BOK FINANCIAL CORP ET AL
Form 10-Q
November 09, 2007

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

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

OR

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

For the transition period from _____________ to ______________

Commission File No. 0-19341

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

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

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

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

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

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

Large accelerated filer |X| Accelerated filer |_| Non-accelerated filer |_|

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 67,127,081 shares of common stock ($.00006 par value) as of October 31, 2007.

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

Performance Summary

BOK Financial Corporation reported quarterly earnings of $59.8 million or $0.89 per diluted share for the third quarter of 2007, up 14% over the third quarter of 2006. Net income totaled $52.7 million or $0.78 per diluted share for the third quarter of 2006 and $53.9 million or $0.80 per diluted share for the second quarter of 2007. Net income was $166.5 million or $2.46 per diluted share for the first nine months of 2007, compared with $162.4 million or $2.41 per diluted share for the same period of 2006.

Highlights of the third quarter of 2007 included:

- Net interest revenue grew $15.5 million or 12% over last year's third quarter and $4.5 million or 13% annualized over the second quarter of 2007.

- Average earning assets increased 17% and average deposits increased 14% compared with the third quarter of 2006. Excluding the acquisitions of Worth National Bank and First United Bank, N.A. in the second quarter of 2007, average earning assets increased 14% and average deposits increased 10%.

- Net interest margin was 3.27% for the third quarter of 2007, 3.38% for the third quarter of 2006 and 3.31% for the second quarter of 2007.

- Net loans charged-off were $4.9 million or 0.17% annualized of average loans for the third quarter of 2007. The provision for credit losses was $7.2 million for the third quarter of 2007 compared with $5.3 million for the third quarter of 2006 and $7.8 million for the second quarter of 2007. Non-performing assets totaled $56 million or 0.48% of outstanding loans and repossessed assets at September 30, 2007.

- Fees and commission revenue was up $12.8 million or 14% over the third quarter of 2006 and $7.0 million over the second quarter of 2007. All major categories increased over the third quarter of 2006 and the second quarter of 2007.

- Changes in the fair value of mortgage servicing rights, net of economic hedges, contributed $127 thousand to the current quarter's earnings, but reduced net income for the third quarter of 2006 by $2.7 million or $0.04 per diluted share.

- Operating expenses, excluding changes in the fair value of mortgage servicing rights, were up $18.8 million or 14% over the third quarter of 2006 and up $8.7 million over the preceding quarter. Severance and other costs related to a workforce reduction in the third quarter of 2007 and a full quarter's costs of banks acquired in the second quarter of 2007 added $8.4 million to the third quarter's operating expenses.

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Results of Operations

Net Interest Revenue and Net Interest Margin

Net interest revenue totaled $139.4 million for the third quarter of 2007, up $15.5 million or 12% over the third quarter of 2006 and $4.5 million or 13% annualized over the second quarter of 2007. Average earning assets increased $2.5 billion or 17% over the third quarter of 2006, including a $1.9 billion increase in average outstanding loans and a $566 million increase in average securities. Average loans for the third quarter included $352 million from the acquisitions of First United Bank and Worth National Bank in the second quarter of 2007. Growth in the securities portfolio during the third quarter of 2007 generally resulted from the purchase of highly-rated, fixed-rate mortgage-backed securities. These securities were purchased to supplement the Company's earnings and help manage the balance sheet to a position that is relatively neutral to changes in interest rates.

Average deposits were up $1.6 billion or 14% over the third quarter of 2006, including $476 million of deposits acquired from Worth National Bank and First United Bank. Average interest-bearing transaction accounts grew $1.2 billion or 22% and average time deposits grew $484 million or 11% compared with the third quarter of 2006. In addition to increased deposits, growth in average earning assets was also funded by a $774 million or 24% increase in average federal funds purchased and other borrowed funds.

Net interest margin was 3.27% for the third quarter of 2007 compared with 3.38% for the third quarter of 2006 and 3.31% for the second quarter of 2007. The benefit to the net interest margin from earning assets funded by non-interest bearing liabilities was 36 basis points in the third quarter of 2007 compared with 45 basis points in the third quarter of 2006 and 43 basis points in the preceding quarter due to changes in funding mix. Capital and non-interest bearing liabilities comprised 19% of total funding sources for the third quarter of 2007 compared with 22% for the third quarter of 2006.

Yields on average earning assets increased 8 basis points to 6.99% and the cost of interest-bearing liabilities increased 10 basis points to 4.08% compared with the third quarter of 2006. Yields on average earning assets decreased 1 basis point and the cost of interest-bearing liabilities decreased 4 basis points compared with the second quarter of 2007 due to lower market rates for funds purchased and other borrowings.

Management regularly models the effects of changes in interest rates on net interest revenue. Based on this modeling, we expect net interest revenue to decline slightly from rising rates over a one-year forward looking period. However, other factors such as loan spread compression, deposit product mix and overall balance sheet composition may affect this general expectation.

Our overall objective is to manage the Company's balance sheet to be relatively neutral to changes in interest rate. Approximately 69% of our commercial and commercial real estate loan portfolios are either variable rate or fixed rate that will reprice within one year. These loans are funded primarily by deposit accounts that are either non-interest bearing, or that reprice more slowly than the loans. The result is a balance sheet that would be asset sensitive, which means that assets generally reprice more quickly than liabilities. Among the strategies that we use to achieve a relatively rate-neutral position, we purchase fixed-rate, mortgage-backed securities to offset the short-term nature of the majority of the Company's funding sources. The liability-sensitive nature of this strategy provides an offset to the asset-sensitive characteristics of our loan portfolio.

We also use derivative instruments to manage our interest rate risk. Interest rate swaps with a combined notional amount of $387 million convert fixed rate liabilities to floating rate based on LIBOR. The purpose of these derivatives, which include interest rate swaps designated as fair value hedges, is to position our balance sheet to be neutral to changes in interest rates. We also have interest rate swaps with a notional amount of $100 million that convert prime-based loans to fixed rate. The purpose of these derivatives, which have been designated as cash flow hedges, also is to position our balance sheet to be relatively neutral to changes in interest rates.

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

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Table 1 - Volume / Rate Analysis
(In thousands)

	Three Months Ended September 30, 2007 / 2006			Nine Mont September 30,	
	Change Due To (1)			C	
	Change	Volume	Yield / Rate	Change	V
Tax-equivalent interest revenue:					
Securities	$ 9,575	$ 6,100	$ 3,475	$ 18,201	$ 9
Trading securities	233	39	194	737	
Loans	34,781	37,914	(3,133)	124,936	106
Funds sold and resell agreements	939	704	235	1,882	1
Total	45,528	44,757	771	145,756	118
Interest expense:					
Transaction deposits	11,079	9,081	1,998	39,684	21
Savings deposits	50	121	(71)	108	
Time deposits	9,896	5,670	4,226	28,284	11
Federal funds purchased and repurchase agreements	4,916	5,894	(978)	27,431	23
Other borrowings	1,536	1,767	(231)	3,705	1
Subordinated debentures	1,956	2,940	(984)	4,138	5
Total	29,433	25,473	3,960	103,350	62

Tax-equivalent net interest revenue	16,095	19,284	(3,189)	42,406	55
Change in tax-equivalent adjustment	(628)			(1,620)	
Net interest revenue	$ 15,467			$ 40,786	

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

Other Operating Revenue

Other operating revenue increased $13.9 million compared with the third quarter of last year. Fees and commission revenue increased $12.8 million or 14%. Net gains on securities during the third quarter of 2007 totaled $4.7 million, up $1.0 million over the same period of 2006.

Diversified sources of fees and commission revenue are a significant part of our business strategy and represented 43% of total revenue, excluding gains and losses on asset sales, securities and derivatives, for the third quarter of 2007. We believe that a variety of fee revenue sources provide an offset to changes in interest rates, values in the equity markets, commodity prices and consumer spending, all of which can be volatile.

Fees and commissions revenue

Transaction card revenue increased $3.9 million or 19% over the third quarter of 2006. ATM network revenue increased $1.8 million or 21% due to additional locations added in the second half of 2006 while check card revenue increased $1.3 million or 27% over the third quarter of 2006 due to volume growth. Merchant discount fees increased 11% over the third quarter of 2006.

Trust fees and commissions increased $2.5 million or 15% for the third quarter of 2007. The fair value of all trust relationships, which is the basis for a significant portion of trust revenue, increased 17% to $34.9 billion at September 30, 2007 compared with $29.7 billion at September 30, 2006. Personal trust management fees, which provide 30% of total trust fees and commissions increased $804 thousand or 16%. Employee benefit plan management fees, which provide 22% of total trust fees, increased $520 thousand or 13%. Net fees from mutual fund advisory and administrative services increased $765 thousand or 22%.

Brokerage and trading revenue grew $2.5 million or 19%. Revenue from retail brokerage activities increased $2.0 million or 66% over the same period of 2006 due to improved sales efforts in Texas and Oklahoma. Growth in retail brokerage revenue also included $382 thousand generated by recent bank acquisitions. Revenue from securities trading activities increased $506 thousand or 10%. Customer hedging revenue grew $1.3 million or 45% due primarily to energy hedging. Investment banking fees were down $1.4 million due to fewer transaction closings.

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Deposit service charges and fees increased $1.6 million or 6% over the third quarter of 2006, including $503 thousand of deposit fees from recently acquired banks. Overdraft fees grew $1.3 million or 8% due to increased volume and acquisitions. Service charges on retail accounts decreased $248 thousand or 16% due to service-charge free deposit products. Commercial deposit account fees were up $461 thousand or 7% over the same period of 2006.

Mortgage banking revenue increased $1.7 million or 25% compared with 2006. Servicing revenue totaled $4.2 million for the third quarter of 2007, up $172 thousand over the same period last year. The outstanding principal balance of mortgage loans serviced for others totaled $4.8 billion at September 30, 2007 and $4.5 billion at September 30, 2006. Net gains on mortgage loans sold totaled $4.4 million, up $1.6 million over the third quarter of 2006. Mortgage loan production totaled $246 million for the third quarter of 2007, up 20% over the same period in 2006.

Changes in the cash surrender value of life insurance provided revenue of $2.5 million in the third quarter of 2007 and $117 thousand in the third quarter of 2006. The Company invested $202 million in bank-owned life insurance at the end of the third quarter of 2006. Revenue earned on life insurance is partially offset by a decrease in net interest revenue due to the cost to fund insurance assets.

Other operating revenue included $1.1 million of fees earned on margin assets in the third quarter of 2007 and $2.9 million in the third quarter of 2006. Margin assets, which are held primarily as part of the Company's customer derivatives programs, averaged $95 million for the third quarter of 2007, compared with $265 million for the third quarter of 2006. The decrease in revenue earned on margin assets is offset by an increase in net interest revenue due to lower costs to fund the margin assets.

Securities and derivatives

BOK Financial recognized net gains of $4.7 million on securities for the third quarter of 2007, including net gains of $3.7 million on securities held as an economic hedge of mortgage servicing rights. Securities held as an economic hedge of the mortgage servicing rights, which are separately identified on the balance sheet as "mortgage trading securities," are carried at fair value. Changes in fair value are recognized in earnings as they occur. The Company's use of securities as an economic hedge of mortgage servicing rights is more-fully discussed in the Line of Business - Mortgage Banking section of this report. The Company also recognized a $1.1 million gain on the sale of common stock, which was acquired through MasterCard's initial public offering in 2006. During the third quarter of 2006, BOK Financial recognized net gains of $3.8 million on securities held as an economic hedge of mortgage servicing rights.

Net gains on derivatives totaled $865 thousand for the third quarter of 2007, compared with net gains of $379 thousand in 2006. Net gains or losses on derivatives consist of fair value adjustments of all derivatives used to manage interest rate risk and the related hedged liabilities when adjustments are permitted by generally accepted accounting principles.

Table 2 - Other Operating Revenue
(In thousands)

	Three Months Ended			
	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 200
Brokerage and trading revenue	$ 15,541	$ 13,317	$ 13,282	$ 1
Transaction card revenue	23,812	22,917	20,184	2
Trust fees and commissions	19,633	19,458	18,995	1
Deposit service charges and fees	27,885	26,797	24,598	2
Mortgage banking revenue	8,671	6,682	6,540	
Bank-owned life insurance	2,520	2,525	2,399	
Other revenue	7,773	7,096	5,990	
Total fees and commissions	105,835	98,792	91,988	9

Gain (loss) on sales of assets	42	(348)	694	
Gain (loss) on securities, net	4,748	(6,262)	(563)	
Gain (loss) on derivatives, net	865	(183)	71	
Total other operating revenue	$ 111,490	$ 91,999	$ 92,190	$ 9

Other Operating Expense

Operating expenses totaled $153.1 million for the third quarter of 2007, up $14.3 million or 10% over the third quarter of 2006. Changes in the fair value of mortgage servicing rights increased operating expenses by $3.4 million in the third quarter of 2007 and $7.9 million in the third quarter of 2006. Excluding changes in the fair value of mortgage servicing rights, operating expenses totaled $149.7 million, up $18.8 million or 14% over the third quarter of 2006.

Personnel expense

Personnel expense totaled $87.9 million for third quarter of 2007, a $13.3 million or 18% increase over the same period of 2006. Severance and other net charges related to a workforce reduction of 145 employees fully recognized in the third quarter of 2007 added $2.5 million to personnel expense. As previously announced, this workforce reduction was an initiative to align personnel expenses with revenue growth and affected both management and staff level employees throughout the Company's eight-state region. Management estimates that the workforce reduction along with the elimination of unfilled positions will result in an ongoing quarterly pre-tax savings of approximately $4.0 million before planned business growth. The effect of these costs has been excluded from the following discussion to provide a more meaningful comparison of expense trends.

Table 3 - Personnel Expense
(Dollars in thousands)

	Three Months Ended			
	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006
Regular compensation	$ 54,372	$ 52,319	$ 49,144	$ 48,854
Incentive compensation:				
Cash-based	16,705	13,695	15,430	16,130
Stock-based	2,345	3,097	1,527	2,866
Total incentive compensation	19,050	16,792	16,957	18,996
Employee benefits	12,008	12,771	12,628	10,204
Workforce reduction costs, net	2,499	-	-	-
Total personnel expense	$ 87,929	$ 81,882	$ 78,729	$ 78,054
Number of employees (full-time equivalent)	4,299	4,093	3,918	3,908

Regular compensation expense increased $7.3 million or 15% over the third quarter of 2006. The increase in regular compensation was due to a 4% increase in average regular compensation per full-time equivalent employee and a 440 person or 11% increase in average staffing. Acquisitions of First United Bank and Worth National Bank in the second quarter of 2007 increased average staffing by 130 employees.

Incentive compensation expense includes the recognized costs of cash-based commissions, bonuses and incentive programs, stock-based compensation plans and deferred compensation plans. Stock-based compensation plans include both equity and liability awards.

Third quarter 2007 expense for the Company's various cash-based incentive programs totaled $16.7 million, up $3.5 million or 26% over the third quarter of 2006. These programs consist primarily of formula-based plans that determine incentive amounts based on pre-determined growth criteria. Compensation expense for stock-based compensation plans totaled $2.3 million for the third quarter of 2007, down $938 thousand from the third quarter of 2006. Compensation expense for stock-based compensation plans accounted for as equity awards totaled $1.8 million compared with $1.6 million for the third quarter of 2006. Expense for these awards is determined by the award's grant-date fair value and is not affected by subsequent changes in the market value of BOK Financial common stock. Compensation expense for stock-based compensation plans accounted for as liability awards decreased $1.2 million compared with the third quarter of 2006. Expense for liability awards is based on current fair value, including current period changes due to the market value of BOK Financial common stock. The market value of BOK Financial common stock decreased $2.01 per share during the third quarter of 2007 and increased by $2.93 per share in the third quarter of 2006.

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Employee benefit expenses totaled $12.0 million for the third quarter of 2007, up $1.0 million or 9% over the third quarter of 2006 due to higher medical insurance costs, increased participation in the Company's thrift plan and payroll taxes.

Non-personnel operating expenses

Non-personnel operating expenses totaled $61.8 million for the third quarter of 2007 compared with $56.3 million for the third quarter of 2006. The June 2007 acquisitions of Worth National Bank and First United Bank added $3.1 million to third quarter's non-personnel operating expenses. Excluding acquisitions, non-personnel operating expenses were up 4% over the third quarter of 2006.

In 2006, The Federal Deposit Insurance Corporation determined that the deposit insurance fund should reach a level of 1.25% of estimated insured deposits. In order to achieve this objective, starting in 2007 all insured financial institutions were charged deposit insurance premiums with rates ranging from 5 basis points to 43 basis points per assessable deposit based upon their risk category. As provided by the Federal Deposit Insurance Reform Act of 2005, eligible depository institutions were granted a one-time credit which largely offset deposit insurance premiums in 2007. Based on current assessment rates, projected deposit growth and the remaining unused balance of the one-time credit, BOK Financial expects deposit insurance expense, which is included in other operating expenses, to increase by $1.8 million per quarter by the third quarter of 2008.

Table 4 - Other Operating Expense
(In thousands)

	Three Months Ended

	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006
Personnel	$ 87,929	$ 81,882	$ 78,729	$ 78,054
Business promotion	5,399	5,391	4,570	5,345
Professional fees and services	5,749	5,963	4,874	4,734
Net occupancy and equipment	14,752	13,860	13,206	12,741
Data processing & communications	18,271	18,402	16,974	16,843
Printing, postage and supplies	4,201	4,179	3,969	3,774
Net losses and operating expenses of repossessed assets	172	192	207	167
Amortization of intangible assets	2,397	1,443	1,136	1,299
Mortgage banking costs	3,001	2,987	2,944	3,034
Change in fair value of mortgage servicing rights	3,446	(5,061)	1,164	(236)
Other expense	7,819	6,721	4,739	8,236
Total other operating expense	$ 153,136	$ 135,959	$ 132,512	$ 133,991

Income Taxes

Income tax expense was $30.8 million or 34% of book taxable income for the third quarter of 2007 compared with $24.8 million or 32% of book taxable income for the third quarter of 2006. Income tax expense for the third quarter of 2007 was reduced by $1.0 million for the year-to-date effect of certain state tax issues which were recently clarified and by $500 thousand to adjust current tax expense for 2006 completed returns which were filed in the third quarter of 2007. Excluding these expense reductions, income tax expense for the third quarter of 2007 would have been 36% of book taxable income.

The statute of limitations expired on an uncertain tax position during the third quarter of 2006. Income tax expense was reduced by $2.2 million from the reversal of reserves previously established for this uncertainty. In addition, income tax expense for the third quarter of 2006 was reduced $800 thousand to adjust current tax expense for 2005 completed tax returns. Excluding these expense reductions, income tax expense for the third quarter of 2006 would have been 36% of book taxable income.

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Lines of Business

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

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

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

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

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

Net income provided by the Company's five principal business lines increased $2.1 million or 4% compared with the third quarter of 2006. Mortgage banking earnings were up $2.5 million. Funds management and other performance improved $5.1 million compared with the same period last year. Funds Management and Other includes the transfer pricing credit provided to operating units that generate lower-costing funds for the Company, the provision for credit losses in excess of actual net charge-offs during the quarter and differences between the Company's effective and statutory income tax rates.

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

	Three months ended Sept. 30,		Nine mo
	2007	2006	200
Regional banking	$ 21,899	$ 21,963	$ 71,15
Oklahoma corporate banking	21,718	20,372	58,90
Mortgage banking	504	(1,998)	67
Oklahoma consumer banking	9,270	9,470	27,81
Wealth management	5,067	6,591	18,93
Subtotal	58,458	56,398	177,47
Funds management and other	1,390	(3,738)	(10,97
Total	$ 59,848	$ 52,660	$166,50

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Oklahoma Corporate Banking

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

The Oklahoma Corporate Banking Division contributed $21.7 million or 36% to consolidated net income for the third quarter of 2007. This compares to $20.4 million or 39% of consolidated net income for 2006. Average loans attributed to the Oklahoma Corporate Banking Division were $4.4 billion for the third quarter of 2007, compared with $4.3 billion for the third quarter of 2006. Deposits attributed to Oklahoma Corporate Banking averaged $2.1 billion for the third quarter of 2007, up 16% over last year. Increased average loans and deposits combined to increase net interest revenue $1.7 million or 5%. In addition, other operating revenue increased $2.8 million which included a $1.1 million gain on the sale of MasterCard common stock and a $2.5 million or 18% increase in transaction card revenue. Operating expenses increased $893 thousand or 3%. Personnel expense increased $984 thousand or 11% due to growth in both regular salaries and incentive compensation. Net loans charged off increased from a net recovery of $1.5 million in 2006 to a net recovery of $33 thousand in 2007.

Table 6 - Oklahoma Corporate Banking
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mont
	2007	2006	2007
NIR (expense) from external sources	$ 63,233	$ 61,916	$ 188,69
NIR (expense) from internal sources	(24,195)	(24,612)	(71,96
Net interest revenue	39,038	37,304	116,72
Other operating revenue	25,312	22,554	69,81
Operating expense	28,890	27,997	85,56
Net loans charged off (recovered)	(33)	(1,481)	4,61
Net income	21,718	20,372	58,90
Average assets	$ 5,810,830	$ 5,191,656	$ 5,820,10
Average economic capital	405,620	383,780	406,34
Return on assets	1.48%	1.56%	1.3
Return on economic capital	21.24%	21.06%	19.3
Efficiency ratio	45.66%	46.77%	46.1

Oklahoma Consumer Banking

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

The Oklahoma Consumer Banking Division contributed $9.3 million or 15% to consolidated net income for the third quarter of 2007. This compares to $9.5 million or 18% of consolidated net income for 2006. Net interest revenue which consists primarily of credits for funds provided to the funds management unit increased $807 thousand or 5%. Average deposits attributed to this Division totaled $2.9 billion, up $89 million, or 3% compared with last year. Operating revenue increased $1.4 million or 8% over last year. Check card fees increased $842 thousand or 24% due to increased volume and deposit account fees increased $589 thousand or 4% due primarily to overdraft fees. Operating expenses increased $2.4 million or 12%. Personnel expense grew $1.1 million or 15%, including $454 thousand from five new locations opened in the past year. In addition, business promotion costs attributed to Oklahoma Consumer Banking increased $413 thousand over 2006. Net loans charged off, which consists primarily of losses on overdrawn deposit accounts, increased $190 thousand to $1.0 million for the third quarter of 2007.

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Table 7 – Oklahoma Consumer Banking
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mont
	2007	2006	2007
NIR (expense) from external sources	$ (17,497)	$ (16,559)	$ (51,38
NIR (expense) from internal sources	35,899	34,154	106,33
Net interest revenue	18,402	17,595	54,95
Other operating revenue	19,975	18,579	57,18
Operating expense	22,242	19,883	64,62
Net loans charged off	1,005	815	2,06
Net income	9,270	9,470	27,81
Average assets	$ 2,936,051	$ 2,843,512	$ 2,923,66
Average economic capital	63,540	63,280	61,66
Return on assets	1.25%	1.32%	1.2
Return on economic capital	57.88%	59.37%	60.3
Efficiency ratio	57.96%	54.96%	57.6

Mortgage Banking

BOK Financial engages in mortgage banking activities through the BOk Mortgage Division of Bank of Oklahoma. These activities include the origination, marketing and servicing of conventional and government-sponsored mortgage loans. Mortgage banking activities provided net income of $504 thousand in the third quarter of 2007, compared with a net loss of $2.0 million in the third quarter of 2006. The change in fair value of mortgage servicing rights, net of economic hedging increased net income $127 thousand in the third quarter of 2007 and decreased net income $2.7 million in the third quarter of 2006.

Mortgage banking activities consisted of two primary sectors, loan production and loan servicing. The loan production sector generally performs best when mortgage rates are relatively low and loan origination volumes are high. Conversely, the loan servicing sector generally performs best when mortgage rates are relatively high and prepayments are low. Mortgage commitment rates decreased 32 basis points during the third quarter of 2007 ending the quarter at 6.27%. During the third quarter of 2006, mortgage commitment rates decreased 52 basis points.

Loan Production Sector

Loan production activities resulted in net pre-tax loss of $201 thousand for the third quarter of 2007 and pre-tax income of $249 thousand for the third quarter of 2006. Loan production revenue totaled $5.0 million for the third quarter of 2007, including $4.0 million of capitalized mortgage servicing rights. Loan production revenue totaled $3.4 million for the third quarter of 2006, including $3.1 million of capitalized mortgage servicing rights. Mortgage loans funded in the third quarter of 2007 totaled $305 million, including $246 million of loans funded for resale and $59 million of loans funded for retention by affiliates. Total mortgage loans funded in the same period of 2006 totaled $230 million. Approximately 62% of the loans funded during the third quarter of 2007 were to borrowers in Oklahoma. The pipeline of mortgage loan applications totaled $323 million at September 30, 2007, compared with $306 million at June 30, 2007 and $240 million at September 30, 2006. Operating expenses associated with loan production activities increased from $3.3 million in the third quarter of 2006 to $5.6 million in the third quarter of 2007 due primarily to increased staffing and incentive compensation rates in markets outside of Oklahoma.

Loan Servicing Sector

The loan servicing sector had net pre-tax income of $467 thousand for the third quarter of 2007 compared to a pre-tax loss of $3.8 million for the same period of 2006. During the third quarter of 2007, the fair value of mortgage servicing rights decreased $3.4 million due to changes in commitment rates and prepayment speeds. At the same time, the fair value of securities held as an economic hedge of the servicing rights increased $3.7 million. During the third quarter of 2006, the fair value of mortgage servicing rights depreciated $7.9 million due to a 52 basis point decrease in mortgage commitment rates and related factors. Depreciation in the value of servicing rights was partially offset by a $3.8 million increase in the fair value of securities held as an economic hedge.

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Servicing revenue, which is included in mortgage banking revenue on the Consolidated Statements of Earnings, totaled $4.2 million for the third quarter of 2007 and $4.0 million for the third quarter of 2006. The average outstanding balance of loans serviced for others was $4.8 billion during 2007 compared to $4.5 billion during 2006. Annualized servicing revenue per outstanding loan principal was 36 basis points for the third quarters of 2007 and 2006.

Table 8 - Mortgage Banking
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mont
	2007	2006	2007
NIR (expense) from external sources	$ 9,833	$ 6,132	$ 26,17
NIR (expense) from internal sources	(8,620)	(5,055)	(23,16
Net interest revenue	1,213	1,077	3,01
Capitalized mortgage servicing rights	3,964	3,134	9,87
Other operating revenue	5,822	4,258	16,41
Operating expense	10,133	7,517	26,44
Change in fair value of mortgage servicing rights	3,446	7,921	(45
Gains (losses) on financial instruments, net	3,654	3,757	(1,77

Net income (loss)	504	(1,998)	67
Average assets	$ 770,608	$ 530,808	$ 692,85
Average economic capital	24,990	24,080	25,63
Return on assets	0.26%	(1.49)%	0.1
Return on economic capital	8.00%	(32.92)%	3.5
Efficiency ratio	92.13%	88.76%	90.2

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

This hedging strategy presents certain risks. A well-developed market determines the fair value for the securities and derivatives, however there is no comparable market for mortgage servicing rights. Therefore, the computed change in value of the servicing rights for a specified change in interest rates may not correlate to the change in value of the securities.

At September 30, 2007, financial instruments with a fair value of $127 million and a net unrealized loss of $832 thousand were held for the economic hedge program. The interest rate sensitivity of the mortgage servicing rights and securities held as a hedge is modeled over a range of +/- 50 basis points. At September 30, 2007, the pre-tax results of this modeling on reported earnings were:

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

	50 bp increase	50 bp decrease
Anticipated change in:		
Fair value of mortgage servicing rights	$ 3,295	$ (4,685)
Fair value of hedging instruments	(3,997)	3,885
Net	$ (702)	$ (800)

Table 9 shows the non-linear effect of changes in mortgage commitment rates on the value of mortgage servicing rights. A 50 basis point increase in rates is expected to increase value by $3.3 million while a 50 basis point decrease is expected to reduce value by $4.7 million. This considers that there is an upper limit to appreciation in the value of servicing rights as rates rise due to the contractual repayment terms of the loans and other factors. There is much less of a limit on the speed at which mortgage loans may prepay in a declining rate environment.

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

Wealth Management

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

Wealth Management contributed $5.1 million to consolidated net income for the third quarter of 2007, down $1.5 million from the third quarter of 2006. Trust and private financial services provided $5.1 million of net income in the third quarter of 2007 and $5.4 million of net income in the third quarter of 2006. Net income provided by brokerage and trading activities totaled $1.4 million, up from $1.2 million in the third quarter of 2006. In addition, third quarter 2007 net income for the Wealth Management unit was reduced by the $2.2 million settlement of issues described in Footnote 11 to the Consolidated Financial Statements (Unaudited). The cost of this settlement, which had been accrued by Funds Management and Other in previous quarters, was attributed to the Wealth Management line of business upon settlement in the third quarter of 2007.

Other operating revenue for the third quarter of 2007 totaled $33.4 million, up $2.9 million or 9% over 2006. Other operating revenue for the wealth management division consists primarily of trust fees and commissions, investment banking revenue, and brokerage and trading revenue.

Trust fees and commissions totaled $17.0 million for the third quarter of 2007, a $2.0 million or 14% increase over 2006. At September 30, 2007 and 2006, the wealth management line of business was responsible for trust assets with aggregate market values of $31.8 billion and $27.2 billion, respectively, under various fiduciary arrangements. The growth in trust assets reflected increased market value of asset managed in addition to new business generated during the year. We have sole or joint discretionary authority over $11.8 billion of trust assets at September 30, 2007 compared with $10.1 billion at September 30, 2006.

Retail brokerage fees totaled $5.1 million for the third quarter of 2007, up $2.0 million due to improved sales efforts in Texas and Oklahoma. Retail brokerage revenue also included $382 thousand of revenue from the Worth National Bank acquisition. Securities trading profits and revenue from our customer hedging programs totaled $4.1 million for the third quarter of 2007 compared with $3.2 million in 2006. Investment banking revenue totaled $703 thousand for the third quarter of 2007, down from $2.1 million in the same period a year ago.

Operating expenses totaled $30.9 million for the third quarter of 2007, a $4.2 million or 16% increase over 2006. Personnel costs rose $3.3 million or 20%, including $758 thousand of costs related to workforce reductions.

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Table 10 - Wealth Management
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mo
	2007	2006	2007
NIR (expense) from external sources	$ 3,398	$ 5,516	$ 11,40
NIR (expense) from internal sources	4,775	1,387	13,66
Net interest revenue	8,173	6,903	25,07
Other operating revenue	33,402	30,524	94,86
Operating expense	30,882	26,618	86,14
American Performance Fund settlement	2,232	-	2,23
Net income	5,067	6,591	18,93
Average assets	$ 1,907,534	$ 1,776,658	$ 1,791,88
Average economic capital	155,270	128,950	156,43
Return on assets	1.05%	1.47%	1.4
Return on economic capital	12.95%	20.28%	16.1
Efficiency ratio	74.28%	71.12%	71.8

Regional Banking

Regional Banking consists primarily of the corporate and commercial banking services provided by Bank of Texas, Bank of Albuquerque, Bank of Arkansas, Colorado State Bank and Trust, Bank of Arizona and Bank of Kansas City in their respective markets. Regional Banking also includes fiduciary services provided by Colorado State Bank and Trust. Small businesses and middle-market corporations are Regional Banking's primary customer focus. Regional Banking contributed $21.9 million or 37% to consolidated net income during the third quarter of 2007. This compares with $22.0 million or 42% of consolidated net income for the same period in 2006. Net income from Colorado operations increased $385 thousand or 14% compared with the same period of 2006. In addition, net income for 2007 in Arkansas and Texas increased $85 thousand or 11% and $467 thousand or 4%, respectively. Net income decreased in the Kansas City, Arizona and New Mexico markets.

Net income from Texas operations totaled $12.9 million for the third quarter of 2007, up $467 thousand or 4% over last year. Net interest revenue grew $2.2 million or 6%. Average earning assets increased $532 million or 15% from the third quarter of 2006. This increase resulted from a $717 million increase in average outstanding loan balances and a $177 million decrease in securities and funds sold to the funds management unit. The net growth in average earning assets was funded primarily by a $417 million increase in average deposits. Loan and deposit growth in Texas includes Worth National Bank, which was acquired in the second quarter of 2007. Operating expenses increased $4.6 million, including $3.8 million related to Worth National Bank. Personnel costs were up $2.1 million over the same period last year, including $1.9 million from acquisitions. Net charge-offs / recoveries improved from a $2.5 million pre-tax loss in the third quarter of 2006 to a $1.1 million pre-tax loss in the third quarter of 2007.

Net income from operations in Colorado was $3.2 million for the third quarter of

2007, compared with $2.8 million for the third quarter of 2006. Net interest revenue increased $2.4 million or 26% due primarily to a $527 million increase in average earning assets. Average loans increased $221 million while average securities and funds sold to the funds management unit increased $306 million. The growth in earning assets was funded primarily by a $372 million increase in deposits and borrowings from the funds management unit. Loan and deposit growth in Colorado includes First United Bank, which was acquired in the second quarter of 2007. Other operating revenue grew $870 thousand or 34% due primarily to a $405 thousand or 19% increase in trust fees and commissions. At September 30, 2007 and 2006, Colorado regional banking was responsible for trust assets with aggregate fair values of $3.0 billion and $2.6 billion, respectively, under various fiduciary arrangements. We have sole or joint discretionary authority over $1.1 billion of trust assets at September 30, 2007, compared with $980 million at September 30, 2006. In addition, deposit service charges increased $186 thousand over the third quarter of 2006. Operating expenses increased $2.6 million, including $1.7 million from First United Bank. Excluding the First United acquisition, operating expenses were up $853 thousand or 11% over 2006 due to increased occupancy and business promotion costs.

Net income from New Mexico operations decreased $208 thousand or 4%. Net loans charged off increased to $1.3 million in the third quarter of 2007 compared with net charge-offs of $222 thousand in the third quarter of 2006. Net

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interest revenue totaled $13.0 million, up $1.2 million or 10%. Average earning assets grew $201 million or 15%, including a $117 million or 19% increase in average outstanding loans. Average deposits in the New Mexico market increased $50 million. Operating expenses increased $773 thousand or 11% due to increased personnel costs and deposit insurance premiums.

Net income from regional banking activities in Arkansas totaled $886 thousand, up 11% over the third quarter of 2006 due to growth in both the commercial and indirect automobile loans in this market. Net income in both the Arizona and Kansas City markets decreased from a year ago. Net income in Arizona totaled $138 thousand, down $320 thousand due primarily to a $708 thousand increase in net loans charged-off. Loan volume continued to grow in the Arizona market. Average outstanding loans totaled $527 million, up 53% over the third quarter of 2006. Regional banking activities in the Kansas City market incurred a loss of $219 thousand in the third quarter of 2007 compared to net income of $254 thousand in the third quarter of 2006. During the fourth quarter of 2006 we began full-service banking operations in the Kansas City market with the initial operations of Bank of Kansas City, N.A. Previously, our primary presence in this market was though a loan production office and mortgage-banking offices operated by Bank of Oklahoma.

Table 11 - Bank of Texas
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mo
	2007	2006	2007
NIR (expense) from external sources	$ 49,475	$ 44,075	$ 140,71
NIR (expense) from internal sources	(9,545)	(6,386)	(24,22
Net interest revenue	39,930	37,689	116,48
Other operating revenue	7,713	5,649	20,85
Operating expense	26,379	21,757	71,96
Net loans charged off	1,110	2,474	1,64

Net income	12,898	12,431	40,82
Average assets	$ 4,617,458	$ 3,805,207	$ 4,227,76
Average economic capital	286,290	253,470	284,63
Average invested capital	453,370	420,550	451,71
Return on assets	1.11%	1.30%	1.2
Return on economic capital	17.87%	19.46%	19.1
Return on average invested capital	11.29%	11.73%	12.0
Efficiency ratio	55.37%	50.20%	52.4

Table 12 - Bank of Albuquerque
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mo
	2007	2006	2007
NIR (expense) from external sources	$ 18,685	$ 16,323	$ 55,13
NIR (expense) from internal sources	(5,669)	(4,478)	(16,43
Net interest revenue	13,016	11,845	38,69
Other operating revenue	4,401	4,056	12,68
Operating expense	7,893	7,120	23,00
Net loans charged off	1,306	222	2,86
Net income	5,022	5,230	15,60
Average assets	$ 1,621,220	$ 1,445,371	$ 1,592,28
Average economic capital	94,450	71,750	92,89
Average invested capital	113,540	90,840	111,98
Return on assets	1.23%	1.44%	1.3
Return on economic capital	21.10%	28.92%	22.4
Return on average invested capital	17.55%	22.84%	18.6
Efficiency ratio	45.32%	44.78%	44.7

Table 13 - Bank of Arkansas
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mont
	2007	2006	2007
NIR (expense) from external sources	$ 4,555	$ 2,613	$ 12,19
NIR (expense) from internal sources	(1,915)	(883)	(5,03
Net interest revenue	2,640	1,730	7,16
Other operating revenue	291	731	93
Operating expense	1,114	1,025	3,25
Net loans charged off	367	88	77
Net income	886	801	2,47
Average assets	$ 366,423	$ 196,527	$ 327,90

Average economic capital	19,540	16,700	18,39
Average invested capital	19,540	16,700	18,39
Return on assets	0.96%	1.62%	1.0
Return on economic capital	17.99%	19.03%	18.0
Return on average invested capital	17.99%	19.03%	18.0
Efficiency ratio	38.01%	41.65%	40.1

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

	Three months ended Sept. 30,		Nine mont
	2007	2006	2007
NIR (expense) from external sources	$ 19,551	$ 14,214	$ 54,69
NIR (expense) from internal sources	(8,031)	(5,046)	(22,18
Net interest revenue	11,520	9,168	32,51
Other operating revenue	3,416	2,546	9,76
Operating expense	9,707	7,136	23,65
Net loans charged off / (recovered)	(9)	13	7
Net income	3,174	2,789	11,34
Average assets	$ 1,865,783	$ 1,243,291	$ 1,673,87
Average economic capital	97,550	73,270	98,19
Average invested capital	139,530	115,250	140,18
Return on assets	0.67%	0.89%	0.9
Return on economic capital	12.91%	15.10%	15.4
Return on average invested capital	9.02%	9.60%	10.8
Efficiency ratio	64.99%	60.92%	55.9

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Table 15 - Bank of Arizona
(Dollars in Thousands)

	Three months ended Sept. 30,		Nine mo
	2007	2006	2007
NIR (expense) from external sources	$ 10,422	$ 7,897	$ 30,16
NIR (expense) from internal sources	(5,457)	(3,572)	(15,70
Net interest revenue	4,965	4,325	14,46
Other operating revenue	198	128	56
Operating expense	4,229	3,703	12,18
Net loans charged off	708	-	70
Net income	138	458	1,30
Average assets	$ 598,967	$ 444,269	$ 576,12
Average economic capital	50,630	29,580	47,97
Average invested capital	67,280	46,230	64,62

Return on assets	0.09%	0.41%	0.3
Return on economic capital	1.08%	6.14%	3.6
Return on average invested capital	0.81%	3.93%	2.7
Efficiency ratio	81.91%	83.16%	81.0

Financial Condition

Securities

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

The amortized cost of available for sale securities totaled $5.6 billion at September 30, 2007 and $5.1 billion at June 30, 2007. Mortgage-backed securities continued to represent substantially all available for sale securities. As previously discussed in the Net Interest Revenue section of this report, we hold mortgage backed securities as part of our overall interest rate risk management strategy.

The primary risk of holding mortgage-backed securities comes from extension during periods of rising interest rates or prepayment during periods of falling interest rates. We evaluate this risk through extensive modeling of risk both before making an investment and throughout the life of the security. The effective duration of the mortgage-backed securities portfolio was approximately 2.7 years at September 30, 2007 and 2.8 years at June 30, 2007. Management estimates that the effective duration of the mortgage-backed securities portfolio would extend to 3.5 years assuming a 300 basis point immediate rate shock.

The gross amount of unrealized losses on available for sale securities totaled $86 million at September 30, 2007 compared with gross unrealized losses of $140 million at June 30, 2007. The decrease in unrealized losses during the quarter was due primarily to falling interest rates and changes in the spread between market rates on mortgage-backed securities and benchmark interest rates. Management evaluated the securities with unrealized losses to determine if we believe that the losses were temporary. This evaluation considered factors such as causes of the unrealized losses and prospects for recovery over various interest rate scenarios and time periods. The portfolio does not hold any securities

backed by sub-prime mortgage loans, collateralized debt obligations or collateralized loan obligations. Approximately $400 million of Alt-A mortgage-backed securities were held at September 30, 2007. Approximately 77% of the Alt-A backed securities, including all Alt-A mortgage-backed securities originated in 2006 and 2007, are AAA rated and are credit enhanced with additional collateral support. Approximately 97% of all of our Alt-A mortgage-backed securities represent pools of fixed-rate mortgage loans. Management does not believe that any of the unrealized losses are due to credit quality concerns. We also considered our intent and ability to either hold or sell the securities. It is our belief, based on currently available information and our evaluation, that the unrealized losses in these securities are temporary.

In addition to our portfolio of mortgage-backed securities, available for sale securities include $45 million of preferred stocks of various financial institutions. At September 30, 2007, these securities have a gross unrealized loss of $2.9 million. Based on currently available information and our evaluation, we believe that the unrealized losses in these securities are also temporary.

Bank-Owned Life Insurance

During the third quarter of 2006, the Company invested $202 million in bank-owned life insurance. This investment is expected to provide a long-term source of earnings to support existing employee benefit obligations. Substantially all of the funds are held in separate accounts and invested in U.S. government, mortgage-backed and corporate debt securities. The cash surrender value of the life insurance policies is further supported by a stable value wrap, which protects against changes in the fair value of the investments. The cash surrender value of the policies, including the value of the stable value wrap, was $204 million at September 30, 2007. In addition to investment in the separate accounts, $8 million of the amount invested was used to pay taxes on the insurance premiums. These taxes will be recovered over a ten-year period. At September 30, 2007, a $6 million receivable was recorded based on the present value of the taxes. The Company also has life insurance policies obtained through various bank acquisitions with an aggregate cash surrender value of $17 million.

Loans

The aggregate loan portfolio at September 30, 2007 totaled $11.8 billion, a $52 million increase since June 30, 2007, a 2% annualized growth rate. Commercial loans declined $38 million due largely to payoffs in the manufacturing and agriculture portfolios. These payoffs were partially offset by growth in the healthcare and wholesale/retail loan portfolios. Commercial real estate loans decreased $7.0 million during the quarter. Residential mortgage loans and consumer loans increased $98 million and $42 million, respectively.

Table 16 - Loans
(In thousands)

	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 3 2006
Commercial:				
Energy	$ 1,852,681	$ 1,842,888	$ 1,781,224	$ 1,763,1
Services	1,671,291	1,686,650	1,596,844	1,555,1
Wholesale/retail	1,039,855	1,017,486	1,015,229	932,5
Manufacturing	536,631	596,002	622,329	609,5
Healthcare	648,871	606,965	642,876	602,2
Agriculture	259,904	313,247	309,439	321,3
Other commercial and industrial	501,128	485,594	474,415	424,8

Total commercial	6,510,361	6,548,832	6,442,356	6,208,8
Commercial real estate:				
Construction and land development	975,764	916,526	925,762	889,9
Multifamily	234,182	221,069	249,080	239,0
Other real estate loans	1,575,089	1,654,385	1,375,805	1,317,6
Total commercial real estate	2,785,035	2,791,980	2,550,647	2,446,5
Residential mortgage:				
Secured by 1-4 family residential properties	1,497,568	1,399,637	1,318,291	1,256,2
Residential mortgages held for sale	73,488	116,257	75,011	64,6
Total residential mortgage	1,571,056	1,515,894	1,393,302	1,320,8
Consumer	884,712	842,676	756,989	739,4
Total	$ 11,751,164	$ 11,699,382	$ 11,143,294	$ 10,715,8

The commercial loan portfolio totaled $6.5 billion at September 30, 2007. Energy loans totaled $1.9 billion or 16% of total loans. Outstanding energy loans increased $9.8 million, or 2% annualized, during the third quarter of 2007. Approximately $1.6 billion of loans in the energy portfolio was to oil and gas producers. The amount of credit available to these customers generally depends on a percentage of the value of their proven energy reserves based on anticipated prices. The energy category also included loans to borrowers involved in the transportation and sale of oil and gas and to borrowers that manufacture equipment or provide other services to the energy industry. The services sector of the portfolio totaled $1.7 billion, or 14% of the Company's total outstanding loans. Loans in this sector of the portfolio decreased $15 million since June 30, 2007. The services sector consists of a large number of loans to a variety of businesses, including communications, gaming and transportation services. Approximately $1.2 billion of the services sector is made up of loans with balances of less than $10 million. Other notable loan concentrations by primary industry of the borrowers are presented in Table 16.

BOK Financial participates in shared national credits when appropriate to obtain or maintain business relationships with local customers. Shared national credits are defined by banking regulators as credits of more than $20 million and with three or more non-affiliated banks as participants. The outstanding principal balances of these loans totaled $1.5 billion at September 30, 2007 and June 30, 2007. Substantially all of these loans were to borrowers with local market relationships. BOK Financial serves as the agent lender in approximately 23% of the shared national credits, based on dollars committed. Our lending policies generally avoid loans in which we do not have the opportunity to maintain or achieve other business relationships with the customer.

Commercial real estate loans totaled $2.8 billion or 24% of the loan portfolio at September 30, 2007. The aggregate commercial real estate loan portfolio decreased by $7 million or 1% annualized during the third quarter of 2007. Construction and land development loans totaled $976 million, up $59 million since June 30, 2007. The construction and land development category included $740 million of loans secured by single family residential lots and premises, up $22 million from the previous quarter's end and $234 million of loans secured by undeveloped land. Our portfolio of single family construction loans is diversified among homebuilders and markets. Approximately 26% of our construction and land development loans are attributed to Oklahoma, 23% to Texas, 20% to Colorado and 16% to Arizona. Although we have not experienced the well-publicized credit problems associated with commercial real estate lending, we recognize that recent problems in the residential real estate markets may affect our residential construction loan portfolio. Other commercial real estate loans totaled $1.6 billion at September 30, 2007, down $79 million since

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June 30, 2007. The major components of other commercial real estate loans were office buildings - $427 million and retail facilities - $380 million.

Residential mortgage loans, excluding mortgage loans held for sale, included $428 million of home equity loans, $438 million of loans held for business relationship purposes, $405 million of first lien adjustable rate mortgages and $147 million of loans held for community development. The outstanding balances of first lien adjustable rate mortgage loans increased $88 million during the third quarter of 2007. Our portfolio of first lien adjustable rate mortgage loans consists primarily of prime loans secured by the borrower's primary residence. Approximately 91% of these loans are to borrowers in our market areas, including 39% to borrowers in Oklahoma and 23% to borrowers in Texas. Consumer loans included $592 million of indirect automobile loans. Indirect auto loans have increased $38 million since June 30, 2007. Approximately $434 million of these loans were purchased from dealers in Oklahoma and $141 million were purchased from dealers in Arkansas. Growth during the quarter included $18 million from indirect lending activities in Arkansas and $17 million in Oklahoma.

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

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

	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31 2006
Oklahoma:				
Commercial	$ 3,188,072	$ 3,397,273	$ 3,377,819	$ 3,261,5
Commercial real estate	875,135	897,838	895,585	979,2
Residential mortgage	1,058,142	971,692	945,147	896,5
Residential mortgage held for sale	73,488	112,596	75,011	64,6
Consumer	562,631	540,986	509,787	512,0
Total Oklahoma	$ 5,757,468	$ 5,920,385	$ 5,803,349	$ 5,714,0
Texas:				
Commercial	$ 1,941,731	$ 1,856,049	$ 1,797,262	$ 1,722,6
Commercial real estate	913,910	888,118	721,207	670,6
Residential mortgage	266,850	263,344	216,087	213,8
Consumer	133,391	135,659	105,604	95,6
Total Texas	$ 3,255,882	$ 3,143,170	$ 2,840,160	$ 2,702,7
New Mexico:				

Commercial	$ 446,573	$ 434,394	$ 424,539	$ 411,2
Commercial real estate	256,994	263,342	279,203	257,0
Residential mortgage	83,274	81,521	77,800	75,1
Consumer	15,769	13,225	11,493	13,2
Total New Mexico	$ 802,610	$ 792,482	$ 793,035	$ 756,7
Arkansas:				
Commercial	$ 117,993	$ 103,534	$ 96,084	$ 95,4
Commercial real estate	107,588	102,537	97,190	94,3
Residential mortgage	18,411	22,508	21,825	23,0
Consumer	148,404	129,431	103,662	86,0
Total Arkansas	$ 392,396	$ 358,010	$ 318,761	$ 298,9
Colorado:				
Commercial	$ 491,204	$ 480,097	$ 457,758	$ 451,0
Commercial real estate	247,802	274,610	199,736	193,7
Residential mortgage	26,322	18,516	15,501	15,8
Consumer	18,623	18,470	17,746	26,5
Total Colorado	$ 783,951	$ 791,693	$ 690,741	$ 687,1
Arizona:				
Commercial	$ 147,103	$ 124,765	$ 120,351	$ 96,4
Commercial real estate	349,840	326,951	316,661	207,0
Residential mortgage	43,510	43,192	41,731	31,2
Consumer	5,491	4,683	8,654	5,9
Total Arizona	$ 545,944	$ 499,591	$ 487,397	$ 340,7
Kansas:				
Commercial	$ 177,685	$ 152,720	$ 168,543	$ 170,4
Commercial real estate	33,766	38,584	41,065	44,3
Residential mortgage	1,059	2,525	200	5
Consumer	403	222	43	
Total Kansas	$ 212,913	$ 194,051	$ 209,851	$ 215,3
Total BOK Financial loans	$ 11,751,164	$ 11,699,382	$ 11,143,294	$ 10,715,8

Loan Commitments

BOK Financial enters into certain off-balance sheet arrangements in the normal course of business. These arrangements included loan commitments which totaled $5.4 billion and standby letters of credit which totaled $545 million at

September 30, 2007. Loan commitments may be unconditional obligations to provide financing or conditional obligations that depend on the borrower's financial condition, collateral value or other factors. Standby letters of credit are unconditional commitments to guarantee the performance of our customer to a third party. Since some of these commitments are expected to expire before being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Derivatives with Credit Risk

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

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

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

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

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

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

Derivative contracts are carried at fair value. At September 30, 2007, the fair value of derivative contracts reported as assets under these programs totaled $301 million. This included energy contracts with fair values of $251 million, interest rate contracts with fair values of $29 million and foreign exchange contracts with fair values of $15 million. The aggregate fair values of derivative contracts reported as liabilities totaled $314 million. Approximately 83% of the fair value of asset contracts was with customers. The credit risk of these contracts is generally backed by energy production. The remaining 17% was with dealer counterparties. The maximum net exposure to any single customer or counterparty totaled $70 million.

Summary of Loan Loss Experience

The Company maintains separate reserves for loan losses and for off balance-sheet credit losses. The combination of these reserves totaled $142 million or 1.21% of outstanding loans, excluding loans held for sale, at September 30, 2007. The combined reserves for credit losses totaled $139 million or 1.20% of outstanding loans at June 30, 2007 and $127 million or 1.28% of outstanding loans at September 30, 2006.

The reserve for loan losses, which is available to absorb losses inherent in the loan portfolio, totaled $122 million at September 30, 2007, compared with $120 million at June 30, 2007 and $105 million at September 30, 2006. These amounts represented 1.04%, 1.03% and 1.06% of outstanding loans, excluding loans held for sale, at September 30, 2007, June 30, 2007 and September 30, 2006, respectively. Losses on loans held for sale, principally mortgage loans accumulated for placement into security pools, are charged to earnings through adjustment in the carrying value. The reserve for loan losses also represented 273% of outstanding balance of non-accruing loans at September 30, 2007, compared with 230% at June 30, 2007 and 346% at September 30, 2006. Non-accruing loans totaled $45 million at September 30, 2007, compared with $52 million at June 30, 2007 and $30 million at September 30, 2006. Net loans charged off during the third quarter of 2007 totaled $4.9 million, down from $5.8 million in the preceding quarter. Net loans charged off in the third quarter of 2006 totaled $4.3 million. Net charge-offs were disbursed among our operating regions and across borrowers' industries with no significant concentration in any area.

Loans with an outstanding balance of $72 million at September 30, 2007 acquired from First United Bank are subject to a guaranty by the sellers through an escrow fund held in trust by Colorado State Bank and Trust. The Company will be reimbursed for up to $8 million on losses, including principal, interest and collection costs, on any acquired loans in a three-year period after the acquisition date.

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

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

	Three Months Ended			
	Sept. 30, 2007	June 30, 2007	March 31, 2007	
Reserve for loan losses:				
Beginning balance	$ 119,759	$ 114,371	$ 109,497	$

Loans charged off:				
Commercial	3,072	5,454	3,123	
Commercial real estate	339	57	30	
Residential mortgage	394	300	124	
Consumer	3,684	3,000	3,110	
Total	7,489	8,811	6,387	
Recoveries of loans previously charged off:				
Commercial	1,172	1,649	1,471	
Commercial real estate	30	37	41	
Residential mortgage	86	15	189	
Consumer	1,332	1,338	1,567	
Total	2,620	3,039	3,268	
Net loans charged off	4,869	5,772	3,119	
Provision for loan losses	7,104	7,570	7,993	
Adjustments due to acquisitions	(62)	3,590	-	
Ending balance	$ 121,932	$ 119,759	$ 114,371	$
Reserve for off-balance sheet credit losses:				
Beginning balance	$ 19,647	$ 19,397	$ 20,890	$
Provision for off-balance sheet credit losses	97	250	(1,493)	
Ending balance	$ 19,744	$ 19,647	$ 19,397	$
Total provision for credit losses	$ 7,201	$ 7,820	$ 6,500	$
Reserve for loan losses to loans outstanding at period-end (1)	1.04%	1.03%	1.03%	
Net charge-offs (annualized) to average loans (1)	0.17	0.21	0.12	
Total provision for credit losses (annualized) to average loans (1)	0.25	0.28	0.24	
Recoveries to gross charge-offs	34.98	34.49	51.17	
Reserve for loan losses as a multiple of net charge-offs (annualized)	6.26x	5.19x	9.17x	
Reserve for off-balance sheet credit losses to off-balance sheet credit commitments	0.33%	0.33%	0.34%	
Combined reserves for credit losses to loans outstanding at period-end (1)	1.21	1.20	1.21	

(1) Excludes residential mortgage loans held for sale.

Specific impairment reserves are determined through evaluation of estimated future cash flows and collateral value. At September 30, 2007, specific impairment reserves totaled $2.5 million on total impaired loans of $36 million. Required specific impairment reserves were $2.9 million at June 30, 2007.

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

	September 30, 2007	June 30, 2007
General economic conditions -	$3.7 million to $7.4 million	$4.2 million to $8.4 milli

Concentration in large loans - $1.4 million to $2.8 million $1.4 million to $2.8 milli

The provision for credit losses totaled $7.2 million for the third quarter of 2007, compared with $7.8 million for the second quarter of 2007 and $5.3 million for the third quarter of 2006. Factors considered in determining the provision for credit losses included trends in net losses and non-accruing loans during the quarter, interest rate changes and concentrations in commercial real estate and residential builder loans along with continued growth in outstanding loans.

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Nonperforming Assets

Information regarding nonperforming assets, which totaled $56 million at September 30, 2007, $60 million at June 30, 2007 and $41 million at September 30, 2006, is presented in Table 19. Nonperforming assets included non-accrual loans and excluded loans 90 days or more past due but still accruing interest. Non-accrual loans totaled $45 million at September 30, 2007, including $5.0 million of non-accrual loans subject to the First United Bank seller's guaranty. Non-accrual loans totaled $52 million at June 30, 2007. Newly identified non-accruing loans totaled $6.1 million during the third quarter of 2007. Non-accruing loans decreased $3.2 million for loans charged off or foreclosed, and $5.1 million for cash payments received. Real estate and other repossessed assets totaled $11 million at September 30, 2007, up $4.0 million since June 30, 2007. The value of approximately $3.4 million of these assets is subject to the First United Bank's seller's guaranty.

Table 19 - Nonperforming Assets
(In thousands)

	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec 2
Nonaccrual loans:				
Commercial	$ 21,168	$ 20,456	$ 14,218	$ 10
Commercial real estate	11,355	19,470	6,832	4
Residential mortgage	11,469	11,418	9,920	10
Consumer	705	675	364	
Total nonaccrual loans	44,697	52,019	31,334	26
Renegotiated loans	620	731	964	1
Other nonperforming assets	10,627	7,664	8,414	8
Total nonperforming assets	$ 55,944	$ 60,414	$ 40,712	$ 35
Ratios:				
Reserve for loan losses to nonaccrual loans	272.80%	230.22%	365.01%	420
Combined reserves for credit losses to nonaccrual loans	316.97	267.99	426.91	500
Nonaccrual loans to period-end loans (2)	0.38	0.45	0.28	0
Loans past due (90 days) (1)	$ 3,986	$ 4,215	$ 20,623	$ 5,
(1) Includes residential mortgages guaranteed by agencies of the U.S. Government.	$ 1,806	$ 2,028	$ 1,728	$ 2,

(2) Excludes residential mortgage loans held for sale.

The loan review process also identifies loans that possess more than the normal amount of risk due to deterioration in the financial condition of the borrower or the value of the collateral. Because the borrowers are still performing in accordance with the original terms of the loan agreements, and no loss of principal or interest is anticipated, these loans were not included in Nonperforming Assets. Known information does, however, cause management concerns as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled $43 million at September 30, 2007 and $45 million at June 30, 2007. Potential problem loans by primary industry included healthcare - $18 million, services - $15 million and real estate - $9 million.

Deposits

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

Total deposits averaged $13.0 billion for the third quarter of 2007, up $607 million compared with average deposits in

the second quarter of 2007. The acquisitions of Worth National Bank and First United Bank increased average deposits by approximately $330 million. Excluding acquisitions, average deposits increased at a 9% annualized rate. Average deposits attributed to consumer banking increased $126 million or 10%. Average consumer deposits, excluding acquisitions, increased at annualized rates of 29% in Colorado and 21% in Texas. Average deposits attributed to trust and private financial services increased $89 million or 23% annualized. Much of this growth came from the Colorado market. In addition, average commercial deposits increased $26 million, primarily due to growth in the Texas market and average deposits related to mortgage-banking activities increased by $18 million due primarily to escrow funds.

Period-end deposits decreased $179 million or 5% annualized from June 30, 2007 to September 30, 2007. Brokered deposits and public funds, which generally are higher-costing deposits, decreased $122 million. Commercial banking deposits decreased $171 million due to our corporate customers' cash flow requirements. Consumer banking deposits increased $69 million, primarily in the Oklahoma and Texas markets. Wealth management deposits were up $79 million, primarily in the Colorado and Texas markets.

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

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

	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 3 2006
Oklahoma:				

Demand	$ 717,478	$ 876,671	$ 877,623	$ 915,
Interest-bearing:				
Transaction	3,473,547	3,470,896	3,481,859	3,456,
Savings	83,139	88,133	92,678	83,
Time	2,725,992	2,798,719	2,556,423	2,595,
Total interest-bearing	6,282,678	6,357,748	6,130,960	6,135,
Total Oklahoma	$ 7,000,156	$ 7,234,419	$ 7,008,583	$ 7,050,
Texas:				
Demand	$ 597,534	$ 626,193	$ 602,315	$ 640,
Interest-bearing:				
Transaction	1,978,920	2,019,311	1,701,382	1,688,
Savings	35,310	36,989	24,558	24,
Time	893,018	804,877	682,292	829,
Total interest-bearing	2,907,248	2,861,177	2,408,232	2,541,
Total Texas	$ 3,504,782	$ 3,487,370	$ 3,010,547	$ 3,181,
New Mexico:				
Demand	$ 109,854	$ 113,579	$ 126,111	$ 124,
Interest-bearing:				
Transaction	479,204	521,154	464,569	432,
Savings	16,437	17,662	17,972	16,
Time	512,497	500,443	485,662	490,
Total interest-bearing	1,008,138	1,039,259	968,203	939,
Total New Mexico	$ 1,117,992	$ 1,152,838	$ 1,094,314	$ 1,063,
Arkansas:				
Demand	$ 10,225	$ 11,030	$ 10,980	$ 12,
Interest-bearing:				
Transaction	22,401	22,096	21,762	17,
Savings	993	1,011	1,029	1,
Time	43,401	46,597	54,687	57,
Total interest-bearing	66,795	69,704	77,478	76,
Total Arkansas	$ 77,020	$ 80,734	$ 88,458	$ 88,
Colorado:				
Demand	$ 42,194	$ 42,006	$ 39,821	$ 48,
Interest-bearing:				
Transaction	432,188	398,972	314,506	328,
Savings	27,143	62,211	12,092	12,
Time	608,962	549,676	502,880	485,
Total interest-bearing	1,068,293	1,010,859	829,478	826,
Total Colorado	$ 1,110,487	$ 1,052,865	$ 869,299	$ 874,
Arizona:				
Demand	$ 25,295	$ 31,196	$ 29,461	$ 39,
Interest-bearing:				
Transaction	98,611	74,892	67,364	73,
Savings	1,269	1,233	1,367	1,
Time	13,314	11,563	10,018	6,
Total interest-bearing	113,194	87,688	78,749	82,

Total Arizona	$ 138,489	$ 118,884	$ 108,210	$ 121,
Kansas:				
Demand	$ 7,849	$ 1,081	$ 325	$
Interest-bearing:				
Transaction	3,169	1,356	670	
Savings	15	12	11	
Time	23,119	32,695	28,166	5,
Total interest-bearing	26,303	34,063	28,847	6,
Total Kansas	$ 34,152	$ 35,144	$ 29,172	$ 6,
Total BOK Financial deposits	$ 12,983,078	$ 13,162,254	$ 12,208,583	$ 12,386,

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Borrowings and Capital

BOK Financial (parent company) has a $100 million unsecured revolving line of credit with certain banks that expires in December 2010. The outstanding principal balance on this credit agreement was $25 million at September 30, 2007. Interest is based on LIBOR plus a defined margin that is determined by the Company's credit rating or a base rate. This margin ranges from 0.375% to 1.125%. The margin currently applicable to borrowings against this line is 0.375%. The base rate is defined as the greater of the daily federal funds rate plus 0.500% or the SunTrust Bank prime rate. Interest is generally paid monthly. Facility fees are paid quarterly on the unused portion of the commitment at rates that range from 0.100% to 0.250% based on the Company's credit rating.

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

Capital is managed to maximize long-term value to the shareholders. Factors considered in managing capital include projections of future earnings, asset growth and acquisition strategies, and regulatory and debt covenant requirements. Capital management may include subordinated debt issuance, share repurchase and stock and cash dividends.

The primary source of liquidity for BOK Financial is dividends from subsidiary banks, which are limited by various banking regulations to net profits, as defined, for the preceding two years. Dividends are further restricted by minimum capital requirements. Based on the most restrictive limitations, the subsidiary banks could declare up to $64 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 $46 million under this policy.

Equity capital for BOK Financial totaled $1.9 billion at September 30, 2007, up $73 million during the quarter. Retained earnings, net income less cash dividends provided $46 million of the increase. Accumulated other comprehensive losses decreased $38 million due primarily to a reduction in net unrealized losses on available for sale securities. Employee stock option transactions increased equity capital $2 million during the third quarter of 2007. These increases in equity capital were partially offset by $13 million for common shares repurchased by the Company during the third quarter.

On April 26, 2005, the Board of Directors authorized a share repurchase program, which replaced a previously authorized program. The maximum of two million common shares may be repurchased. The specific timing and amount of shares repurchased will vary based on market conditions, securities law limitations and other factors. Repurchases may be made over time in open market or privately negotiated transactions. The repurchase programs may be suspended or discontinued at any time without prior notice. During the third quarter of 2007, the Company repurchased 261,916 common shares at an average price of $51.01 per share. The Company may repurchase 1.4 million common shares in the future under this program.

Cash dividends of $13.4 million or $0.20 per common share were paid during the third quarter of 2007. On October 30, 2007 the Board of Directors approved quarterly cash dividend of $0.20 per common share. The dividend will be payable on or about November 30, 2007 to shareholders of record on November 15, 2007.

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

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

Table 21 - Capital Ratios	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31 2006
Average shareholders' equity				
to average assets	9.38%	9.61%	9.71%	9.67
Risk-based capital:				
Tier 1 capital	9.30	9.12	9.97	9.78
Total capital	12.53	12.36	11.76	11.58
Leverage	8.17	8.30	8.95	8.79

During the second quarter of 2007, Bank of Oklahoma issued $250 million of subordinated debt due May 15, 2017. Interest on this debt is based on a fixed rate of 5.75% through May 14, 2012 and on a floating rate of three-month LIBOR plus .69% thereafter. The proceeds of this debt, which qualify as Tier 2 regulatory capital, was used to fund the Worth National Bank and First United Bank acquisitions and to fund continued asset growth.

Off-Balance Sheet Arrangements

During 2002, BOK Financial agreed to a limited price guarantee on a portion of the common shares issued to purchase Bank of Tanglewood. Any holder of BOK Financial common shares issued in this acquisition may annually make a claim for the excess of the guaranteed price over the actual sales price of any shares sold during a 60-day period after each of the first five anniversary dates after October 25, 2002. The final anniversary date of this guarantee was October 25, 2007. The maximum annual number of shares subject to this guarantee is 210,069. The price guarantee is non-transferable and non-cumulative. BOK Financial may elect, in its sole discretion, to issue additional shares of common stock or to pay cash to satisfy any obligation under the price guarantee. The Company will have no obligation to issue additional common shares or pay cash to satisfy any benchmark price protection obligation if the market value per share of BOK Financial common stock remains above the highest benchmark price of $42.53. The closing price of BOK Financial common stock on September 30, 2007 was $51.41 per share.

During the third quarter of 2007, Bank of Oklahoma agreed to guarantee rents totaling $28.4 million over 10 years to the City of Tulsa ("City") as owner of a building immediately adjacent to the Bank's main office. These rents are due for space currently rented by third-party tenants in the building. In return for this guarantee, Bank of Oklahoma will receive 80% of net rent as defined in an agreement with the City over the next 10 years from currently vacant space in the same building. The maximum amount that Bank of Oklahoma may receive under this agreement is $4.5 million. The fair value of this agreement at inception is zero and no asset or liability is currently recognized in the Company's financial statements.

Market Risk

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

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

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

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Interest Rate Risk - Other than Trading

BOK Financial has a large portion of its earning assets in variable rate loans and a large portion of its liabilities in demand deposit accounts and interest bearing transaction accounts. Changes in interest rates affect variable rate loans more rapidly than deposits in the short term. Management has adopted several strategies to position the balance sheet to be neutral to interest rate changes. As previously noted in the Net Interest Revenue section of this report, management acquires securities that are funded by borrowings in the capital markets. The average duration of these securities is expected to be approximately 2.7 years based on a range of interest rate and prepayment assumptions.

BOK Financial also uses interest rate swaps in managing its interest rate sensitivity. These products are generally used to more closely match interest on certain variable-rate loans with funding sources and long-term certificates of deposit with earning assets. During the third quarter of 2007, net interest revenue was reduced by $1.7 million from periodic settlements of these contracts. Net interest revenue was decreased by $2.8 million from periodic settlements of these contracts in the third quarter of 2006. These contracts are carried on the balance sheet at fair value and changes in fair value are reporting in income as derivatives gains or losses. Net gains of $865 thousand and $379 thousand were recognized in the third quarters of 2007 and 2006, respectively, from adjustments of these swaps and hedged liabilities to fair value. Credit risk from interest rate swaps is closely monitored as part of our overall process of managing credit exposure to other financial institutions.

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

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

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

Table 22 - Interest Rate Sensitivity
(Dollars in Thousands)

	200 bp Increase	200 bp Decrease

	2007	2006	2007	2006	
Anticipated impact over the next twelve months on					
net interest revenue	$ (6,738)	$ (7,038)	$ 1,057	$ 8,485	$
	(1.1)%	(1.4)%	0.2%	1.6%	

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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 $1.8 million. At September 30, 2007, the VAR was $341 thousand. The greatest value at risk during the quarter was $1.2 million.

Controls and Procedures

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

Forward-Looking Statements

This report contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections about BOK

Financial, the financial services industry and the economy in general. Words 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.

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

	Three Months Ended September 30, 2007	2006
Interest Revenue		
Loans	$ 232,150	$ 197,423
Taxable securities	63,244	54,587
Tax-exempt securities	3,010	2,641
Total securities	66,254	57,228
Trading securities	388	180
Funds sold and resell agreements	1,588	649
Total interest revenue	300,380	255,480
Interest Expense		
Deposits	109,496	88,471
Borrowed funds	44,273	37,821
Subordinated debentures	7,166	5,210
Total interest expense	160,935	131,502
Net Interest Revenue	139,445	123,978
Provision for Credit Losses	7,201	5,254
Net Interest Revenue After Provision for Credit Losses	132,244	118,724

Other Operating Revenue					
Brokerage and trading revenue		15,541		13,078	
Transaction card revenue		23,812		19,939	
Trust fees and commissions		19,633		17,101	
Deposit service charges and fees		27,885		26,322	
Mortgage banking revenue		8,671		6,935	
Bank-owned life insurance		2,520		117	
Other revenue		7,773		9,519	
Total fees and commissions		105,835		93,011	
Gain on sales of assets		42		475	
Gain (loss) on securities, net		4,748		3,718	
Gain (loss) on derivatives, net		865		379	
Total other operating revenue		111,490		97,583	
Other Operating Expense					
Personnel		87,929		74,605	
Business promotion		5,399		4,401	
Professional fees and services		5,749		4,734	
Net occupancy and equipment		14,752		13,222	
Data processing and communications		18,271		16,931	
Printing, postage and supplies		4,201		4,182	
Net losses and operating expenses of repossessed assets		172		34	
Amortization of intangible assets		2,397		1,299	
Mortgage banking costs		3,001		2,869	
Change in fair value of mortgage servicing rights		3,446		7,921	
Other expense		7,819		8,612	
Total other operating expense		153,136		138,810	
Income Before Taxes		90,598		77,497	
Federal and state income tax		30,750		24,837	
Net Income	$	59,848	$	52,660	$
Earnings Per Share:					
Basic	$	0.89	$	0.79	$
Diluted	$	0.89	$	0.78	$
Average Shares Used in Computation:					
Basic		67,078,378		66,756,458	
Diluted		67,537,643		67,325,428	
Dividends Declared per Share	$	0.20	$	0.15	$

See accompanying notes to consolidated financial statements.

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Consolidated Balance Sheets
(In Thousands Except Share Data)

	September 30, 2007	December 31, 2006
	(Unaudited)	(Footnote 1)
Assets		
Cash and due from banks	$ 565,747	$ 775,376
Funds sold and resell agreements	118,768	21,950
Trading securities	25,000	37,076
Securities:		
Available for sale	5,214,837	4,293,938
Available for sale securities pledged to creditors	329,397	361,123
Investment (fair value: September 30, 2007 - $246,716; December 31, 2006 - $246,608; September 30, 2006 - $242,052)	250,873	248,689
Mortgage trading securities	127,222	162,837
Total securities	5,922,329	5,066,587
Loans	11,751,164	10,715,803
Less reserve for loan losses	(121,932)	(109,497)
Loans, net of reserve	11,629,232	10,606,306
Premises and equipment, net	254,953	188,041
Accrued revenue receivable	138,561	118,236
Intangible assets, net	375,113	258,060
Mortgage servicing rights, net	71,927	65,946
Real estate and other repossessed assets	10,627	8,486
Bankers' acceptances	20,353	43,613
Derivative contracts	301,311	284,239
Cash surrender value of bank-owned life insurance	226,853	212,230
Receivable on unsettled securities trades	-	-
Other assets	267,129	373,478
Total assets	$ 19,927,903	$ 18,059,624
Liabilities and Shareholders' Equity		
Noninterest-bearing demand deposits	$ 1,510,429	$ 1,780,059
Interest-bearing deposits:		
Transaction	6,488,040	5,996,970
Savings	164,306	139,130
Time	4,820,303	4,470,546
Total deposits	12,983,078	12,386,705
Funds purchased and repurchase agreements	3,175,802	2,348,516
Other borrowings	908,711	593,731
Subordinated debentures	398,240	297,800
Accrued interest, taxes and expense	118,275	104,752
Bankers' acceptances	20,353	43,613
Due on unsettled security transactions	1,239	107,420
Derivative contracts	316,341	298,679
Other liabilities	137,301	157,386
Total liabilities	18,059,340	16,338,602
Shareholders' equity:		

Common stock ($.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: September 30, 2007 - 69,092,403; December 31, 2006 - 68,704,575; September 30, 2006 - 68,420,633)	4	4
Capital surplus	706,927	688,861
Retained earnings	1,295,233	1,166,994
Treasury stock (shares at cost: September 30, 2007 - 2,029,886; December 31, 2006 - 1,636,825; September 30, 2006 - 1,561,361)	(81,619)	(61,393)
Accumulated other comprehensive loss	(51,982)	(73,444)
Total shareholders' equity	1,868,563	1,721,022
Total liabilities and shareholders' equity	$ 19,927,903	$ 18,059,624

See accompanying notes to consolidated financial statements.

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

	Common Stock Shares	Common Stock Amount	Accumulated Other Comprehensive Loss	Capital Surplus	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount
Balances at December 31, 2005	67,905	$ 4	$ (67,811)	$ 656,579	$990,422	1,202	$(40,040
Effect of implementing FAS 156, net of income taxes	-	-	-	-	383	-	-
Comprehensive income:							
Net income	-	-	-	-	162,392	-	-
Other comprehensive income, net of tax (1)	-	-	(7,672)	-	-	-	-
Comprehensive income							
Treasury stock purchase	-	-	-	-	-	241	(11,722
Exercise of stock options	516	-	-	12,369	-	118	(5,681
Tax benefit on exercise of stock options	-	-	-	2,705	-	-	-
Stock-based compensation	-	-	-	4,742	-	-	-
Cash dividends on common stock	-	-	-	-	(26,752)	-	-
Balances at September 30, 2006	68,421	$ 4	$ (75,483)	$ 676,395	$1,126,445	1,561	$(57,443
Balances at December 31, 2006	68,705	$ 4	$ (73,444)	$ 688,861	$1,166,994	1,637	$(61,393
Effect of implementing FAS 157, net of income taxes	-	-	-	-	(679)	-	-
Effect of implementing FIN 48	-	-	-	-	(609)	-	-
Comprehensive income:							

Net income	-	-	-	-	166,504	-	-
Other comprehensive income, net of tax (1)	-	-	21,462	-	-	-	-
Comprehensive income							
Treasury stock purchase	-	-	-	-	-	306	(15,583
Exercise of stock options	387	-	-	11,443	-	87	(4,643
Tax benefit on exercise of stock options	-	-	-	1,562	-	-	-
Stock-based compensation	-	-	-	5,061	-	-	-
Cash dividends on common stock	-	-	-	-	(36,977)	-	-
Balances at September 30, 2007	69,092	$ 4	$ (51,982)	$ 706,927	$1,295,233	2,030	$(81,619

(1)	September 30, 2007	September 30, 2006
Changes in other comprehensive loss:		
Unrealized gains (losses) on securities	$ 29,224	$ (12,401)
Unrealized gains on cash flow hedges	1,188	524
Tax benefit on unrealized (gains) losses	(10,322)	4,148
Reclassification adjustment for losses realized and included in net income	2,077	86
Reclassification adjustment for tax benefit on realized losses	(705)	(29)
Net change in other comprehensive loss	$ 21,462	$ (7,672)

See accompanying notes to consolidated financial statements.

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

	Nine Months E
	2007
Cash Flows From Operating Activities:	
Net income	$ 166,504
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for credit losses	21,521
Change in fair value of mortgage servicing rights	(451)
Unrealized (gains) losses from derivatives	(15,337)
Tax benefit on exercise of stock options	(1,562)
Change in bank-owned life insurance	(14,623)
Stock-based compensation	6,684
Depreciation and amortization	31,325
Net accretion of securities discounts and premiums	(690)
Net gain on sale of assets	(9,955)
Mortgage loans originated for resale	(734,919)
Proceeds from sale of mortgage loans held for resale	692,470
Change in trading securities, including mortgage trading securities	48,782
Change in accrued revenue receivable	(31,037)

Change in other assets	67,800
Change in accrued interest, taxes and expense	13,523
Change in other liabilities	(65,710)
Net cash provided by operating activities	174,325
Cash Flows From Investing Activities:	
Proceeds from maturities of investment securities	90,355
Proceeds from maturities of available for sale securities	847,662
Purchases of investment securities	(92,648)
Purchases of available for sale securities	(2,224,574)
Proceeds from sales of investment securities	-
Proceeds from sales of available for sale securities	548,025
Loans originated or acquired net of principal collected	(619,518)
Payments on derivative asset contracts	(36,372)
Investment in bank-owned life insurance	-
Net change in other investment assets	69
Proceeds from disposition of assets	44,475
Purchases of assets	(61,643)
Cash and equivalents of subsidiaries and branches acquired and sold, net	(47,258)
Net cash used in investing activities	(1,551,427)
Cash Flows From Financing Activities:	
Net change in demand deposits, transaction deposits and savings accounts	(105,266)
Net change in time deposits	198,580
Net change in other borrowings	1,132,911
Proceeds from derivative liability contracts	52,670
Net change in derivative margin accounts	37,157
Change in amount receivable (due) on unsettled security transactions	(106,181)
Issuance of common and treasury stock, net	6,800
Issuance of subordinated debenture, net	248,618
Pay down of subordinated debentures	(150,000)
Tax benefit on exercise of stock options	1,562
Repurchase of common stock	(15,583)
Dividends paid	(36,977)
Net cash provided by financing activities	1,264,291
Net decrease in cash and cash equivalents	(112,811)
Cash and cash equivalents at beginning of period	797,326
Cash and cash equivalents at end of period	$ 684,515
Cash paid for interest	$ 447,605
Cash paid for taxes	$ 84,561
Net loans transferred to repossessed real estate and other assets	$ 6,585

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements (Unaudited)

(1) Accounting Policies

Basis of Presentation

The unaudited consolidated financial statements of BOK Financial Corporation

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

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

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

Newly Adopted and Pending Accounting Policies

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

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

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

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

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volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. FAS 159 permits financial statement issuers an option to measure eligible financial assets and financial liabilities at fair value. Unrealized gains and losses on assets and liabilities measured at fair value are reported in earnings. The option to measure eligible assets and liabilities is applied on an instrument-by-instrument basis, is irrevocable and is applied to the entire instrument. FAS 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007 and may be adopted as of a fiscal year that begins on or before November 15, 2007, subject to certain conditions. The Company expects to adopt FAS 159 as required on January 1, 2008. The effect of FAS 159 on the Company's financial statements has not yet been determined.

(2) Acquisitions

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

Cash and cash equivalents	$ 45,238
Funds sold	41,325
Securities	22,676
Loans	284,039
Less reserve for loan losses	(3,528)
Loans, net of reserve	280,511
Premises and equipment, net	6,214
Core deposit premium	13,741
Other assets	15,029
Total assets acquired	424,734
Deposits	369,343
Other borrowings	7,217
Other liabilities	8,759
Net assets acquired	39,415
Less purchase price	127,067
Goodwill	$ 87,652

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

Cash and cash equivalents	$ 4,376
Funds sold	32,091
Securities	2,245
Loans	93,810
Premises and equipment, net	31,749
Other assets	2,050
Core deposit premium	5,039
Total assets acquired	171,360
Deposits	133,342
Other borrowings	2,138
Other liabilities	7,362
Net assets acquired	28,518
Less purchase price	42,796
Goodwill	$ 14,278

On September 21, 2007, the assets and liabilities of United Banks' subsidiary, First United Bank, N.A., were purchased and assumed by Colorado State Bank and Trust, N.A.

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

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

(3) Fair Value Measurements

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

	Total	Quoted Prices in Active Markets for Identical Instruments	Significant Other Observable Inputs	Sig Unob I
Assets:				
Trading securities	$ 25,000	$ 3,630	$ 21,370	
Available for sale securities	5,544,234	25,504	5,518,730	
Mortgage trading securities	127,222		127,222	
Mortgage servicing rights	71,927			7
Derivative contracts	301,311		301,311	
Liabilities:				

Hedged certificates of deposit	240,391	240,391
Derivative contracts	316,341	316,341

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

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

- Quoted prices for similar, but not identical, assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- 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;
- Other inputs derived from or corroborated by observable market inputs.

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

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

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(4) Derivatives

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

	Assets	Liabilities
Customer Risk Management Programs:		
Interest rate contracts	$28,612	$32,880
Energy contracts	251,322	260,038
Agriculture contracts	3,018	2,816
Foreign exchange contracts	14,799	14,799
CD options	3,426	3,426
Total Customer Derivatives	301,177	313,959
Interest Rate Risk Management Programs	134	2,382
Total Derivative Contracts	$301,311	$316,341

(5) Mortgage Banking Activities

At September 30, 2007, BOK Financial owned the rights to service 58,174 mortgage loans with outstanding principal balances of $5.4 billion, including $601 million serviced for affiliates. The weighted average interest rate and remaining term was 6.16% and 279 months, respectively.

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

For the three and nine months ended September 30, 2007, mortgage banking revenue includes servicing fee income of $4.2 million and $12.7 million, respectively. For the three and nine months ended September 30, 2006, mortgage banking revenue includes servicing income of $4.0 million and $12.3 million, respectively.

In 2006, BOK Financial implemented Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets." Upon implementation, an initial adjustment of the mortgage servicing rights to fair value of approximately $383 thousand, net of income taxes, was recognized as an increase to retained earnings and certain securities designated as an economic hedge of mortgage servicing rights were transferred from the available for sale classification to trading.

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

	Capitalized Mortgage Servicing Rights		
	Purchased	Originated	Total
Balance at December 31, 2006	$ 12,813	$ 53,133	$ 65,946
Additions, net	3,614	9,879	13,493
Change in fair value due to loan runoff	(1,868)	(6,095)	(7,963)
Change in fair value due to market changes	647	(196)	451
Balance at September 30, 2007	$ 15,206	$ 56,721	$ 71,927

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

	September 30, 2007	December 31, 2
Discount rate - risk-free rate plus a market premium	9.91%	9.91%
Prepayment rate - based upon loan interest rate, original term and loan type	6.4% - 15.7%	8.7% - 18
Loan servicing costs - annually per loan based upon loan type	$41 - $58	$41 - $5
Escrow earnings rate - indexed to rates paid on deposit accounts with comparable average life	5.47%	5.49%

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

	<5.51%	5.51% - 6.50%	6.51% - 7.50%	> 7
Fair value	$ 14,731	$ 37,661	$ 15,857	$
Outstanding principal of loans serviced (1)	$ 1,010,700	$ 2,480,100	$ 1,054,000	$ 2

(1) Excludes outstanding principal of $601 million for loans serviced for affiliates and $44 million of mortgage loans for which there are no capitalized mortgage servicing rights.

(6) Disposal of Available for Sale Securities

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

	Nine Months Ended September 30,	
	2007	2006
Proceeds	$ 548,025	$ 181,007
Gross realized gains	2,169	889
Gross realized losses	(2,473)	(339)
Related federal and state income tax expense (benefit)	(106)	192

(7) Employee Benefits

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

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

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

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(8) Shareholders' Equity

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

Dividends declared during the three and nine month periods ended September 30, 2007 were $0.20 per share and $0.55 per share, respectively. Dividends declared during the three and nine month periods ended September 30, 2006 were $0.15 per share and $0.40 per share, respectively.

(9) Earnings Per Share

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

	Three Months Ended		Nine Mon
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007
Numerator:			
Net income	$ 59,848	$ 52,660	$ 166,504
Denominator:			
Denominator for basic earnings per share - weighted average shares	67,078,378	66,756,458	67,092,549
Effect of dilutive potential common shares:			
Employee stock compensation plans (1)	459,265	568,970	479,351
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	67,537,643	67,325,428	67,571,900
Basic earnings per share	$ 0.89	$ 0.79	$ 2.48
Diluted earnings per share	$ 0.89	$ 0.78	$ 2.46
(1) Excludes employee stock options with exercise prices greater than current market price.	830,479	-	817,616

(10) Reportable Segments

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Ne
Total reportable segments	$ 412,223	$ 296,635	$ 406,109	$
Unallocated items:				
Tax-equivalent adjustment	6,618	-	-	
Funds management and other	(15,645)	368	15,498	
BOK Financial consolidated	$ 403,196	$ 297,003	$ 421,607	$

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

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Ne
Total reportable segments	$ 139,944	$ 105,974	$ 150,034	$
Unallocated items:				
Tax-equivalent adjustment	2,464	-	-	
Funds management and other	(2,963)	(97)	3,102	
BOK Financial consolidated	$ 139,445	$ 105,877	$ 153,136	$

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

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Ne
Total reportable segments	$ 373,024	$ 276,162	$ 358,079	$
Unallocated items:				
Tax-equivalent adjustment	4,998	-	-	
Funds management and other	(15,612)	1,926	20,237	
BOK Financial consolidated	$ 362,410	$ 278,088	$ 378,316	$

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

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

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Ne
Total reportable segments	$ 128,400	$ 92,870	$ 131,736	$
Unallocated items:				
Tax-equivalent adjustment	1,836	-	-	
Funds management and other	(6,258)	616	7,074	
BOK Financial consolidated	$ 123,978	$ 93,486	$ 138,810	$

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

(11) Contingent Liabilities

AXIA Investment Management, Inc. ("AXIA"), a wholly-owned subsidiary of BOk, is the administrator to and investment advisor for the American Performance Funds ("AP Funds"). AP Funds is a diversified, open-ended investment company established in 1987 as a business trust under the Investment Company Act of 1940 (the "1940 Act"). AP Funds' products are offered to customers, employee benefit plans, trusts and the general public in the ordinary course of business. Approximately 98% of AP Funds' assets of $3.9 billion are held for BOK Financial's clients.

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

In August 2007, AXIA settled with the AP Funds all claims relating to this matter made against it on behalf of the AP Funds for $2.2 million. This settlement is not binding on the SEC.

During the third quarter of 2007, Bank of Oklahoma agreed to guarantee rents totaling $28.4 million over 10 years to the City of Tulsa ("City") as owner of a building immediately adjacent to the Bank's main office. These rents are due for space currently rented by third-party tenants in the building. In return for this guarantee, Bank of Oklahoma will receive 80% of net rent as defined in an agreement with the City over the next 10 years from currently vacant space in the same building. The maximum amount that Bank of Oklahoma may receive under this agreement is $4.5 million. The fair value of this agreement at inception is zero and no asset or liability is currently recognized in the Company's financial statements.

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

(12) Financial Instruments with Off-Balance Sheet Risk

BOK Financial is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to manage interest rate risk. Those financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in BOK 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, 2007, outstanding commitments and letters of credit were as follows (in thousands):

	September 30, 2007
Commitments to extend credit	$ 5,361,843
Standby letters of credit	544,855
Commercial letters of credit	15,245

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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, 2007			
	Average Balance	Revenue/ Expense(1)	Yield /Rate	Avera Balanc
Assets				
Taxable securities (3)	$ 5,008,824	$ 181,401	4.88%	$ 4,779,
Tax-exempt securities (3)	346,261	14,204	5.69	280,
Total securities (3)	5,355,085	195,605	4.92	5,060
Trading securities	28,955	1,459	6.74	20,
Funds sold and resell agreements	74,838	3,177	5.68	35,
Loans (2)	11,316,638	670,018	7.92	9,485,
Less reserve for loan losses	118,216	-	-	106,
Loans, net of reserve	11,198,422	670,018	8.00	9,379,
Total earning assets (3)	16,657,300	870,259	7.00	14,495,
Cash and other assets	2,003,267			2,070,
Total assets	$ 18,660,567			$ 16,566,
Liabilities And Shareholders' Equity				
Transaction deposits	$ 6,401,198	145,259	3.03%	$ 5,380,
Savings deposits	167,603	1,151	0.92	151,
Time deposits	4,576,805	163,017	4.76	4,233,
Total interest-bearing deposits	11,145,606	309,427	3.71	9,764,
Funds purchased and repurchase agreements	2,623,561	99,178	5.05	1,997,
Other borrowings	805,802	32,647	5.42	772,
Subordinated debentures	394,019	19,193	6.51	293,
Total interest-bearing liabilities	14,968,988	460,445	4.11	12,828,

Demand deposits	1,331,004			1,471,
Other liabilities	575,892			686,
Shareholders' equity	1,784,683			1,579,
Total liabilities and shareholders' equity	$ 18,660,567			$ 16,566,
Tax-Equivalent Net Interest Revenue (3)		409,814	2.89%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.30	
Less tax-equivalent adjustment (1)		6,618		
Net Interest Revenue		403,196		
Provision for credit losses		21,521		
Other operating revenue		295,679		
Other operating expense		421,607		
Income Before Taxes		255,747		
Federal and state income tax		89,243		
Net Income		$ 166,504		
Earnings Per Average Common Share Equivalent:				
Net Income:				
Basic		$ 2.48		
Diluted		$ 2.46		

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

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

	Three Months Ended			
	September 30, 2007			
	Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance
Assets				
Taxable securities (3)	$ 5,206,482	$ 63,562	4.92%	$ 5,014,23
Tax-exempt securities (3)	360,710	4,789	5.30	354,95
Total securities (3)	5,567,192	68,351	4.95	5,369,18
Trading securities	24,413	459	7.46	32,89
Funds sold and resell agreements	101,281	1,588	6.22	67,05

Loans (2)	11,709,638	232,446	7.88	11,338,14
Less reserve for loan losses	123,059	-	-	118,50
Loans, net of reserve	11,586,579	232,446	7.96	11,219,63
Total earning assets (3)	17,279,465	302,844	6.99	16,688,77
Cash and other assets	2,129,713			1,940,68
Total assets	$ 19,409,178			$ 18,629,46
Liabilities And Shareholders' Equity				
Transaction deposits	$ 6,683,056	$ 50,650	3.01%	$ 6,414,01
Savings deposits	200,362	410	0.81	158,71
Time deposits	4,798,812	58,436	4.83	4,507,05
Total interest-bearing deposits	11,682,230	109,496	3.72	11,079,78
Funds purchased and repurchase agreements	2,603,372	32,484	4.95	2,627,23
Other borrowings	880,894	11,789	5.31	866,09
Subordinated debentures	471,458	7,166	6.03	410,88
Total interest-bearing liabilities	15,637,954	160,935	4.08	14,983,99
Demand deposits	1,300,280			1,295,93
Other liabilities	649,964			558,79
Shareholders' equity	1,820,980			1,790,74
Total liabilities and shareholders' equity	$ 19,409,178			$ 18,629,46
Tax-Equivalent Net Interest Revenue (3)		$ 141,909	2.91%	
Tax-Equivalent Net Interest Revenue To Earning Assets (3)			3.27	
Less tax-equivalent adjustment (1)		2,464		
Net Interest Revenue		139,445		
Provision for credit losses		7,201		
Other operating revenue		111,490		
Other operating expense		153,136		
Income before taxes		90,598		
Federal and state income tax		30,750		
Net Income		$ 59,848		
Earnings Per Average Common Share Equivalent:				
Net income:				
Basic		$ 0.89		
Diluted		$ 0.89		

(1) Tax equivalent at the statutory federal and state rates for the periods presented. The taxable equivalent adjustments shown are for comparative purposes.
(2) The loan averages included loans on which the accrual of interest has been discontinued and are stated net of unearned income.
(3) Yield calculations exclude security trades that have been recorded on trade

date with no corresponding interest income.

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Three Months Ended						
March 31, 2007			December 31, 2006			Sept
Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance	Revenue/ Expense(1)	Yield / Rate	Average Balance
$ 4,802,768	$ 57,595	4.86%	$ 4,745,619	$ 56,264	4.69%	$ 4,694,588
322,202	4,802	6.09	318,969	4,435	5.52	306,170
5,124,970	62,397	4.93	5,064,588	60,699	4.74	5,000,758
29,613	519	7.11	22,668	322	5.64	21,721
55,674	665	4.84	39,665	546	5.46	51,518
10,893,163	213,080	7.93	10,361,841	207,322	7.94	9,813,602
113,379	-	-	108,377	-	-	106,474
10,779,784	213,080	8.02	10,253,464	207,322	8.02	9,707,128
15,990,041	276,661	7.02	15,380,385	268,889	6.93	14,781,125
1,949,917			2,158,647			2,049,998
$ 17,939,958			$ 17,539,032			$ 16,831,123
$ 6,100,117	$ 46,367	3.08%	$ 5,768,216	$ 43,411	2.99%	$ 5,458,280
143,101	364	1.03	139,796	365	1.04	146,276
4,420,390	51,141	4.69	4,417,427	51,781	4.65	4,314,672
10,663,608	97,872	3.72	10,325,439	95,557	3.67	9,919,228
2,640,485	33,565	5.16	2,584,354	33,736	5.18	2,138,749
668,078	9,098	5.52	586,743	8,128	5.50	750,247
297,806	5,203	7.09	298,427	5,225	6.95	293,146
14,269,977	145,738	4.14	13,794,963	142,646	4.10	13,101,370
1,397,874			1,481,455			1,453,163
530,659			566,128			657,269
1,741,448			1,696,486			1,619,321
$ 17,939,958			$ 17,539,032			$ 16,831,123
	$ 130,923	2.88%		$ 126,243	2.83%	
		3.32			3.25	
	2,085			1,965		

	128,838	124,278
	6,500	5,953
	92,190	93,723
	132,512	133,991
	82,016	78,057
	29,223	27,472
	$ 52,793	$ 50,585
	$ 0.79	$ 0.76
	$ 0.78	$ 0.75

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PART II. Other Information

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

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

Period	Total Number of Shares Purchased (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)
July 1, 2007 to July 31, 2007	55,360	$51.29	44,234
August 1, 2007 to August 31, 2007	76,665	$52.51	72,728
September 1, 2007 to September 30, 2007	152,139	$51.60	144,954
Total	284,164		261,916

(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, 2007, the Company had repurchased 584,376 shares under the new plan.

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

Item 6. Exhibits

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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

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

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Signatures

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

BOK FINANCIAL CORPORATION
(Registrant)

Date: November 9, 2007

/s/ Steven E. Nell

Steven E. Nell
Executive Vice President and
Chief Financial Officer

/s/ John C. Morrow

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