residential mortgage	3,479	5,373	1,765	
Consumer	5,669	5,715	6,764	
Total	38,581	37,409	34,535	
Recoveries of loans previously charged off:				
Commercial	858	692	356	
Commercial real estate	20	83	41	
Residential mortgage	201	179	214	
Consumer	1,515	1,518	2,053	
Total	2,594	2,472	2,664	
Net loans charged off	35,987	34,937	31,871	
Provision for loan losses	53,580	47,244	49,637	
Ending balance	\$ 280,902	\$ 263,309	\$ 251,002	\$
Reserve for off-balance sheet credit losses:				
Beginning balance	\$ 10,445	\$ 10,569	\$ 15,166	\$
Provision for off-balance sheet credit losses	1,540	(124)	(4,597)	
Ending balance	\$ 11,985	\$ 10,445	\$ 10,569	\$
Total provision for credit losses	\$ 55,120	\$ 47,120	\$ 45,040	\$
Reserve for loan losses to loans outstanding at period-end	2.42%	2.18%	1.99%	
Net charge-offs (annualized) to average loans	1.21	1.13	1.00	
Total provision for credit losses (annualized) to average loans	1.85	1.52	1.41	
Recoveries to gross charge-offs	6.72	6.61	7.71	
Reserve for loan losses as a multiple of net charge-offs (annualized)	1.95x	1.88x	1.97x	
Reserve for off-balance sheet credit losses to off-balance sheet credit commitments	0.22%	0.19%	0.19%	
Combined reserves for credit losses to loans outstanding at period-end	2.52	2.27	2.07	

(1) Includes a \$7.1 million recovery of a loan charged off in 2005 and a \$4.0 million recovery of a loan charged off in 2001.

Allowance for Loan Losses

The adequacy of the allowance for loan losses is assessed by management based on an ongoing quarterly evaluation of the probable estimated losses inherent in the portfolio. The allowance consists of specific reserves attributed to impaired loans, general reserves based on migration factors and non-specific reserves based on general economic, risk concentration and related factors. An

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independent Credit Administration department is responsible for performing this evaluation for the entire company to ensure that the methodology is applied consistently. For the nine months ended September 30, 2009, there have been no material changes in the approach or techniques utilized

62

in developing the allowance for loan losses.

Specific reserves for impaired loans are determined by evaluation of estimated future cash flows, collateral value or historical statistics. Loans are considered to be impaired when it is probable that we will not be able to collect all amounts due according to the contractual terms of the loan agreement. This is substantially the same criteria used to determine when a loan should be placed on non-accrual status. Generally, all non-accruing commercial and commercial real estate loans are considered impaired. Substantially all impaired loans are collateralized. Collateral includes real property, inventory, accounts receivable, operating equipment, interests in mineral rights, and other property. Collateral may also include personal guaranties by borrowers and related parties.

Delinquency status is not a significant consideration in the evaluation of impairment or risk-grading of commercial or commercial real estate loans. These evaluations are based on an assessment of the borrowers' paying capacity and attempt to identify changes in credit risk before payments become delinquent. Changes in the delinquency trends of residential mortgage loans and consumer loans may indicate increases or decreases in expected losses.

Impaired loans are charged-off when the loan balance or a portion of the loan balance is no longer supported by the paying capacity of the borrower based on an evaluation of available cash resources or collateral value. No reserves are attributed to the remaining balance of loans that have been charged-down to amounts management expects to recover. Impaired loans totaled \$358 million at September 30, 2009 and \$328 million at June 30, 2009. At September 30, 2009, \$247 million of impaired loans had \$38 million of specific reserves and \$111 million had no specific reserves. Impaired loans with a gross outstanding principal balance of \$234 million have been charged down to an estimated recoverable balance of \$111 million. Cumulative life-to-date charge-offs of impaired loans with no specific reserves at September 30, 2009 totaled \$123 million, including \$24 million charged off in the third quarter of 2009. At June 30, 2009, \$229 million of impaired loans had \$34 million of specific reserves and \$99 million had no specific reserves.

General reserves for unimpaired loans are based on migration models. Separate migration models are used to determine general reserves for commercial and commercial real estate loans, residential mortgage loans, and consumer loans. All commercial and commercial real estate loans are risk-graded based on an evaluation of the borrowers' ability to repay the loans. Migration factors are determined for each risk-grade to determine the inherent loss based on historical trends. We use an eight-quarter aggregate accumulation of net losses as a basis for the migration factors. Greater emphasis is placed on losses incurred in more recent periods. The higher of current loss factors based on migration trends or a minimum migration factor based upon long-term history is assigned to each risk grade. The general reserve for residential mortgage loans is based on an eight-quarter average percent of loss. The general reserve for consumer loans is based on an eight-quarter average percent of loss with separate migration factors determined by major product line, such as indirect automobile loans and direct consumer loans. The aggregate amount of general reserves determined by migration factors for all unimpaired loans totaled \$217 million at September 30, 2009 and \$204 million at June 30, 2009.

Nonspecific reserves are maintained for risks beyond factors specific to a

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particular loan or identified by the migration models. These factors include trends in the economy in our primary lending areas, conditions in certain industries where we have a concentration and overall growth in the loan portfolio. In addition, migration factors used to determine general reserves based on historical losses are inherently backward-looking. Evaluation of nonspecific factors consider the effect of the duration of the business cycle on migration factors. Nonspecific factors also consider current economic conditions and other relevant factors. Aggregate of nonspecific reserves totaled \$27 million at September 30, 2009 and \$25 million at June 30, 2009.

The provision for credit losses is the amount necessary to maintain the allowance for loan losses at an amount determined by management to be adequate based on its evaluation. The provision for credit losses totaled \$55.1 million for the third quarter of 2009, \$47.1 million for the second quarter of 2009 and \$52.7 million for the third quarter of 2008. Factors considered in determining the provision for credit losses for the third quarter of 2009 included trends of net charge-offs, nonperforming loans and risk grading. These trends generally have indicated increasing credit risk.

Net Loans Charged-Off

Loans are charged off against the allowance for loan losses when the loan balance or a portion of the loan balance is no longer covered by the paying capacity of the borrower based on an evaluation of available cash resources and

63

collateral value. Collateral values are generally evaluated annually, or more frequently for certain collateral types or collateral located in certain distressed markets. Loans are evaluated quarterly and charge-offs are taken in the quarter in which the loss is identified.

Net loans charged off during the third quarter of 2009 totaled \$36.0 million compared to \$34.9 million in the previous quarter and \$20.2 million in the third quarter of 2008. Net loans charged off in the third quarter of 2008 included recoveries of \$7.1 million from a loan charged off in 2005 and \$4.0 million from a loan charged off in 2001. The ratio of net loans charged off (annualized) to average outstanding loans was 1.21% for the third quarter of 2009 compared with 1.13% for the second quarter of 2009 and 0.64% for the third quarter of 2008. Gross loans charged off in the third quarter of 2009 increased to \$38.6 million from \$37.4 million in the second quarter of 2009. Recoveries of loans previously charged off were \$2.6 million in the third quarter of 2009, an increase of \$122 thousand over the previous quarter.

Net loans charged off by category and principal market area during the third quarter of 2009 is as follows (in thousands):

Table 23 - Net Loans Charged Off

	Oklahoma	Texas	Colorado	Arkansas	New Mexico	Arizona	K M
Commercial	\$7,003	\$1,736	\$2,255	\$ (12)	\$ 221	\$ (35)	
Commercial real estate	497	876	9,815	-	2,041	4,158	
Residential mortgage	2,103	328	75	36	210	526	
Consumer	2,049	1,081	51	709	259	5	
Total net loans charged off	\$ 11,652	\$ 4,021	\$12,196	\$ 733	\$ 2,731	\$4,654	

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Net commercial loans charged off during the third quarter of 2009 increased \$2.7 million over the prior quarter and included \$9.0 million from the energy sector of the loan portfolio and \$1.3 million from the wholesale / retail sector of the loan portfolio. Commercial real estate loans charged off during the third quarter of 2009 included \$16.3 million in the land and residential construction sector of the loan portfolio, primarily composed of \$9.8 million in the Colorado market and \$4.1 million in the Arizona market. Net commercial real estate loans charged off increased \$284 thousand over the prior quarter including a \$9.3 million reduction in net loans charged off in the Arizona market, largely offset by increased charge-offs of \$9.2 million in the Colorado market. Commercial loan charge-offs in Colorado largely consisted of a loan to a single borrower.

Residential mortgage net charge-offs declined \$1.9 million compared to the previous quarter, primarily related to a \$1.7 million net improvement in the Texas market. Consumer loan net charge-offs, which includes indirect auto loan and deposit account overdraft losses, were down slightly compared to the previous quarter. Net charge-offs of indirect auto loans totaled \$2.8 million for the third quarter of 2009 and \$2.2 million for the second quarter of 2009.

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 24 presents the trend of reserves for off-balance sheet credit losses and the relationship between the reserve and loan commitments. The provision for credit losses included the combined charge to expense for both the reserve for loan losses and the reserve for off-balance sheet credit losses. All losses incurred from lending activities will ultimately be reflected in charge-offs against the reserve for loan losses following funds advanced against outstanding commitments and after the exhaustion of collection efforts.

64

Nonperforming Assets

Table 24 - Nonperforming Assets
(In thousands)

	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 20
Nonaccrual loans:				
Commercial	\$ 128,266	\$ 126,510	\$ 128,501	\$ 134
Commercial real estate	212,418	189,586	175,487	137
Residential mortgage	38,220	35,860	34,182	27
Consumer	3,897	1,037	1,065	
Total nonaccrual loans	382,801	352,993	339,235	300
Renegotiated loans (3)	17,426	17,479	13,623	13
Total nonperforming loans	400,227	370,472	352,858	313
Other nonperforming assets	89,507	75,243	61,383	29
Total nonperforming assets	\$ 489,734	\$ 445,715	\$ 414,241	\$ 342
Nonaccrual loans by principal market:				
Oklahoma	\$ 112,610	\$ 108,490	\$ 105,536	\$ 108
Texas	65,911	51,582	55,225	42
New Mexico	35,541	29,640	18,046	16
Arkansas	5,911	3,888	4,078	3
Colorado (4)	50,432	45,794	38,567	32

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Arizona	108,161	106,076	111,772	80
Kansas / Missouri	4,235	7,523	6,011	16
<hr/>				
Total nonaccrual loans	\$ 382,801	\$ 352,993	\$ 339,235	\$ 300
<hr/>				
Nonaccrual loans by loan portfolio sector:				
Commercial:				
Energy	\$ 48,992	\$ 53,842	\$ 49,618	\$ 49
Manufacturing	17,429	16,975	18,248	7
Wholesale / retail	7,623	10,983	8,650	18
Agriculture	98	105	115	
Services	30,094	24,713	30,226	36
Healthcare	13,758	14,222	14,288	12
Other	10,272	5,670	7,356	9
<hr/>				
Total commercial	128,266	126,510	128,501	134
Commercial real estate:				
Land development and construction	113,868	97,425	99,922	76
Retail	22,254	17,474	9,893	15
Office	31,406	27,685	23,305	7
Multifamily	28,223	27,827	27,198	24
Industrial	527	527	575	6
Other commercial real estate	16,140	18,648	14,594	6
<hr/>				
Total commercial real estate	212,418	189,586	175,487	137
Residential mortgage:				
Permanent mortgage	36,431	34,149	32,848	26
Home equity	1,789	1,711	1,334	1
<hr/>				
Total residential mortgage	38,220	35,860	34,182	27
Consumer	3,897	1,037	1,065	
<hr/>				
Total nonaccrual loans	\$ 382,801	\$ 352,993	\$ 339,235	\$ 300
<hr/>				
Ratios:				
Reserve for loan losses to nonperforming loans	70.19%	71.07%	71.13%	74
Nonperforming loans to period-end loans	3.45	3.07	2.79	2
<hr/>				
Loans past due (90 days or more) (1)	\$ 24,238	\$ 32,479	\$ 46,123	(2\$ 19,
<hr/>				
(1) Includes residential mortgages guaranteed by agencies of the U.S. Government.	\$ 2,589	\$ 1,337	\$ 395	\$
(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.	11,234	11,079	10,514	10
(4) Includes loans subject to First United Bank sellers escrow.	4,173	8,305	11,287	13
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65

Non-performing assets totaled \$490 million or 4.18% of outstanding loans and repossessed assets at September 30, 2009, up \$44 million since June 30, 2009. In addition to \$383 million of non-accruing loans, non-performing assets included \$17 million of restructured residential mortgage loans and \$90 million of real estate and other repossessed assets. Renegotiated commercial and commercial real

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estate loans are reported as non-accruing loans. Non-performing assets included \$11 million of restructured residential mortgage loans guaranteed by agencies of the U.S. government and \$10 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. A roll forward of non-performing assets as of September 30, 2009 is as follows:

Table 25 - Rollforward of Non-Performing Assets
(In thousands)

	For the three months ended September 30, 2009			
	Non-Accruing Loans	Renegotiated Loans	Real estate and other repossessed assets	Total non-performing assets
Beginning balance	\$352,993	\$ 17,479	\$ 75,243	\$445,715
Additions	104,522	-	-	104,522
Payments	(26,637)	-	-	(26,637)
Chargeoffs / Writeoffs	(27,948)	-	(3,130)	(31,078)
Foreclosures	(20,613)	-	20,613	-
Sales	-	-	(3,872)	(3,872)
Return to accrual	(278)	-	-	(278)
Other, net	762	(53)	653	1,362
Ending balance	\$382,801	\$ 17,426	\$ 89,507	\$489,734

	For the nine months ended September 30, 2009			
	Non-Accruing Loans	Renegotiated Loans	Real estate and other repossessed assets	Total non-performing assets
Beginning balance	\$300,073	\$ 13,039	\$ 29,179	\$342,291
Additions	287,741	-	-	287,741
Payments	(51,108)	-	-	(51,108)
Chargeoffs/ Writeoffs	(74,951)	-	(4,055)	(79,006)
Foreclosures	(72,955)	-	72,955	-
Sales	-	-	(10,529)	(10,529)
Return to accrual	(653)	-	-	(653)
Other, net	(5,346)	4,387	1,957	998
Ending balance	\$ 382,801	\$ 17,426	\$ 89,507	\$ 489,734

66

The distribution of non-accruing loans among our various markets was:

Table 26 - Non-Accruing Loans by Principal Market

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(In thousands)

	September 30, 2009		June 30, 2009		Change	
	Amount	% of outstanding loans	Amount	% of outstanding loans	Amount	%
Oklahoma	\$112,610	2.13%	\$108,490	1.96%	\$ 4,120	
Texas	65,911	1.98	51,582	1.49	14,329	
New Mexico	35,541	4.46	29,640	3.69	5,901	
Arkansas	5,911	1.54	3,888	0.97	2,023	
Colorado	50,432	5.56	45,794	4.88	4,638	
Arizona	108,161	20.08	106,076	19.66	2,085	
Kansas / Missouri	4,235	1.15	7,523	2.01	(3,288)	
Total	\$382,801	3.30%	\$352,993	2.92%	\$ 29,808	

The majority of non-accruing loans continued to be in the Oklahoma and Arizona markets. Non-accruing loans in the Oklahoma market included \$34 million of commercial energy loans related to SemGroup. Non-accruing loans in the Arizona market consisted primarily of commercial real estate loans. With exception of Kansas/Missouri, non-accruing loans grew in all geographies during the third quarter of 2009. The 38 basis point increase in the ratio of non-accruing loans to period end loans was also impacted by a \$458 million decrease in period end loans at September 30, 2009 compared to June 30, 2009.

Commercial

Non-accruing commercial loans totaled \$128 million or 2.01% of total commercial loans at September 30, 2009 and \$127 million or 1.88% of total commercial loans at June 30, 2009. Newly identified commercial loans totaled \$36 million primarily in the energy and services sector of the portfolio. This was partially offset by a \$13 million decrease in energy loans from the proceeds of a sale of SemGroup bankruptcy claims. The distribution of non-accruing commercial loans among our various markets was:

Table 27 - Non-Accruing Commercial Loans by Principal Market
(Dollars in thousands)

	September 30, 2009		June 30, 2009		Change	
	Amount	% of outstanding loans	Amount	% of outstanding loans	Amount	%
Oklahoma	\$ 68,523	2.50%	\$ 69,088	2.37%	\$ (565)	
Texas	34,807	1.68	34,384	1.58	423	
New Mexico	10,718	3.11	7,737	2.03	2,981	
Arkansas	666	0.67	702	0.72	(36)	
Colorado	10,472	1.84	12,849	2.16	(2,377)	
Arizona	2,855	1.30	532	0.25	2,323	
Kansas / Missouri	225	0.07	1,218	0.37	(993)	
Total commercial	\$128,266	2.01%	\$ 126,510	1.88%	\$ 1,756	

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Approximately \$49 million of non-accruing commercial loans are in the energy sector of the portfolio, including \$34 million of remaining amounts due from SemGroup. SemGroup is expected to distribute cash, debt and equity to its creditors and exit bankruptcy in the fourth quarter of 2009. Based on currently available information, we expect the fair value of assets received to support our current carrying value. Excluding sales of SemGroup bankruptcy claims, non-accruing energy sector loans increased \$8.3 million over the second quarter of 2009. In addition, \$30 million of non-accruing commercial loans are in the services sector of the loan portfolio, a \$5.4 million increase over the second quarter of 2009 and represent 1.70% of outstanding loans in the service sector at September 30, 2009. Non-accruing loans to the manufacturing sector of the portfolio totaled \$17 million or 3.94% of all loans to the manufacturing sector at September 30, 2009. Non-accruing loans to the wholesale / retail sector of the loan portfolio decreased \$3.4 million from June 30, 2009 to \$7.6 million or 0.81% of all loans in the wholesale /retail sector of the loan portfolio.

Commercial Real Estate

Non-accruing commercial real estate loans remain largely concentrated in the Arizona market. Approximately \$99 million or 47% of total non-accruing commercial real estate loans are in Arizona and consist primarily of \$35 million of non-accruing residential construction and land development loans, \$20 million of loans secured by office buildings, \$17 million of commercial land development loans and \$16 million of loans secured by retail facilities. Total non-accruing commercial real estate loans increased \$23 million during the third quarter of 2009. The increase included \$16 million in non-accruing residential construction and land development loans, \$4.8 million net increase in non-accruing loans secured by retail facilities and \$3.7 million in non-accruing loans secured by office buildings. The increase in non-accruing residential construction and land development loans included \$13 million in the Colorado market and \$11 million in the Texas market partially offset by a \$7.1 million decrease in the Arizona market. Decreases in non-accruing residential construction and land development loans were primarily related to charge-offs and transfers to other real estate owned. The distribution of non-accruing commercial real estate loans among our various markets was:

Table 28 - Non-Accruing Commercial Real Estate Loans by Principal Market
(Dollars in thousands)

	September 30, 2009		June 30, 2009		Am
	Amount	% of outstanding loans	Amount	% of outstanding loans	
Oklahoma	\$ 30,716	3.77%	\$ 27,913	3.26%	\$
Texas	16,427	2.24	5,031	0.68	1
New Mexico	22,314	6.47	18,328	5.85	
Arkansas	1,560	1.21	1,566	1.18	
Colorado	38,807	15.53	31,588	11.70	
Arizona	98,892	38.45	100,160	38.14	(
Kansas / Missouri	3,702	12.67	5,000	13.89	(
Total commercial real estate	\$ 212,418	8.30%	\$ 189,586	7.26%	\$2

Residential Mortgage and Consumer

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Non-accruing residential mortgage loans primarily consist of permanent residential mortgage loans which totaled \$36 million or 2.70% of outstanding residential mortgage loans at September 30, 2009, a \$2.4 million increase over June 30, 2009. Home equity loans continued to perform well with only \$1.8 million or 0.37% of total home equity loans in non-accrual status. The distribution of non-accruing residential mortgage loans among our various markets was:

68

Table 29 - Non-Accruing Residential Mortgage Loans by Principal Market
(Dollars in thousands)

	September 30, 2009		June 30, 2009	
	Amount	% of outstanding loans	Amount	% of outstanding loans
Oklahoma	\$11,815	0.95%	\$11,270	0.90%
Texas	13,662	4.07	11,699	3.38
New Mexico	2,397	2.72	3,493	3.84
Arkansas	2,627	13.73	1,498	7.88
Colorado	1,127	1.64	1,357	2.32
Arizona	6,284	10.97	5,238	8.99
Kansas / Missouri	308	2.09	1,305	10.60
Total residential mortgage loans	\$38,220	2.09%	\$35,860	1.96%

In addition to non-accruing residential mortgage and consumer loans, payments of residential mortgage loans and consumer loans may be delinquent. The composition of residential mortgage and consumer loans past due is included in the following table. Residential mortgage loans less than 90 days past due increased \$4.9 million and residential mortgage loans past due 90 days or more decreased \$230 thousand during the third quarter. Consumer loans past due 30 to 89 days increased \$1.3 million primarily due to an increase in indirect automobile loans offset by a decrease in other consumer loans. Consumer loans past due 90 days or more increased \$3.5 million, primarily due to an increase indirect automobile loans.

Table 30 - Residential Mortgage and Consumer Loans Past Due
(In Thousands)

	September 30, 2009		June 30, 2009	
	90 Days or More	30 to 89 Days	90 Days or More	30 to 89 Days
Permanent mortgage	\$ 2,703	\$30,541	\$ 2,933	\$25,473
Home equity	-	1,457	-	1,606
Total residential mortgage	\$ 2,703	\$31,998	\$ 2,933	\$27,079
Consumer:				
Indirect automobile	\$ 469	\$21,959	\$ 549	\$19,454
Other consumer	3,768	4,585	211	5,554

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Total consumer	\$ 4,237	\$26,544	\$ 760	\$25,008
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Real estate and other repossessed assets totaled \$90 million at September 30, 2009, up from \$75 million at June 30, 2009. Real estate and other repossessed assets included \$50 million of 1-4 family residential properties and residential land development properties, \$22 million of developed commercial real estate properties, \$8 million of undeveloped land, \$7 million of equipment, and \$3 million of automobiles. The distribution of real estate owned and other repossessed assets among our various markets included \$35 million in Arizona, \$18 million in Texas, \$8 million in New Mexico, \$8 million in Colorado, \$7 million in Kansas City, \$7 million in Oklahoma and \$6 million in Arkansas.

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 \$216 million at September 30, 2009 and \$220 million at June 30, 2009. The current composition of potential problem loans by primary industry included real estate - \$83 million, energy production - \$41 million, services - \$33 million, manufacturing - \$18 million and healthcare - \$15 million. Potential problem real estate loans included \$57 million of residential development loans on properties primarily located in Texas, Colorado and Oklahoma and \$13 million of loans secured by completed residential properties.

69

Liquidity and Capital

Subsidiary Banks

Deposits and borrowed funds are the primary sources of liquidity for the subsidiary banks. For the third quarter of 2009, approximately 66% of our funding was provided by average deposit accounts, 19% from average borrowed funds, 2% from average long-term subordinated debt and 9% from shareholders' equity. Our funding sources primarily include 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"). These funding sources 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 \$15.1 billion at September 30, 2009 and represented approximately 66% of total average liabilities and capital for the third quarter of 2009, compared with \$15.3 billion and 66% of total average liabilities and capital for the second quarter of 2009.

Average deposits decreased \$202 million compared to the second quarter of 2009.

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Average interest-bearing transaction deposit accounts continued to grow in the third quarter of 2009, up \$308 million over the second quarter of 2009, as did average demand deposits, up \$209 million over the second quarter of 2009 primarily related to growth in balances held by our commercial banking customers. Average time deposits decreased \$719 million over the second quarter of 2009. We have been intentionally reducing certain types of higher-costing time deposits to reduce our overall cost of funds.

Growth in our average interest-bearing transaction deposit accounts over the second quarter of 2009 included \$234 million of commercial deposits, \$114 million of consumer banking deposits and \$76 million increase in funds management and other deposits offset by a \$116 million decrease in wealth management deposits.

Average commercial banking deposits were up \$429 million, including an increase of \$491 million from our commercial banking units offset by a \$69 million decrease from our treasury services unit. Average consumer banking deposits decreased \$67 million across all of our geographical markets, including \$100 million in Oklahoma and \$12 million in New Mexico, offset by a \$25 million increase in Texas. Average wealth management deposits decreased \$258 million compared to the second quarter of 2009, including a \$144 million decrease in deposits generated by our broker / dealer network and a \$114 million decrease in deposits generated by our trust division.

Brokered deposits averaged \$272 million in the third quarter of 2009, down \$242 million from the second quarter of 2009. 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 the following table.

70

Table 31 - Deposits by Principal Market Area
(In thousands)

	Sept. 30, 2009	June 30, 2009	March 31, 2009	Dec. 31, 2008

Oklahoma:				
Demand	\$ 1,895,980	\$ 1,451,057	\$ 1,651,111	\$ 1,683,3
Interest-bearing:				
Transaction	4,566,058	4,374,089	4,089,838	4,117,7
Savings	93,443	94,048	95,827	86,4
Time	1,765,980	2,033,312	2,876,313	3,104,9

Total interest-bearing	6,425,481	6,501,449	7,061,978	7,309,1

Total Oklahoma	\$ 8,321,461	\$ 7,952,506	\$ 8,713,089	\$ 8,992,5

Texas:				
Demand	\$ 1,138,794	\$ 1,002,266	\$ 1,021,424	\$ 1,067,4
Interest-bearing:				
Transaction	1,716,460	1,660,642	1,527,399	1,460,5
Savings	35,724	33,992	33,867	32,0
Time	1,007,579	1,035,919	1,054,632	857,4

Total interest-bearing	2,759,763	2,730,553	2,615,898	2,350,0

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Total Texas	\$ 3,898,557	\$ 3,732,819	\$ 3,637,322	\$ 3,417,5
New Mexico:				
Demand	\$ 216,330	\$ 175,033	\$ 180,308	\$ 155,3
Interest-bearing:				
Transaction	424,528	434,498	401,000	397,3
Savings	18,039	18,255	17,858	16,2
Time	511,507	542,388	561,300	522,8
Total interest-bearing	954,074	995,141	980,158	936,5
Total New Mexico	\$ 1,170,404	\$ 1,170,174	\$ 1,160,466	\$ 1,091,9
Arkansas:				
Demand	\$ 19,077	\$ 17,261	\$ 16,503	\$ 16,2
Interest-bearing:				
Transaction	85,061	73,972	63,924	38,5
Savings	1,131	1,031	1,100	1,0
Time	137,109	162,505	150,015	75,5
Total interest-bearing	223,301	237,508	215,039	115,2
Total Arkansas	\$ 242,378	\$ 254,769	\$ 231,542	\$ 131,5
Colorado:				
Demand	\$ 121,555	\$ 113,895	\$ 111,048	\$ 116,6
Interest-bearing:				
Transaction	477,418	445,521	466,276	480,1
Savings	18,518	18,144	18,905	17,6
Time	520,906	579,709	584,971	532,4
Total interest-bearing	1,016,842	1,043,374	1,070,152	1,030,2
Total Colorado	\$ 1,138,397	\$ 1,157,269	\$ 1,181,200	\$ 1,146,8
Arizona:				
Demand	\$ 54,046	\$ 55,975	\$ 54,362	\$ 39,4
Interest-bearing:				
Transaction	95,242	89,842	66,809	56,9
Savings	971	1,282	970	1,0
Time	56,809	59,775	54,923	34,2
Total interest-bearing	153,022	150,899	122,702	92,2
Total Arizona	\$ 207,068	\$ 206,874	\$ 177,064	\$ 131,7
Kansas / Missouri:				
Demand	\$ 16,406	\$ 9,692	\$ 16,140	\$ 3,8
Interest-bearing:				
Transaction	15,682	12,907	11,976	10,9
Savings	70	54	117	
Time	84,923	158,325	141,505	55,6
Total interest-bearing	100,675	171,286	153,598	66,6
Total Kansas / Missouri	\$ 117,081	\$ 180,978	\$ 169,738	\$ 70,5
Total BOK Financial deposits	\$ 15,095,346	\$ 14,655,389	\$ 15,270,421	\$ 14,982,6

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 \$200 million at September 30, 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). During the third quarter of 2009, the outstanding balance of federal funds purchased averaged \$1.6 billion, securities repurchase agreements totaled \$717 million and Federal Home Loan Bank borrowings totaled \$1.0 billion.

The Company participates in the 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 guaranteed debt was issued by our subsidiary banks.

The subsidiary banks also borrow 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 averaged \$1.1 billion at September 30, 2009. Although designated as a temporary program, no plans have been announced for its termination.

At September 30, 2009, the estimated unused credit available to the subsidiary banks from our traditional sources and within our internal policy limits was approximately \$6.8 billion.

During the third quarter of 2009, the Company increased short-term borrowings and deposits at the Federal Reserve Banks to take advantage of spreads in short-term interest rates. Deposits in the Federal Reserve Banks are included in cash and due from banks on the Company's consolidated balance sheet.

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 \$184 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 \$158 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.

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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. No amounts were outstanding under this credit agreement as of September 30, 2009.

Our equity capital was \$2.2 billion at September 30, 2009, up \$134 million from June 30, 2009. Net income less cash dividend paid increased equity \$34 million. Accumulated other comprehensive losses decreased \$98 million during the third quarter of 2009 primarily due to a \$159 million decrease in net unrealized losses on available for sale securities. Capital is managed to maximize long-term value to the shareholders. Factors considered in

72

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 October 27, 2009, the Company's board of directors declared a cash dividend of \$0.24 per common share payable on or about December 2, 2009 to shareholders of record as of November 16, 2009.

Based on asset size, we are the largest commercial bank 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.

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 third 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 the following table.

Table 32 - Capital Ratios

Sept. 30,

June 30,

March 31,

Dec. 31

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	2009	2009	2009	2008
Average total equity to average assets	9.26%	8.70%	8.35%	8.5
Tangible common equity ratio	7.78	7.55	6.84	6.6
Tier 1 common equity ratio	10.45	9.77	9.58	9.3
Risk-based capital:				
Tier 1 capital	10.56	9.86	9.66	9.4
Total capital	14.10	13.34	13.08	12.8
Leverage	8.16	7.97	7.85	7.8

Capital resources of financial institutions are also regularly measured by the tangible common equity ratio and tier 1 common equity ratio. Tangible common equity is shareholders' equity as defined by 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. Tier 1 common equity is tier 1 equity as defined by banking regulations, adjusted for other comprehensive income (loss) and equity which does not benefit common shareholders. These non-GAAP measures are valuable indicators of a financial institution's capital strength since they eliminate 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 September 30, 2009, BOK Financial's tangible common shareholders' equity ratio was 7.78% and tier 1 common equity ratio was 10.45%.

73

The following table provides a reconciliation of the non-GAAP measures with financial measures defined by GAAP.

Table 33 - Non-GAAP Measures (Dollars in thousands)	Sept. 30, 2009	June 30, 2009	March 31, 2009	D
Tangible common equity ratio:				
Total shareholders' equity	\$ 2,185,013	\$2,050,572	\$1,931,300	
Less: Intangible assets, net	356,152	357,838	359,523	
Tangible common equity	1,828,861	1,692,734	1,571,777	
Total assets	23,876,841	22,768,319	23,333,442	
Less: Intangible assets, net	356,152	357,838	359,523	
Tangible assets	\$23,520,689	\$22,410,481	\$22,973,919	\$
Tangible common equity ratio	7.78%	7.55%	6.84%	
Tier 1 common equity ratio:				
Tier 1 capital	\$1,849,254	\$1,807,705	\$1,773,576	
Less: Non-controlling interest	18,981	15,590	14,751	
Tier 1 common equity	1,830,273	1,792,115	1,758,825	
Risk weighted assets	17,515,147	18,338,540	18,355,862	
Tier 1 common equity ratio	10.45%	9.77%	9.58%	

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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.

74

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

	Nine Months Ended			
	September 30, 2009			
	Average Balance	Revenue/ Expense (1)	Yield /Rate	Average Balance
Assets				
Taxable securities (3)	\$ 7,567,091	\$ 246,604	4.51%	\$ 5,903,3
Tax-exempt securities (3)	270,450	11,650	5.76	259,5
Total securities (3)	7,837,541	258,254	4.55	6,162,8
Trading securities	96,389	2,773	3.85	71,7
Funds sold and resell agreements	49,063	62	0.17	77,6
Residential mortgage loans held for sale	218,425	7,791	4.77	94,3
Loans (2)	12,357,814	427,157	4.62	12,380,4
Less reserve for loan losses	273,466	-	-	153,3
Loans, net of reserve	12,084,348	427,157	4.73	12,227,0
Total earning assets (3)	20,285,766	696,037	4.65	18,633,6
Cash and other assets	2,663,461			2,749,4
Total assets	\$ 22,949,227			\$ 21,383,1
Liabilities And Shareholders' Equity				
Transaction deposits	\$ 6,877,782	40,515	0.79%	\$ 6,418,2
Savings deposits	165,039	415	0.34	158,8
Time deposits	4,911,663	92,440	2.52	4,366,1
Total interest-bearing deposits	11,954,484	133,370	1.49	10,943,2
Funds purchased and repurchase agreements	2,386,998	6,697	0.38	3,084,3
Other borrowings	2,094,640	7,449	0.48	1,665,0

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Subordinated debentures	398,455	16,756	5.62	398,3
Total interest-bearing liabilities	16,834,577	164,272	1.30	16,090,9
Demand deposits	3,148,823			2,605,9
Other liabilities	945,973			720,8
Shareholders' equity	2,019,854			1,965,3
Total liabilities and shareholders' equity	\$ 22,949,227			\$ 21,383,1
Tax-Equivalent Net Interest Revenue (3)		531,765	3.34%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.55	
Less tax-equivalent adjustment (1)		5,879		
Net Interest Revenue		525,886		
Provision for credit losses		147,280		
Other operating revenue		384,827		
Other operating expense		520,296		
Income Before Taxes		243,137		
Federal and state income tax		81,925		
Non-controlling interest income (expense), net		(3,405)		
Net Income		\$ 157,807		
Earnings Per Average Common Share Equivalent:				
Net Income:				
Basic		\$ 2.33		
Diluted		\$ 2.33		

- (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.

75

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

	Three Months Ended			
	September 30, 2009			
	Average Balance	Revenue/Expense(1)	Yield / Rate	Average Balance
Assets				
Taxable securities (3)	\$ 8,012,380	\$ 81,890	4.18%	\$ 7,594,35
Tax-exempt securities (3)	273,432	3,468	5.03	285,07

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Total securities (3)	8,285,812	85,358	4.21	7,879,43
Trading securities	64,763	771	4.72	112,96
Funds sold and resell agreements	67,032	18	0.11	29,27
Residential mortgage loans held for sale	176,403	2,198	4.94	286,07
Loans (2)	11,887,418	139,883	4.67	12,403,05
Less reserve for loan losses	281,289	-	-	273,33
Loans, net of reserve	11,606,129	139,883	4.78	12,129,71
Total earning assets (3)	20,200,139	228,228	4.54	20,437,46
Cash and other assets	2,850,395			2,636,56
Total assets	\$ 23,050,534			\$ 23,074,03
Liabilities and equity				
Transaction deposits	\$ 7,162,477	\$ 11,736	0.65%	\$ 6,854,00
Savings deposits	167,677	203	0.48	167,81
Time deposits	4,404,854	24,401	2.20	5,123,94
Total interest-bearing deposits	11,735,008	36,340	1.23	12,145,76
Funds purchased and repurchase agreements	2,284,985	1,817	0.32	2,316,99
Other borrowings	2,173,103	2,070	0.38	1,951,69
Subordinated debentures	398,484	5,558	5.53	398,45
Total interest-bearing liabilities	16,591,580	45,785	1.09	16,812,90
Demand deposits	3,392,578			3,183,338
Other liabilities	931,406			1,071,121
Total equity	2,134,970			2,006,664
Total liabilities and equity	\$ 23,050,534			\$ 23,074,031
Tax-Equivalent Net Interest Revenue (3)		\$ 182,443	3.45%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.63	
Less tax-equivalent adjustment (1)		1,982		
Net interest revenue		180,461		
Provision for credit losses		55,120		
Other operating revenue		131,770		
Other operating expense		178,732		
Income before taxes		78,379		
Federal and state income tax		24,772		
Non-controlling interest income (expense), net		(2,947)		
Net income		\$ 50,660		
Earnings Per Average Common Share Equivalent:				
Net income:				
Basic		\$ 0.75		
Diluted		\$ 0.75		

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- (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.

76

Three Months Ended							Sept
March 31, 2009			December 31, 2008				
Average Balance	Revenue/Expense(1)	Yield / Rate	Average Balance	Revenue/Expense(1)	Yield / Rate	Average Balance	
\$ 7,084,340	\$ 84,004	4.90%	\$ 6,634,035	\$ 87,317	5.12%	\$ 6,056,909	
252,612	4,138	6.64	255,693	4,133	6.43	254,803	
7,336,952	88,142	4.96	6,889,728	91,450	5.17	6,311,712	
111,962	1,019	3.69	78,840	1,298	6.55	66,419	
50,701	30	0.24	48,246	92	0.76	79,862	
201,135	2,378	4.79	121,184	1,683	5.52	116,533	
12,784,765	143,763	4.56	12,826,696	169,700	5.26	12,596,823	
252,734	-	-	209,319	-	-	182,844	
12,532,031	143,763	4.65	12,617,377	169,700	5.35	12,413,979	
20,232,781	235,332	4.75	19,755,375	264,223	5.28	18,988,505	
2,710,588			2,516,276			2,832,658	
\$ 22,943,369			\$ 22,271,651			\$ 21,821,163	
\$ 6,610,805	\$ 15,417	0.95%	\$ 6,116,465	\$ 23,161	1.51%	\$ 6,565,935	
159,537	109	0.28	155,784	143	0.37	159,856	
5,215,091	36,401	2.83	5,109,303	42,090	3.28	4,792,366	
11,985,433	51,927	1.76	11,381,552	65,394	2.29	11,518,157	
2,562,066	2,825	0.45	3,095,054	7,289	0.94	3,061,186	
2,158,963	3,064	0.58	1,986,857	7,541	1.51	1,390,233	
398,425	5,566	5.67	398,392	5,489	5.48	398,361	
17,104,887	63,382	1.50	16,861,855	85,713	2.02	16,367,937	
2,864,751			2,712,384			2,739,209	
1,058,216			788,530			767,832	
1,915,515			1,908,882			1,946,185	
\$ 22,943,369			\$ 22,271,651			\$ 21,821,163	
	\$ 171,950	3.25%		\$ 178,510	3.26%		
						3.05	

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	2,105	3.47	2,063	3.57

	169,845		176,447	
	45,040		73,001	
	125,092		121,447	
-----	165,794		185,442	
	84,103		39,451	
	28,838		10,363	
	(233)		6,355	

	\$ 55,032		\$ 35,443	

	\$ 0.81		\$ 0.53	

	\$ 0.81		\$ 0.52	

77

Quarterly Earnings Trends -- Unaudited
(In thousands, except share and per share data)

		Three Months		
		Sept. 30, 2009	June 30, 2009	March 31, 2009
Interest revenue	\$	226,246	230,685	\$ 233,220
Interest expense		45,785	55,105	63,380

Net interest revenue		180,461	175,580	169,840
Provision for credit losses		55,120	47,120	45,040

Net interest revenue after provision for credit losses		125,341	128,460	124,800

Other operating revenue				
Brokerage and trading revenue		24,944	21,794	24,690
Transaction card revenue		26,264	27,533	25,420
Trust fees and commissions		16,315	16,860	16,510
Deposit service charges and fees		30,464	28,421	27,400
Mortgage banking revenue		13,197	19,882	18,490
Bank-owned life insurance		2,634	2,418	2,310
Margin asset fees		51	68	60
Other revenue		6,087	6,124	6,580

Total fees and commissions		119,956	123,100	121,500

Gain (loss) on other assets, net		3,223	973	14,000
Gain (loss) on derivatives, net		(294)	(1,037)	(1,660)
Gain on securities, net		12,266	6,471	20,100
Total other-than-temporary impairment losses		(6,133)	(1,263)	(54,360)
Portion of loss recognized in other comprehensive income		(2,752)	279	(39,360)

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Net impairment losses recognized in earnings	(3,381)	(1,542)	(15,000)
Total other operating revenue	131,770	127,965	125,090
Other operating expense			
Personnel	98,012	96,191	92,620
Business promotion	4,827	4,569	4,420
Professional fees and services	7,555	7,363	6,510
Net occupancy and equipment	15,884	15,973	16,250
Insurance	6,092	5,898	5,630
FDIC special assessment	-	11,773	-
Data processing and communications	20,413	20,452	19,300
Printing, postage and supplies	3,716	4,072	4,570
Net (gains) losses and operating expenses of repossessed assets	3,497	996	1,800
Amortization of intangible assets	1,686	1,686	1,680
Mortgage banking costs	8,065	9,336	7,460
Change in fair value of mortgage servicing rights	2,981	(7,865)	(1,950)
Visa retrospective responsibility obligation	-	-	-
Other expense	6,004	5,326	7,450
Total other operating expense	178,732	175,770	165,790
Income before taxes	78,379	80,655	84,100
Federal and state income tax	24,772	28,315	28,830
Net income before non-controlling interest	53,607	52,340	55,260
Net income (loss) attributable to non-controlling interest	2,947	225	230
Net income attributable to BOK Financial Corp.	\$ 50,660	\$ 52,115	\$ 55,030
Earnings per share:			
Basic	\$ 0.75	0.77	\$ 0.80
Diluted	\$ 0.75	0.77	\$ 0.80
Average shares used in computation:			
Basic	67,392,059	67,344,577	67,315,900
Diluted	67,513,700	67,448,029	67,387,100

78

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

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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 third 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.

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79

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	\$ (2,096)	\$ (16,405)	\$ (22,451)	\$ 6,644	\$
	(0.0)%	(1.1)%	(3.1)%	0.3%	

Trading Activities

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

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

Management uses a Value at Risk ("VAR") methodology to measure the market risk inherent in its trading activities. VAR is calculated based upon historical simulations over the past five years using a variance / covariance matrix of interest rate changes. It represents an amount of market loss that is likely to be exceeded only one out of every 100 two-week periods. Trading positions are managed within guidelines approved by the Board of Directors. These guidelines limit the VAR to \$3.7 million. At September 30, 2009, the VAR was \$1.6 million. The greatest value at risk during the third quarter of 2009 was \$3.6 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.

PART II. Other Information

Item 1. Legal Proceedings

See discussion of legal proceedings at footnote 8 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 September 30, 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)
July 1, 2009 to July 31, 2009	4,111	\$35.51	-
August 1, 2009 to August 31, 2009	714	\$44.97	-
September 1, 2009 to September 30, 2009	6,770	\$45.69	-

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Total	11,595	-
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- (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 September 30, 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.

81

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.

82

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: October 30, 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