BOK FINANCIAL CORP ET AL
Form 10-K
February 29, 2008
As filed with the Securities and Exchange Commission on February 29, 2008

==

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 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)

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act:
Common stock, $0.00006 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes |X| No |_|

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes |_| No |X|

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the

best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |_|

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|

The aggregate market value of the registrant's common stock ("Common Stock") held by non-affiliates is approximately $1,175,155,864 (based on the June 30, 2007 closing price of Common Stock of $53.42 per share). As of January 31, 2008, there were 67,387,053 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the Registrant's Proxy Statement for the 2008 Annual Meeting of Shareholders.

==

BOK FINANCIAL CORPORATION
ANNUAL REPORT ON FORM 10-K
INDEX

ITEM		PAGE
	PART I	
1.	Business	1
1A.	Risk Factors	6
1B.	Unresolved Staff Comments	8
2.	Properties	8
3.	Legal Proceedings	9
4.	Submission of Matters to a Vote of Security Holders	9
	PART II	
5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	9
6.	Selected Financial Data	10
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	11
7A.	Quantitative and Qualitative Disclosures About Market Risk	50
8.	Financial Statements and Supplementary Data	52
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	106

9A. Controls and Procedures	106
9B. Other Information	106
PART III	
10. Directors, Executive Officers and Corporate Governance	107
11. Executive Compensation	107
12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	107
13. Certain Relationships and Related Transactions, and Director Independence	107
14. Principal Accounting Fees and Services	107
PART IV	
15. Exhibits, Financial Statement Schedules	107
Signatures	114
Chief Executive Officer Section 302 Certification, Exhibit 31.1	116
Chief Financial Officer Section 302 Certification, Exhibit 31.2	117
Section 906 Certifications, Exhibit 32	118

PART I

ITEM 1. BUSINESS

General

Developments relating to individual aspects of the business of BOK Financial Corporation ("BOK Financial" or "the Company") are described below. Additional discussion of the Company's activities during the current year appears within Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations." Information regarding BOK Financial's acquisitions is set forth in Note 2 of the Company's Notes to Consolidated Financial Statements, which appear elsewhere herein.

Description of Business

BOK Financial is a financial holding company whose activities are limited by the Bank Holding Company Act of 1956 ("BHCA"), as amended by the Financial Services Modernization Act or Gramm-Leach-Bliley Act. BOK Financial offers full service banking in Oklahoma, Dallas, Fort Worth and Houston, Texas, Albuquerque, New Mexico, Northwest Arkansas, Denver, Colorado, Phoenix, Arizona, and Kansas City, Missouri / Kansas. Principal subsidiaries are Bank of Oklahoma, N.A. ("BOk"), Bank of Texas, N.A., Bank of Albuquerque, N.A., Bank of Arkansas, N.A., Colorado State Bank and Trust, N.A., Bank of Arizona, N.A., and Bank of Kansas City, N.A. (collectively, the "Banks"). Other subsidiaries include BOSC, Inc., a broker/dealer that engages in retail and institutional securities sales and municipal bond underwriting. Other non-bank subsidiary operations do not have a significant effect on BOKF financial statements.

Our overall strategic objective is to emphasize growth in long-term value by building on our leadership position in Oklahoma and expanding into high-growth markets. We have a solid position in Oklahoma and are the state's largest financial institution as measured by deposit market share. Since 1997, we have expanded into Dallas, Fort Worth and Houston, Texas, Albuquerque, New Mexico, Denver, Colorado, Phoenix, Arizona, and Kansas City, Missouri / Kansas. We are currently exploring opportunities for further growth in our regional markets and expansion into new markets through acquisitions or de novo banking operations.

Our primary focus is to provide a broad range of financial products and services, including loans and deposits, cash management services, fiduciary services, mortgage banking and brokerage and trading services to middle-market businesses, financial institutions and consumers. Our revenue sources are diversified. Approximately 42% of our revenue comes from commissions and fees.

Commercial banking is a significant part of our business. Our credit culture emphasizes building relationships by making high quality loans and providing a full range of financial products and services to our customers. Our energy financing expertise enables us to offer commodity derivatives for customers to use in their risk management and positioning activities.

Our acquisition strategy targets quality organizations that have demonstrated solid growth in their business lines. We provide additional growth opportunities by hiring talent to enhance competitiveness, adding locations, and broadening product offerings. Our operating philosophy embraces local decision-making through the boards of directors for each of our bank subsidiaries.

BOK Financial's corporate headquarters is located at Bank of Oklahoma Tower, P.O. Box 2300, Tulsa, Oklahoma 74192.

The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports are available on the Company's website at www.bokf.com as soon as reasonably practicable after the Company electronically files such material with or furnishes it to the Securities and Exchange Commission.

Operating Segments

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. Wealth management also provides fiduciary services in all markets except Colorado. Fiduciary services in Colorado are included in regional banking. Regional banking consists primarily of corporate and consumer banking activities in the respective local markets. Discussion of these principal lines of business appears within the Lines of Business section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" and within Note 18 of the Company's Notes to Consolidated Financial Statements, both of which appear elsewhere herein.

Competition

BOK Financial and its operating segments face competition from other banks, thrifts, credit unions and other non-bank financial institutions, such as investment banking firms, investment advisory firms, brokerage firms, investment companies, government agencies, mortgage brokers and insurance companies. The Company competes largely on the basis of customer services, interest rates on loans and deposits, lending limits and customer convenience. Some operating segments face competition from institutions that are not as closely regulated as banks, and therefore are not limited by the same capital requirements and other

restrictions. All market share information presented below is based upon share of deposits in specified areas according to SNL DataSource as of December 31, 2007.

BOk is the largest banking subsidiary of BOK Financial and has the largest market share in Oklahoma with 12% of the state's total deposits. In the Tulsa and Oklahoma City areas, BOk has 26% and 9% of the market share, respectively. BOk competes with two banks that have operations nationwide and have greater access to funds at lower costs, higher lending limits, and greater access to technology resources. BOk also competes with regional and locally owned banks in both the Tulsa and Oklahoma City areas, as well as in every other community in which we do business throughout the state.

Through other subsidiary banks, BOK Financial competes in Dallas, Fort Worth and Houston, Texas, Albuquerque, New Mexico, Denver, Colorado, Phoenix, Arizona, Northwest Arkansas, and Kansas City, Missouri / Kansas. Bank of Texas competes against numerous financial institutions, including some of the largest in the United States, and has a market share of approximately 2% in the Dallas, Fort Worth area and 1% in the Houston area. Bank of Albuquerque has a number four market share position with 12% of deposits in the Albuquerque area and competes with two large national banks, some regional banks and several locally-owned smaller community banks. Colorado State Bank and Trust has a market share of approximately 2% in the Denver area. Bank of Arizona operates as a community bank with locations in Phoenix, Scottsdale and Tucson. Bank of Arkansas serves Benton and Washington counties in Arkansas, and Bank of Kansas City serves the Kansas City market. The Company's ability to expand into additional states remains subject to various federal and state laws.

Employees

As of December 31, 2007, BOK Financial and its subsidiaries employed 4,110 full-time equivalent employees. None of the Company's employees are represented by collective bargaining agreements. Management considers its employee relations to be good.

Supervision and Regulation

BOK Financial and its subsidiaries are subject to extensive regulations under federal and state laws. These regulations are designed to protect depositors, the Bank Insurance Fund and the banking system as a whole and not necessarily to protect shareholders and creditors. As detailed below, these regulations may restrict the Company's ability to diversify, to acquire other institutions and to pay dividends on its capital stock. They also may require the Company to provide financial support to its subsidiaries, maintain certain capital balances and pay higher deposit insurance premiums.

Proposals to change laws and regulations governing the banking industry are frequently introduced in Congress, in the state legislatures and before bank regulatory agencies. The likelihood and timing of any new proposals or legislation and the impact they might have on the Company and its subsidiaries cannot be predicted at this time.

The following information summarizes certain laws and regulations that affect the Company's operations. It does not discuss all provisions of these laws and regulations and it does not summarize all laws and regulations that affect the Company.

General

As a financial holding company, BOK Financial is regulated under the BHCA and is subject to regular inspection, examination and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). Under the BHCA, BOK Financial files quarterly reports and other information with the Federal Reserve Board.

The Banks are organized as national banking associations under the National Banking Act, and are subject to regulation, supervision and examination by the Office of the Comptroller of the Currency (the "OCC"), the Federal Deposit Insurance Corporation (the "FDIC"), the Federal Reserve Board and other federal and state regulatory agencies. The OCC has primary supervisory responsibility for national banks and must approve certain corporate or structural changes, including changes in capitalization, payment of dividends, change of place of business, and establishment of a branch or operating subsidiary. The OCC performs its functions through national bank examiners who provide the OCC with information concerning the soundness of a national bank, the quality of management and directors, and compliance with applicable regulations. The National Banking Act authorizes the OCC to examine every national bank as often as necessary.

A financial holding company, and the companies under its control, are permitted to engage in activities considered "financial in nature" as defined by the Gramm-Leach-Bliley Act and Federal Reserve Board interpretations, and therefore may engage in a broader range of activities than permitted for bank holding companies and their subsidiaries. Activities that are "financial in nature" include securities underwriting and dealing, insurance underwriting, operating a mortgage company, credit card company or factoring company, performing certain data processing operations, servicing loans and other extensions of credit, providing investment and financial advice, owning and operating savings and loan associations, and leasing personal property on a full pay-out, non-operating basis. In order for a financial holding company to commence any new activity permitted by the BHCA, each insured depository institution subsidiary of the financial holding company must have received a rating of at least satisfactory in its most recent examination under the Community Reinvestment Act. A financial holding company is required to notify the Federal Reserve Board within thirty days of engaging in new activities determined to be "financial in nature." BOK Financial is engaged in some of these activities and has notified the Federal Reserve Board.

3

The BHCA requires the Federal Reserve Board's prior approval for the direct or indirect acquisition of more than five percent of any class of voting stock of any non-affiliated bank. Under the Federal Bank Merger Act, the prior approval of the OCC is required for a national bank to merge with another bank or purchase the assets or assume the deposits of another bank. In reviewing applications seeking approval of merger and acquisition transactions, the bank regulatory authorities consider, among other things, the competitive effect and public benefits of the transactions, the capital position of the combined organization, the applicant's performance record under the Community Reinvestment Act and fair housing laws and the effectiveness of the subject organizations in combating money laundering activities.

A financial holding company and its subsidiaries are prohibited under the BHCA from engaging in certain tie-in arrangements in connection with the provision of any credit, property or services. Thus, a subsidiary of a financial holding company may not extend credit, lease or sell property, furnish any services or fix or vary the consideration for these activities on the condition that (1) the customer obtain or provide additional credit, property or services from or to the financial holding company or any subsidiary thereof, or (2) the customer may not obtain some other credit, property or services from a competitor, except to the extent reasonable conditions are imposed to insure the soundness of credit

extended.

The Banks and other non-bank subsidiaries are also subject to other federal and state laws and regulations. For example, BOSC, Inc., the Company's broker/dealer subsidiary that engages in retail and institutional securities sales and municipal bond underwriting, is regulated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), the Federal Reserve Board, and state securities regulators. As another example, Bank of Arkansas is subject to certain consumer-protection laws incorporated in the Arkansas Constitution, which, among other restrictions, limit the maximum interest rate on general loans to five percent above the Federal Reserve Discount Rate and limit the rate on consumer loans to the lower of five percent above the discount rate or seventeen percent.

Capital Adequacy and Prompt Corrective Action

The Federal Reserve Board, the OCC and the FDIC have issued substantially similar risk-based and leverage capital guidelines applicable to United States banking organizations to ensure capital adequacy based upon the risk levels of assets and off-balance sheet financial instruments. In addition, these regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels, whether because of its financial condition or actual or anticipated growth. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators regarding components, risk weighting and other factors.

The Federal Reserve Board risk-based guidelines define a three-tier capital framework. Core capital (Tier 1) includes common shareholders' equity and qualifying preferred stock, less goodwill, most intangible assets and other adjustments. Supplementary capital (Tier 2) consists of preferred stock not qualifying as Tier 1 capital, qualifying mandatory convertible debt securities, limited amounts of subordinated debt, other qualifying term debt and allowances for credit losses, subject to limitations. Market risk capital (Tier 3) includes qualifying unsecured subordinated debt. Assets and off-balance sheet exposures are assigned to one of four categories of risk-weights, based primarily upon relative credit risk. Risk-based capital ratios are calculated by dividing Tier 1 and total capital by risk-weighted assets. For a depository institution to be considered well capitalized under the regulatory framework for prompt corrective action, the institution's Tier 1 and total capital ratios must be at least 6% and 10% on a risk-adjusted basis, respectively. As of December 31, 2007, BOK Financial's Tier 1 and total capital ratios under these guidelines were 9.38% and 12.54%, respectively.

The leverage ratio is determined by dividing Tier 1 capital by adjusted average total assets. Banking organizations are required to maintain a ratio of at least 5% to be classified as well capitalized. BOK Financial's leverage ratio at December 31, 2007 was 8.20%.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (the "FDICIA"), among other things, identifies five capital categories for insured depository institutions from well capitalized to critically undercapitalized and requires the respective federal regulatory agencies to implement systems for prompt corrective action for institutions failing to meet minimum capital requirements within such categories. FDICIA imposes progressively more restrictive covenants on operations, management and capital distributions, depending upon the category in which an institution is classified.

The various regulatory agencies have adopted substantially similar regulations that define the five capital categories identified by FDICIA, using the total

risk-based capital, Tier 1 risk-based capital and leverage capital ratios as the relevant capital measures. Such regulations establish various degrees of corrective action to be taken when an institution is considered undercapitalized. Under these guidelines, each of the Banks was considered well capitalized as of December 31, 2007.

The federal regulatory authorities' risk-based capital guidelines are based upon the 1988 capital accord of the Basel Committee on Banking Supervision (the "BIS"). The BIS is a committee of central banks and bank supervisors/regulators from the major industrialized countries that develops broad policy guidelines for use by each country's supervisors in determining the supervisory policies they apply. In 2004, the BIS published a new capital accord to replace its 1988 capital accord, with an update in November 2005 ("Basel II"). Basel II provides two approaches for setting capital standards for credit risk -- an internal ratings-based approach tailored to individual institutions' circumstances (which for many asset classes is itself broken into a "foundation" approach and an "advanced or A-IRB" approach, the availability of which is subject to additional restrictions) and a

4

standardized approach that bases risk weightings on external credit assessments to a much greater extent than permitted in existing risk-based capital guidelines. Basel II also would set capital requirements for operational risk and refine the existing capital requirements for market risk exposures.

The U.S. banking and thrift agencies are developing proposed revisions to their existing capital adequacy regulations and standards based on Basel II. In September 2006, the agencies issued a notice of proposed rulemaking setting forth a definitive proposal for implementing Basel II in the United States that would apply only to internationally active banking organizations -- defined as those with consolidated total assets of $250 billion or more or consolidated on-balance sheet foreign exposures of $10 billion or more -- but that other U.S. banking organizations could elect but would not be required to apply. Furthermore, the U.S. agencies are proposing only to implement the most advanced version of Basel II, the A-IRB option. In December 2006, the agencies issued a notice of proposed rulemaking describing proposed amendments to their existing risk-based capital guidelines to make them more risk-sensitive, generally following aspects of the standardized approach of Basel II. These latter proposed amendments, often referred to as "Basel I-A", would apply to banking organizations that are not internationally active banking organizations subject to the A-IRB approach for internationally active banking organizations and do not "opt in" to that approach. The agencies previously had issued advance notices of proposed rulemaking on both proposals (in August 2003 regarding the A-IRB approach of Basel II for internationally active banking organizations and in October 2005 regarding Basel I-A).

BOK Financial is not an internationally active banking organization and has not made a determination as to whether or when it would opt to apply the A-IRB provisions applicable to internationally active U.S. banking organizations once they become effective. Recent U.S. bank regulatory proposals indicate that the U.S. banking system will permit adoption of a "standardized" approach for Basel II in lieu of the 1-A proposal for non-core Basel II institutions. BOKF expects more definitive guidance on the matter from U.S. bank regulators in 2008.

Further discussion of regulatory capital, including regulatory capital amounts and ratios, is set forth under the heading "Borrowings and Capital" within "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Note 16 of the Company's Notes to Consolidated Financial Statements, both of which appear elsewhere herein.

Deposit Insurance

Substantially all of the deposits held by the Banks are insured up to applicable limits by the Deposit Insurance Fund ("DIF") of the FDIC and are subject to deposit insurance assessments to maintain the DIF. The FDIC utilizes a risk-based assessment system that imposes insurance premiums based upon a risk matrix that takes into account a bank's capital level and supervisory rating ("CAMELS rating"). As of January 1, 2007, the previous nine risk categories utilized in the risk matrix were condensed into four risk categories, which continue to be distinguished by capital levels and supervisory ratings. For large Risk Category 1 institutions (generally those with assets in excess of $10 billion) that have long-term debt issuer ratings, including Bank of Oklahoma, assessment rates are determined from weighted-average CAMELS component ratings and long-term debt issuer ratings. The minimum annualized assessment rate for large institutions is 5 basis points per $100 of deposits and the maximum annualized assessment rate for large institutions is 7 basis points per $100 of deposits. Quarterly assessment rates for large institutions in Risk Category 1 may vary within this range depending upon changes in CAMELS component ratings and long-term debt issuer ratings.

In addition, the Banks are assessed a charge based on deposit balances by the Financing Corporation ("FICO"). The FICO is a mixed-ownership government corporation established by the Competitive Equality Banking Act of 1987 whose sole purpose was to function as a financing vehicle for the now defunct Federal Savings & Loan Insurance Corporation.

Dividends

The primary source of liquidity for BOK Financial is dividends from the Banks, which are limited by various banking regulations to net profits, as defined, for the year plus retained profits for the preceding two years and further restricted by minimum capital requirements. Based on the most restrictive limitations, the Banks had excess regulatory capital and could declare up to $93 million of dividends without regulatory approval as of December 31, 2007. BOK Financial management has developed and the Board of Directors has approved an internal capital policy that is more restrictive than the regulatory standards. Under this policy, the Banks could declare dividends of up to $75 million as of December 31, 2007. These amounts are not necessarily indicative of amounts that may be available to be paid in future periods.

Source of Strength Doctrine

According to Federal Reserve Board policy, bank holding companies are expected to act as a source of financial strength to each subsidiary bank and to commit resources to support each such subsidiary. This support may be required at times when a bank holding company may not be able to provide such support. Similarly, under the cross-guarantee provisions of the Federal Deposit Insurance Act, in the event of a loss suffered by the FDIC as a result of default of a banking subsidiary or related to FDIC assistance provided to a subsidiary in danger of default, the other Banks may be assessed for the FDIC's loss, subject to certain exceptions.

5

Governmental Policies and Economic Factors

The operations of BOK Financial and its subsidiaries are affected by legislative changes and by the policies of various regulatory authorities and, in particular, the credit policies of the Federal Reserve Board. An important function of the Federal Reserve Board is to regulate the national supply of bank credit to moderate recessions and curb inflation. Among the instruments of monetary policy used by the Federal Reserve Board to implement its objectives are: open-market operations in U.S. Government securities, changes in the

discount rate and federal funds rate on bank borrowings, and changes in reserve requirements on bank deposits. The effect of future changes in such policies on the business and earnings of BOK Financial and its subsidiaries is uncertain.

The Sarbanes-Oxley Act (the "Act") addresses many aspects of financial reporting, corporate governance and public company disclosure. Among other things, the Act establishes a comprehensive framework for the oversight of public company auditing and for strengthening the independence of auditors and audit committees. Under the Act, audit committees are responsible for the appointment, compensation and oversight of the work of the auditors. The non-audit services that can be provided to a company by its auditor are limited. Audit committee members are subject to specific rules addressing their independence. The Act also requires enhanced and accelerated financial disclosures, and it establishes various responsibility measures, such as requiring the chief executive officer and chief financial officer to certify to the quality of the company's financial reporting. The Act imposes restrictions on and accelerated reporting requirements for certain insider trading activities. It imposes a variety of penalties for fraud and other violations and creates a federal felony for securities fraud. Various sections of the Act are applicable to BOK Financial.

Foreign Operations

BOK Financial does not engage in operations in foreign countries, nor does it lend to foreign governments.

6

ITEM 1A. RISK FACTORS

Adverse regional economic developments could negatively affect BOK Financial's business.

A substantial majority of BOK Financial loans are generated in Oklahoma and other markets in the southwest region. As a result, poor economic conditions in Oklahoma or other markets in the southwest region may cause BOK Financial to incur losses associated with higher default rates and decreased collateral values in BOK Financial's loan portfolio. A regional economic downturn could also adversely affect revenue from brokerage and trading activities, mortgage loan originations and other sources of fee-based revenue.

Adverse economic factors affecting particular industries could have a negative effect on BOK Financial customers and their ability to make payments to BOK Financial.

Certain industry-specific economic factors also affect BOK Financial. For example, a portion of BOK Financial's total loan portfolio is comprised of loans to borrowers in the energy industry, which is historically a cyclical industry. Low commodity prices may adversely affect that industry and, consequently, may affect BOK Financial's business negatively. In addition, BOK Financial's loan portfolio includes commercial real estate loans. A downturn in the real estate industry in general or in certain segments of the commercial real estate industry in Oklahoma and the Southwest region could also have an adverse effect on BOK Financial's operations.

Fluctuations in interest rates could adversely affect BOK Financial's business.

BOK Financial's business is highly sensitive to:

- the monetary policies implemented by the Federal Reserve Board, including the discount rate on bank borrowings and changes in reserve requirements, which affect BOK Financial's ability to make loans and

the interest rates we may charge;

- changes in prevailing interest rates, due to the dependency of BOK Financial's banks on interest income;

- open market operations in U.S. Government securities.

Significant increase in market interest rates, or the perception that an increase may occur, could adversely affect both BOK Financial's ability to originate new loans and BOK Financial's ability to grow. Conversely, a decrease in interest rates could result in acceleration in the payment of loans, including loans underlying BOK Financial's holdings of mortgage-backed securities and termination of BOK Financial's mortgage servicing rights. In addition, changes in market interest rates, changes in the relationships between short-term and long-term market interest rates or changes in the relationships between different interest rate indices, could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. This difference could result in an increase in interest expense relative to interest income. An increase in market interest rates also could adversely affect the ability of BOK Financial's floating-rate borrowers to meet their higher payment obligations. If this occurred, it could cause an increase in nonperforming assets and net charge-offs, which could adversely affect BOK Financial's business.

BOK Financial's substantial holdings of mortgage-backed securities and mortgage servicing rights could adversely affect BOK Financial's business.

BOK Financial has invested a substantial amount of its holdings in mortgage-backed securities, which are investment interests in pools of mortgages. Mortgage-backed securities are highly sensitive to changes in interest rates. BOK Financial mitigates this risk somewhat by investing principally in shorter duration mortgage products, which are less sensitive to changes in interest rates. A significant decrease in interest rates could lead mortgage holders to refinance the mortgages constituting the pool backing the securities, subjecting BOK Financial to a risk of prepayment and decreased return on investment due to subsequent reinvestment at lower interest rates. Conversely, a significant increase in interest rates could cause mortgage holders to extend the term over which they repay their loans, which delays the Company's opportunity to reinvest funds at higher rates.

Mortgage-backed securities are also subject to credit risk from delinquency or default of the underlying loans. BOK Financial mitigates this risk somewhat by investing in securities issued by U.S. government agencies. Principal and interest payments on the loans underlying these securities are guaranteed, in whole or in part, by these agencies. Credit risk on mortgage-backed securities originated by private issuers is mitigated somewhat by investing in senior tranches with additional collateral support.

In addition, as part of BOK Financial's mortgage banking business, BOK Financial has substantial holdings of mortgage servicing rights. The value of these rights is also very sensitive to changes in interest rates. Falling interest rates tend to increase loan prepayments, which may lead to cancellation of the related servicing rights. BOK Financial's investments and dealings in mortgage-related products increase the risk that falling interest rates could adversely affect BOK Financial's business. BOK Financial attempts to manage this risk by maintaining an active hedging program for its mortgage servicing rights. BOK Financial's hedging program has only been partially successful in recent years. The value of mortgage servicing rights may also

decrease due to rising delinquency or default of the loans serviced. This risk

is mitigated somewhat by adherence to underwriting standards on loans originated for sale.

Substantial competition could adversely affect BOK Financial.

Banking is a competitive business. BOK Financial competes actively for loan, deposit and other financial services business in Oklahoma, as well as in BOK Financial's other markets. BOK Financial's competitors include a large number of small and large local and national banks, savings and loan associations, credit unions, trust companies, broker-dealers and underwriters, as well as many financial and nonfinancial firms that offer services similar to BOK Financial's. Large national financial institutions have entered the Oklahoma market. These institutions have substantial capital, technology and marketing resources. Such large financial institutions may have greater access to capital at a lower cost than BOK Financial does, which may adversely affect BOK Financial's ability to compete effectively.

BOK Financial has expanded into markets outside of Oklahoma, where it competes with a large number of financial institutions that have an established customer base and greater market share than BOK Financial. BOK Financial may not be able to continue to compete successfully in these markets outside of Oklahoma. With respect to some of its services, BOK Financial competes with non-bank companies that are not subject to regulation. The absence of regulatory requirements may give non-banks a competitive advantage.

Adverse factors could impact BOK Financial's ability to implement its operating strategy.

Although BOK Financial has developed an operating strategy which it expects to result in continuing improved financial performance, BOK Financial cannot assure that it will be successful in fulfilling this strategy or that this operating strategy will be successful. Achieving success is dependent upon a number of factors, many of which are beyond BOK Financial's direct control. Factors that may adversely affect BOK Financial's ability to implement its operating strategy include:

- deterioration of BOK Financial's asset quality;
- inability to control BOK Financial's noninterest expenses;
- inability to increase noninterest income;
- deterioration in general economic conditions, especially in BOK Financial's core markets;
- decreases in net interest margins;
- increases in competition;
- adverse regulatory developments.

Banking regulations could adversely affect BOK Financial.

BOK Financial and its subsidiaries are extensively regulated under both federal and state law. In particular, BOK Financial is subject to the Bank Holding Company Act of 1956 and the National Bank Act. These regulations are primarily for the benefit and protection of BOK Financial's customers and not for the benefit of BOK Financial's investors. In the past, BOK Financial's business has been materially affected by these regulations. For example, regulations limit BOK Financial's business to banking and related businesses, and they limit the location of BOK Financial's branches and offices, as well as the amount of deposits that it can hold in a particular state. These regulations may limit BOK

Financial's ability to grow and expand into new markets and businesses.

Additionally, under the Community Reinvestment Act, BOK Financial is required to provide services in traditionally underserved areas. BOK Financial's ability to make acquisitions and engage in new business may be limited by these requirements.

The Federal Deposit Insurance Corporation Improvement Act of 1991 and the Bank Holding Company Act of 1956, and various regulations of regulatory authorities, require us to maintain specified capital ratios. Any failure to maintain required capital ratios would limit the growth potential of BOK Financial's business.

Under a long-standing policy of the Board of Governors of the Federal Reserve System, a bank holding company is expected to act as a source of financial strength for its subsidiary banks. As a result of that policy, BOK Financial may be required to commit financial and other resources to its subsidiary banks in circumstances where we might not otherwise do so.

The trend toward extensive regulation is likely to continue in the future. Laws, regulations or policies currently affecting us and BOK Financial's subsidiaries may change at any time. Regulatory authorities may also change their interpretation of these statutes and regulations. Therefore, BOK Financial's business may be adversely affected by any future changes in laws, regulations, policies or interpretations.

8

Statutory restrictions on subsidiary dividends and other distributions and debts of BOK Financial's subsidiaries could limit amounts BOK Financial's subsidiaries may pay to BOK Financial.

BOK Financial is a bank holding company, and a substantial portion of BOK Financial's cash flow typically comes from dividends that BOK Financial's bank and nonbank subsidiaries pay to BOK Financial. Various statutory provisions restrict the amount of dividends BOK Financial's subsidiaries can pay to BOK Financial without regulatory approval. Management also developed, and the BOK Financial board of directors approved, an internal capital policy that is more restrictive than the regulatory capital standards. In addition, if any of BOK Financial's subsidiaries liquidates, that subsidiary's creditors will be entitled to receive distributions from the assets of that subsidiary to satisfy their claims against it before BOK Financial, as a holder of an equity interest in the subsidiary, will be entitled to receive any of the assets of the subsidiary. If, however, BOK Financial is a creditor of the subsidiary with recognized claims against it, BOK Financial will be in the same position as other creditors.

Although publicly traded, BOK Financial's common stock has substantially less liquidity than the average trading market for a stock quoted on the Nasdaq National Market System.

A relatively small fraction of BOK Financial's outstanding common stock is actively traded. The risks of low liquidity include increased volatility of the price of BOK Financial's common stock. Low liquidity may also limit holders of BOK Financial's common stock in their ability to sell or transfer BOK Financial's shares at the price, time and quantity desired.

BOK Financial's principal shareholder controls a majority of BOK Financial's common stock.

Mr. George B. Kaiser owns a majority of the outstanding shares of BOK Financial's common stock. Mr. Kaiser is able to elect all of BOK Financial's

directors and effectively control the vote on all matters submitted to a vote of BOK Financial's common shareholders. Mr. Kaiser's ability to prevent an unsolicited bid for BOK Financial or any other change in control could have an adverse effect on the market price for BOK Financial's common stock. A substantial majority of BOK Financial's directors are not officers or employees of BOK Financial or any of its affiliates. However, because of Mr. Kaiser's control over the election of BOK Financial's directors, he could change the composition of BOK Financial's Board of Directors so that it would not have a majority of outside directors.

Possible future sales of shares by BOK Financial's principal shareholder could adversely affect the market price of BOK Financial's common stock.

Mr. Kaiser has the right to sell shares of BOK Financial's common stock in compliance with the federal securities laws at any time, or from time to time. The federal securities laws will be the only restrictions on Mr. Kaiser's ability to sell. Because of his current control of BOK Financial, Mr. Kaiser could sell large amounts of his shares of BOK Financial's common stock by causing BOK Financial to file a registration statement that would allow him to sell shares more easily. In addition, Mr. Kaiser could sell his shares of BOK Financial's common stock without registration under Rule 144 of the Securities Act. Although BOK Financial can make no predictions as to the effect, if any, that such sales would have on the market price of BOK Financial's common stock, sales of substantial amounts of BOK Financial's common stock, or the perception that such sales could occur, could adversely affect market prices. If Mr. Kaiser sells or transfers his shares of BOK Financial's common stock as a block, another person or entity could become BOK Financial's controlling shareholder.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

BOK Financial and its subsidiaries own and lease improved real estate that is carried at $187 million, net of depreciation and amortization. The Company's principal offices are located in leased premises in the Bank of Oklahoma Tower, Tulsa, Oklahoma. Banking offices are primarily located in Tulsa and Oklahoma City, Oklahoma, Dallas, Fort Worth and Houston, Texas, Albuquerque, New Mexico, Denver, Colorado, Phoenix, Arizona, and Kansas City, Missouri / Kansas. Primary operations facilities are located in Tulsa and Oklahoma City, Oklahoma, Dallas, Texas, and Albuquerque, New Mexico. The Company's facilities are suitable for their respective uses and present needs.

The information set forth in Notes 6 and 15 of the Company's Notes to Consolidated Financial Statements, which appear elsewhere herein, provides further discussion related to properties.

9

ITEM 3. LEGAL PROCEEDINGS

The information set forth in Note 15 of the Company's Notes to Consolidated Financial Statements, which appear elsewhere herein, provides discussion related to legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the three months ended December 31, 2007.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

BOK Financial's $.00006 par value common stock is traded on the Nasdaq Stock Market under the symbol BOKF. As of January 31, 2008, common shareholders of record numbered 1,046 with 68,044,438 shares outstanding.

The highest and lowest closing bid price for shares of BOK Financial common stock follows:

	First	Second	Third	Fourth
2007:				
Low	$49.37	$48.59	$47.37	$51.44
High	55.43	54.96	54.20	55.43
2006:				
Low	$44.40	$46.85	$48.13	$50.40
High	47.65	49.60	53.30	54.98

Shareholder Return Performance Graph

Set forth below is a line graph comparing the change in cumulative shareholder return of the NASDAQ Index, the NASDAQ Bank Index, and the KBW 50 Bank Index for the period commencing December 31, 2002 and ending December 31, 2007.*

TOTAL RETURN PERFORMANCE graph shown here. Data points are:

	Period Ending				
Index	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06
BOK Financial Corporation	100.00	123.13	159.71	149.80	183.29
NASDAQ Composite	100.00	150.01	162.89	165.13	180.85
NASDAQ Bank Index	100.00	129.93	144.21	137.97	153.15
KBW 50	100.00	134.04	149.51	149.24	178.19

* Graph assumes value of an investment in the Company's Common Stock for each index was $100 on December 31, 2002. The KBW 50 Bank index is the Keefe, Bruyette & Woods, Inc. index, which is available only for calendar quarter end periods. During the periods shown, no dividends were paid on BOK Financial Common Stock except (i) on May 18, 2001, the Company paid a 3% dividend on BOK Financial Common Stock outstanding as of May 7, 2001, (ii) on May 29, 2002, the Company paid a 3% dividend on BOK Financial Common Stock outstanding as of May 13, 2002, (iii) on May 31, 2003, the Company paid a 3% dividend on BOK Financial Common Stock outstanding as of May 10, 2003, (iv) and on May 31, 2004, the Company paid a 3% dividend on BOK Financial Common Stock outstanding as of May 10, 2004. Cash dividends on Common Stock, which were first paid in 2005, are assumed to have been reinvested in BOK Financial Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data is set forth within Table 1 of Item 7, "Management's Discussion and Analysis of Financial Condition and results of Operations."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Table 1 Consolidated Selected Financial Data
(Dollars In Thousands Except Per Share Data)

	December 31,			
	2007	2006	2005	
Selected Financial Data				
For the year:				
Interest revenue	$1,160,737	$ 986,429	$ 769,934	$
Interest expense	616,252	499,741	320,593	
Net interest revenue	544,485	486,688	449,341	
Provision for credit losses	34,721	18,402	12,441	
Net income	217,664	212,977	201,505	
Period-end:				
Loans, net of reserve	11,890,570	10,606,306	9,036,102	7
Assets	20,839,864	18,059,624	16,327,069	14
Deposits	13,459,291	12,386,705	11,375,318	9
Subordinated debentures	398,273	297,800	295,964	
Shareholders' equity	1,935,384	1,721,022	1,539,154	1
Nonperforming assets(2)	104,159	44,343	40,017	
Profitability Statistics				
Earnings per share (based on average equivalent shares):				
Basic	$ 3.24	$ 3.19	$ 3.14	$
Diluted	3.22	3.16	3.01	
Percentages (based on daily averages):				
Return on average assets	1.14%	1.27%	1.29%	
Return on average shareholders' equity	12.01	13.23	13.78	
Average shareholders' equity to average assets	9.53	9.58	9.38	
Common Stock Performance				
Per Share:				
Book value per common share(5)	$ 28.75	$ 25.66	$ 23.07	$
Market price: December 31 close	51.70	54.98	45.43	
Market range - High close	55.57	54.98	49.31	
- Low close	47.47	44.43	39.79	
Cash dividends declared	0.75	0.55	0.30	
Selected Balance Sheet Statistics				
Period-end:				
Tier 1 capital ratio	9.38%	9.78%	9.84%	
Total capital ratio	12.54	11.58	12.10	
Leverage ratio	8.20	8.79	8.30	
Tangible capital ratio	7.65	8.22	7.94	
Reserve for loan losses to nonperforming loans	133.79	305.37	329.34	
Reserve for loan losses to loans(1)	1.06	1.03	1.14	
Combined reserves for credit losses to loans (1), (4)	1.24	1.22	1.37	
Miscellaneous (at December 31)				
Number of employees (full-time equivalent)	4,110	3,958	3,825	
Number of banking locations	189	163	150	
Number of TransFund locations	1,822	1,649	1,421	
Trust assets	$36,288,592	$31,704,091	$28,464,745	$

Mortgage loan servicing portfolio(3)	5,481,736	4,988,611	4,492,524

(1) Excludes residential mortgage loans held for sale.
(2) Includes nonaccrual loans, renegotiated loans and assets acquired in satisfaction of loans. Excludes loans past due 90 days or more and still accruing.
(3) Includes outstanding principal for loans serviced for affiliates.
(4) Includes reserve for loan losses and reserve for off-balance sheet credit losses.
(5) Conversion of Series A preferred stock added 6.9 million common shares outstanding in 2005.

12

Management's Assessment of Operations and Financial Condition

Overview

BOK Financial Corporation ("BOK Financial" or "the Company") is a financial holding company that offers full service banking in Oklahoma, Northwest Arkansas, Dallas, Fort Worth and Houston, Texas, Albuquerque, New Mexico, Denver, Colorado, Phoenix, Arizona and Kansas City, Missouri. The Company was incorporated in 1990 in Oklahoma and is headquartered in Tulsa, Oklahoma. Activities are governed by the Bank Holding Company Act of 1956, as amended by the Financial Services Modernization Act or Gramm-Leach-Bliley Act. Principal banking subsidiaries are Bank of Oklahoma, N.A., Bank of Albuquerque, N.A., Bank of Arkansas, N.A., Bank of Texas, N.A., Colorado State Bank and Trust, N.A., Bank of Arizona, N.A. and Bank of Kansas City, N.A. Other subsidiaries include BOSC, Inc. a broker/dealer that engages in retail and institutional securities sales and municipal bond underwriting.

Our overall strategic objective is to emphasize growth in long-term value by building on our leadership position in Oklahoma and expanding into high-growth markets in contiguous states. We have a solid position in Oklahoma and are the state's largest financial institution as measured by deposit market share. Since 1997, we have expanded into Dallas, Fort Worth and Houston, Texas, Albuquerque, New Mexico, Denver, Colorado, Phoenix, Arizona and Kansas City, Missouri / Kansas. At December 31, 2007, 51% of our outstanding loans and 45% of our deposits are in markets outside of Oklahoma.

Our primary focus is to provide a broad range of financial products and services, which includes loans and deposits, cash management services, fiduciary services, mortgage banking, and brokerage and trading services to middle-market businesses, financial institutions, and consumers. Our revenue sources are diversified. Approximately 42% of our revenue comes from commissions and fees.

Commercial banking is a significant part of our business. Our credit culture emphasizes building relationships by making high-quality loans and providing a full range of financial products and services to our customers. Our energy financing expertise enables us to offer commodity derivatives for customers to use in their risk management and positioning activities.

Our acquisition strategy targets quality organizations that have demonstrated solid growth in their business lines. We provide additional growth opportunities by hiring talent to enhance competitiveness, adding locations, and broadening product offerings. Our operating philosophy embraces local decision-making through the boards of directors for each of our bank subsidiaries. During 2007, we expanded our presence in local markets through the acquisition of Worth National Bank in Ft. Worth, Texas and First United Bank in Denver, Colorado. The Worth National acquisition increased loans and deposits in the Texas market by

$284 million and $369 million, respectively, and added five branch locations. The First United acquisition increased loans and deposits in the Colorado market by $94 million and $133 million, respectively, and added eleven branch locations.

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. Wealth management 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.

Performance Summary

BOK Financial's net income for 2007 totaled $217.7 million or $3.22 per diluted share compared with $213.0 million or $3.16 per diluted share in 2006. Net income for 2007 was reduced $7.5 million or $0.11 per diluted share by charges recognized for the impairment of certain securities and for the Company's share of contingent liabilities to support Visa's antitrust litigation costs. These charges are discussed in the Assessment of Financial Conditions - Securities Portfolio and Assessment of Operations - Other Operating Expense sections of this report.

Net income growth for 2007 was attributed primarily to increases in both net interest revenue and fees and commissions revenue. Net interest revenue grew $57.8 million or 12% during 2007 while fees and commissions revenue increased $33.9 million or 9%. Revenue growth was partially offset by a $16.3 million increase in the provision for credit losses and a $62.7 million or 12% increase in operating expenses.

Average earning assets increased $2.2 billion for 2007, including a $1.7 billion increase in average outstanding loans and a $447 million increase in average securities. Growth in average earning assets was funded by a $2.2 billion increase in interest-bearing liabilities. Average interest-bearing deposits increased $1.4 billion and other borrowed funds increased $826 million. Growth in average interest-bearing liabilities also funded a $152 million decrease in average demand deposits. Net interest margin was 3.28% for 2007, down 8 basis points from the previous year.

Nonperforming assets totaled $104 million at December 31, 2007, up from $44 million at December 31, 2006. Approximately, $19 million of nonperforming assets are either guaranteed by U.S. government agencies or supported by a sellers' escrow fund.

13

Net loans charged off totaled $21.1 million or 0.19% of average loans in 2007 compared with net loans charged off of $12.5 million or 0.13% of average loans in 2006.

Fees and commissions totaled $405.6 million, a 9% increase over 2006. Brokerage and trading revenue, transaction card revenue and trust fees grew 17%, 15% and 10%, respectively due primarily to increases in transaction volumes or the value of assets managed. Other revenue decreased $3.8 million due largely to lower fees earned on margin assets carried in support of the Company's derivatives business and leasing revenue. Decreased fees earned on margin assets are generally offset by an increase in net interest revenue due to lower funding costs. Mortgage banking revenue decreased $4.7 million or 17% due primarily to lower value of loans sold in the secondary market as compared to the cost to

originate mortgage loans.

Operating expenses increased $62.7 million or 12% compared with 2006 due primarily to increased personnel costs. Personnel costs increased $32.4 million or 11%. Total employment and average compensation per employee grew. Incentive compensation also increased over last year. Changes in the fair value of mortgage servicing rights increased operating expenses for 2007 by $5.9 million over 2006. All other operating expenses combined were up $24.3 million or 11% over 2006.

Net income for the fourth quarter of 2007 totaled $51.2 million or 76 cents per diluted share compared with $50.6 million or 75 cents per diluted share for the fourth quarter of 2006. Net income for the fourth quarter of 2007 was reduced $7.5 million or $0.11 per diluted share by charges recognized for the impairment of certain securities and for the Company's share of contingent liabilities to Visa. Net interest revenue grew $17.0 million or 14% over the fourth quarter of 2006 due to earning asset growth, partially offset by a 3 basis point reduction in net interest margin. The provision for credit losses was $13.2 million for the fourth quarter of 2007, up $7.2 million over 2006. Nonperforming assets totaled $104 million or 0.87% of outstanding loans and repossessed assets at December 31, 2007, up from $44 million or 0.42% at December 31, 2006. Fees and commissions revenue increased $18.5 million or 20%. All major categories of fee income were up over the same period last year. Changes in the fair value of mortgage servicing rights net of economic hedges reduced pre-tax income by $2.1 million in the fourth quarter of 2007. Operating expenses, excluding changes in the fair value of mortgage servicing rights increased $20.2 million or 15%.

Critical Accounting Policies

Application of Critical Accounting Policies

Preparation of our consolidated financial statements is based on the selection of certain accounting policies, which requires management to make significant assumptions and estimates. The following discussion addresses the most critical areas where these assumptions and estimates could affect financial condition and results of operations. Application of these critical accounting policies and estimates has been discussed with the appropriate committees of the Board of Directors. New accounting standards first adopted in 2007 included Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157") and FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("FIN 48") . Neither of these new accounting standards had a significant effect on the financial statements for 2007.

Reserves for Loan Losses and Off-Balance Sheet Credit Losses

Reserves for loan losses and off-balance sheet credit losses are assessed by management based on an ongoing evaluation of the probable estimated losses inherent in the portfolio and probable estimated losses on unused commitments to provide financing. A consistent, well-documented methodology has been developed that includes reserves assigned to specific loans and commitments, general reserves that are based on a statistical migration analysis and nonspecific reserves that are based on analysis of current economic conditions, loan concentrations, portfolio growth and other relevant factors.

An independent Credit Administration department is responsible for performing this evaluation for all of our subsidiaries to ensure that the methodology is applied consistently.

All significant loans and commitments that exhibit weaknesses or deteriorating trends are reviewed quarterly. Specific reserves for impairment are determined through evaluation of estimated future cash flows and collateral values in

accordance with Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for the Impairment of a Loan", regulatory accounting standards and other authoritative literature.

General reserves for commercial and commercial real estate loan losses, and related commitments, are determined primarily through an internally developed migration analysis model. The purpose of this model is to determine the probability that each credit relationship in the portfolio has an inherent loss based on historical trends. We use an eight-quarter aggregate accumulation of net losses as a basis for this model. Greater emphasis is placed on loan losses in more recent periods. A minimum reserve level is established for each loan grade based on long-term loss history. This model assigns a general reserve to all commercial loans and leases and commercial real estate loans, excluding loans that have a specific impairment reserve.

Separate models are used to determine the general reserve for residential mortgage loans, excluding residential mortgage loans held for sale, and consumer loans. The general reserve for residential mortgage loans is based on an eight-quarter average

14

percent of loss. General reserves for consumer loans are based on a migration of loans from current status to loss. Separate migration factors are determined by major product line, such as indirect automobile loans and direct consumer loans.

Nonspecific reserves are maintained for risks beyond those factors specific to a particular loan or those identified by the migration models. These factors include trends in the general economy in our primary lending areas, conditions in specific industries where we have a concentration, such as energy, commercial real estate and homebuilders and agriculture, concentrations in large credits and overall growth in the loan portfolio. Evaluation of the nonspecific reserves also considers duration of the business cycle, regulatory examination results, potential errors in the migration analysis models and the underlying data, and other relevant factors. A range of potential losses is determined for each factor identified.

A separate reserve for off-balance sheet credit risk is maintained. The provision for credit losses includes 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 after funds are advanced against outstanding commitments and after the exhaustion of collection efforts.

Valuation of Mortgage Servicing Rights

We have a significant investment in mortgage servicing rights. These rights are either purchased from other lenders or retained from sales of loans we have originated. Originated mortgage servicing rights are initially recognized at fair value. Fair value is based on market quotes for similar servicing rights, which is a Level 2 input as defined by FAS 157. Subsequent changes in fair value are recognized in earnings as they occur.

There is no active market for trading in mortgage servicing rights. We use a cash flow model to determine fair value. Key assumptions and estimates used by this model include projected prepayment speeds and assumed servicing costs, earnings on escrow deposits, ancillary income and discount rates, and are based on current market sources. Assumptions used to value our mortgage servicing rights are considered Level 3 inputs as defined by FAS 157 and represent our best estimate of assumptions that market participants would use to value this asset. A separate third party model is used to estimate prepayment speeds based on interest rates, housing turnover rates, estimated loan curtailment,

anticipated defaults and other relevant factors. The prepayment model is updated daily for changes in market conditions. Prepayment projections determined by this model are adjusted to better reflect actual performance of our servicing portfolio. The discount rate is based on benchmark rates for mortgage loans plus a market spread expected by investors in servicing rights. At least annually, we request estimates of fair value from outside sources to corroborate the results of the valuation model.

The assumptions used in this model are primarily based on mortgage interest rates. Evaluation of the effect of a change in one assumption without considering the effect of that change on other assumptions is not meaningful. Considering all related assumptions, a 50 basis point increase in mortgage interest rates is expected to increase the fair value of our servicing rights by $3.3 million. A 50 basis point decrease in mortgage interest rates is expected to decrease the fair value of our servicing rights by $5.3 million.

Intangible Assets

Intangible assets, which consist primarily of goodwill, core deposit intangible assets and other acquired intangibles, for each business unit are evaluated for impairment annually or more frequently if conditions indicate that impairment may have occurred. The evaluation of possible impairment of intangible assets involves significant judgment based upon short-term and long-term projections of future performance.

The fair value of each of our business units is estimated by the discounted future earnings method. Income growth is projected over a five-year period for each unit and a terminal value is computed. The projected income stream is converted to current fair value by using a discount rate that reflects a rate of return required by a willing buyer. Assumptions used to value our business units are considered Level 3 inputs as defined by FAS 157 and represent our best estimate of assumptions that market participants would use to determine fair value.

At December 31, 2007, Bank of Texas had $240 million or 72% of total goodwill and Colorado State Bank & Trust had $55 million or 16% of total goodwill. Because of the large concentration of goodwill in these business units, the fair value determined by the discounted future earnings method was corroborated by comparison to the fair value of publicly traded banks of similar size and characteristics. No goodwill impairment was indicated by either valuation method. In addition, the effect of a 10% negative change in assumptions used to evaluate goodwill impairment using the discounted future earnings method was simulated. No impairment was indicated by this simulation.

Intangible assets with finite lives, such as core deposit intangible assets, are amortized over their estimated useful lives. Such assets are reviewed for impairment whenever events indicate that the remaining carrying amount may not be recoverable.

15

Valuation of Derivative Instruments

We use interest rate derivative instruments to manage our interest rate risk. We also offer interest rate, commodity, and foreign exchange derivative contracts to our customers. All derivative instruments are carried on the balance sheet at fair value. Fair values for exchange-traded contracts are based on quoted prices. Fair values for over-the-counter interest rate contracts used to manage our interest rate risk are provided either by third-party dealers in the contracts or by quotes provided by independent pricing services. Information used by these third-party dealers or independent pricing services to determine fair values are considered Level 2, observable market inputs as defined by FAS

157. Interest rate, commodity and foreign exchange contracts used in our customer hedging programs are based on valuations generated internally by third-party provided pricing models. These models use Level 2, observable market inputs to estimate fair values. Changes in assumptions used in these pricing models could significantly affect the reported fair values of derivative assets and liabilities, though the net effect of these changes should not significantly affect earnings.

Credit risk is considered in determining the fair value of derivative instruments. Deterioration in the credit rating of customers or dealers reduces the fair value of asset contracts. The reduction in fair value is recognized in earnings during the current period.

Income Taxes

Determination of income tax expense and related assets and liabilities is complex and requires estimates and judgments when applying tax laws, rules, regulations and interpretations. It also requires judgments as to future earnings and the timing of future events. Accrued income taxes represent an estimate of net amounts due to or from taxing jurisdictions based upon these estimates, interpretations and judgments.

Quarterly, management evaluates the Company's effective tax rate based upon its current estimate of net income, tax credits and statutory tax rates expected for the full year. Changes in income tax expense due to changes in the effective tax rate are recognized on a cumulative basis. Annually, we file tax returns with each jurisdiction where we conduct business and settle our return liabilities. We may also provide for estimated liabilities associated with uncertain filing positions.

On January 1, 2007, we adopted the provisions of FIN 48 accounting for uncertain income tax positions. We recognize the benefit of uncertain income tax positions when based upon all relevant evidence it is more-likely-than-not that our position would prevail upon examination, including resolution of related appeals or litigation, based upon the technical merits of the position. A reserve for the uncertain portion of the tax benefit, including estimated interest and penalties, is part of our current accrued income tax liability. Estimated penalties and interest are recognized in income tax expense. This reserve for uncertain tax positions may reduce income tax expense in future periods if the uncertainty is favorably resolved, generally upon completion of an examination by the taxing authorities, expiration of a statute of limitations or changes in facts and circumstances.

Pensions

The Company offers a defined-benefit, cash-balance pension plan to all employees who satisfied certain age and length of service requirements. Pension plan benefits were curtailed as of April 1, 2006. No participants may be added to the plan and no additional service benefits will be accrued. Interest continues to accrue on employees' account balances at 5.25%. Accounting for this plan requires management to make assumptions regarding the expected long-term rate of return on plan assets and the discount rate. Changes in these assumptions affect pension liability and pension expense. Management, in consultation with independent actuaries, bases its assumptions on currently available information.

All plan assets are invested in the American Performance Balanced Fund. The expected long-term return on plan assets is based on this fund's life-to-date performance, adjusted for any known or expected changes in the fund's compositions or objectives. The expected return on plan assets was reduced to 7.00% for 2007 from 8.00% for 2006.

The discount rate, which is used to determine the present value of our

obligation to provide future benefits to plan participants and the related interest cost, is based on a spot-rate yield curve of high-quality fixed income securities such as AA rate industrial and utility bonds. A weighted average discount rate is determined by matching expected future cash outflows from the plan to interest rates at various spots along the yield curve. This method of determining the discount rate was enhanced in 2007, with no significant impact, and is expected to better represent the cost of future cash flows as the static participant pool decreases over time. The discount rate was 6.00% as of December 31, 2007 and 5.50% as of December 31, 2006. A 25 basis point decrease in the discount rate increases the pension liability by approximately $1.5 million or 3% and has no significant effect on pension expense because of the curtailment of benefits in 2006.

Stock-Based Compensation

Stock-based compensation consists of stock options and non-vested shares awarded officers and employees of the Company. Awards may be granted on a discretionary basis as described in the employee stock option plan or as required by employment agreements and incentive compensation plans with certain executive officers. Accounting for stock-based compensation requires management to make assumptions regarding the valuation of financial instruments for which there are no readily available market values, achievement of specified performance conditions and expected forfeiture rates.

16

The majority of our stock options have graded vesting. One-seventh of the options awarded vest annually starting one year after the grant date. Options expire three years after vesting. Each tranche of these options are considered a separate award when determining fair value.

We use the Black-Scholes option pricing model. This model requires assumptions of expected volatility of our stock price and expected term between grant date and exercise date, along with other input to determine fair value. Expected volatility is based on historical changes in our stock price measured over a period that approximates the expected term of our stock options. Expected term and forfeitures are based on historical trends. Information about assumptions used to value stock options can be found in Note 13 to the Consolidated Financial Statements. Non-vested shares, which cliff-vest five years after the grant date, are valued at the grant date market price for BOK Financial common stock.

Stock options are generally granted annually. Certain key terms and conditions of the awards, such as vesting periods and expiration dates, are defined by the stock option plan document. The number of options to be awarded to each individual employee is recommended by management and approved by the Independent Compensation Committee of the Board of Directors prior to setting the exercise price. The exercise price of the options is the closing price for the Company's common stock on the second business Friday of January, which is the grant date.

Executive incentive plans and individual employment agreements include performance conditions that may increase or decrease the number of awards granted based on future events. Unrecognized compensation cost, which generally will be recognized as expense over the service period, based on the probable outcome of these conditions is $15.0 million. Future compensation cost ranges from approximately $7.7 million, if none of the performance conditions are met, to $19.9 million if all of the performance conditions are met.

Assessment of Operations

Net Interest Revenue

Tax-equivalent net interest revenue totaled $553.6 million for 2007 compared with $493.7 million for 2006. Net interest revenue growth was driven primarily by a $2.2 billion increase in average earning assets. Average outstanding loans increased $1.7 billion and average securities increased $447 million. Growth in the securities portfolio generally consisted of highly-rated, fixed-rate mortgage-backed securities. These securities supplement the Company's earnings and help to manage the balance sheet to a position that is relatively neutral to changes in interest rates. Growth in average earning assets was funded primarily by a $1.4 billion increase in interest-bearing deposits and a $826 million increase in borrowed funds. Average demand deposit accounts decreased $152 million. Table 2 shows the effects on net interest revenue of changes in average balances and interest rates for the various types of earning assets and interest-bearing liabilities.

Yields on average earning assets and rates paid on average interest-bearing liabilities both increased during 2007 due primarily to rising short-term interest rates. Net interest margin, the ratio of tax-equivalent net interest revenue to average earning assets decreased to 3.28% in 2007 compared with 3.36% in 2006. The decrease in net interest margin reflected loan spread compression, competition for deposits and a decreasing non-rate funds gap. Loan spread compression limited the increase in yield on loans to 6 basis points. Beginning in late 2004, the weighted average spread of our commercial loan portfolio over funding sources decreased from approximately 290 basis points to approximately 235 basis points due largely to competitive pricing pressure. During 2007, the spread of our commercial loan portfolio over funding sources ranged between approximately 235 and 240 basis points. In the second half of 2007, competition from banks whose wholesale funding sources were affected by credit disruptions increased market rates on average interest bearing deposits 26 basis points. In addition, while earning assets have grown significantly over the past year, the non-rate funds gap has declined as a percent of earning assets. Non-rate funds, which include demand deposits, other liabilities and shareholders' equity, decreased from 22% of total liabilities and equity in 2006 to 20% in 2007. The decrease in non-rate funds reduced 2007 net interest margin 4 basis points compared with 2006.

17

Table 2 Volume/Rate Analysis
(In Thousands)

	2007/2006			
		Change Due To(1)		
	Change	Volume	Yield/Rate	Change
Tax-equivalent interest revenue:				
Securities	$ 32,162	$ 20,068	$ 12,094	$20,564
Trading securities	904	456	448	274
Loans	140,760	134,830	5,930	196,884
Funds sold and resell agreements	2,639	2,260	379	554
Total	176,465	157,614	18,851	218,276
Interest expense:				
Transaction deposits	45,631	30,668	14,963	76,265
Savings deposits	91	158	(67)	302
Time deposits	30,116	13,155	16,961	49,941
Funds purchased and repurchase agreements	28,864	29,980	(1,116)	43,877
Other borrowings	7,188	5,889	1,299	2,850
Subordinated debentures	4,621	6,595	(1,974)	5,913

Total	116,511	86,445	30,066	179,148
Tax-equivalent net interest revenue	59,954	$ 71,169	$ (11,215)	39,128
Increase in tax-equivalent adjustment	(2,157)			(1,781)
Net interest revenue	$ 57,797			$ 37,347

	4th Qtr 2007/4th Qtr 2006		
		Change Due To(1)	
	Change	Volume	Yield/Rate
Tax-equivalent interest revenue:			
Securities	$ 13,961	$ 10,353	$ 3,608
Trading securities	167	102	65
Loans	15,824	28,100	(12,276)
Funds sold and resell agreements	757	680	77
Total	30,709	39,235	(8,526)
Interest expense:			
Transaction deposits	5,947	9,085	(3,138)
Savings deposits	(17)	49	(66)
Time deposits	1,832	1,498	334
Funds purchased and repurchase agreements	1,433	6,940	(5,507)
Other borrowings	3,483	4,589	(1,106)
Subordinated debentures	483	1,587	(1,104)
Total	13,161	23,748	(10,587)
Tax-equivalent net interest revenue	17,548	$ 15,487	$ 2,061
Increase in tax-equivalent adjustment	(537)		
Net interest revenue	$ 17,011		

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

Management regularly models the effects of changes in interest rates on net interest revenue. Based on this modeling, we expect net interest revenue to increase slightly over a one-year forward looking period. However, other factors such as loan spread compression, deposit product mix and overall balance sheet composition may affect this general expectation. For example, throughout 2007 the loan portfolio's yield increased less than rates paid on interest-bearing liabilities increased. Additionally, we have a large portion of our securities portfolio in mortgage-backed securities. These securities re-price as cash flow received is reinvested at current market rates. The resulting change in yield of the securities portfolio occurs more slowly than changes in market rates. The tax-equivalent yield on the securities portfolio increased 23 basis points over 2006 while the average loan yield increased 6 basis points. The cost of interest-bearing deposits increased 26 basis points while the average cost of other interest bearing liabilities decreased 4 basis points.

Our overall objective is to manage the Company's balance sheet to be essentially

neutral to changes in interest rates. Approximately 67% of our commercial loan portfolio is either variable rate or fixed rate that will re-price within one year. These loans are funded primarily by deposit accounts that are either non-interest bearing, or that re-price more slowly than the loans. The result is a balance sheet that would be asset sensitive, which means that assets generally re-price more quickly than liabilities. Among the strategies that we use to achieve a rate-neutral position, we purchase fixed-rate, mortgage-backed securities to offset the short-term nature of the majority of our funding sources. The expected duration of these securities is approximately 2.3 years based on a range of interest rate and prepayment assumptions. 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 $372 million convert fixed rate liabilities to floating rate based on LIBOR. The purpose of these derivatives, which include interest rate swaps designated as fair value hedges, is to position our balance sheet to be relatively neutral to changes in interest rates. We also have interest rate swaps with a notional amount of $100 million that convert prime-based loans to fixed rate. The

purpose of these derivatives, which have been designated as cash flow hedges, also is to position our balance sheet to be relatively neutral to changes in interest rates.

The effectiveness of these strategies is reflected in the overall change in net interest revenue due to changes in interest rates as shown in Table 2 and in the interest rate sensitivity projections as shown in the Market Risk section of this report.

Fourth Quarter 2007 Net Interest Revenue

Tax-equivalent net interest revenue for the fourth quarter of 2007 totaled $143.8 million compared with $126.2 million for the fourth quarter of 2006. Average earning assets increased $2.4 billion or 15%, including a $1.4 billion or 14% increase in average loans and an $897 million increase in average securities. Growth in average earning assets was funded by a $2.4 billion increase in interest-bearing liabilities, including a $1.4 billion increase in average interest bearing deposits and a $1.0 billion increase in other borrowings. The increase in interest bearing liabilities also funded a $188 million decrease in average demand deposits. Net interest margin was 3.22%, down 3 basis points from the fourth quarter of 2006. The spread between the yield on average earning assets and rates paid on interest-bearing liabilities improved by 6 basis points. However, the benefit provided by non-interest bearing funding sources decreased by 9 basis points.

2006 Net Interest Revenue

Tax-equivalent net interest revenue for 2006 was $493.7 million, a $39.1 million or 9% increase from 2005. Average earning assets increased $1.3 billion or 10%, including a $1.2 billion increase in average outstanding loans. As shown in Table 2, net interest revenue increased $52.2 million due to changes in earning assets and interest bearing liabilities. Net interest revenue growth due to earning assets was partially offset by a $13.1 million decrease due to changes in interest yields and rates. Changes in interest rates and yields include the narrowing of spreads due to competitive pressures and other market conditions.

Other Operating Revenue

Other operating revenue increased $27.0 million compared with last year due to a

$33.9 million or 9% increase in fees and commission revenue partially offset by net losses on securities, derivatives and other assets. Diversified sources of fees and commission revenue are a significant part of our business strategy and represented 42% of total revenue, excluding gains and losses on asset sales, securities and derivatives. We believe that a variety of fee revenue sources provide an offset to changes in interest rates, values in the equity markets, commodity prices and consumer spending, all of which can be volatile. We expect continued growth in other operating revenue through offering new products and services and by expanding into new markets. However, increased competition and saturation in our existing markets could affect the rate of future increases.

Table 3 Other Operating Revenue
(In Thousands)

	Years ended December 3			
	2007	2006	2005	20
Brokerage and trading revenue	$ 62,542	$ 53,413	$ 48,024	$ 44
Transaction card revenue	90,425	78,622	72,036	64
Trust fees and commissions	78,231	71,037	65,187	57
Deposit service charges and fees	109,218	102,436	98,361	93
Mortgage banking revenue	22,275	26,996	30,681	28
Bank-owned life insurance	10,058	2,558	62	
Other revenue	32,873	36,634	30,513	23
Total fees and commissions	405,622	371,696	344,864	312
Gain (loss) on sales of assets	(928)	1,499	7,798	1
Gain (loss) on securities, net	(8,328)	(950)	(6,895)	(3
Gain (loss) on derivatives, net	2,282	(622)	1,179	(1
Total other operating revenue	$ 398,648	$ 371,623	$ 346,946	$ 308

Fees and Commissions Revenue

Brokerage and trading revenue grew $9.1 million or 17% compared with 2006. Retail brokerage revenue increased $4.9 million to $18.3 million, up 37% over 2006. Revenue from sales of fixed income investments and annuities were up, primarily in the Oklahoma and Texas markets. Securities trading revenue totaled $23.4 million, up $3.7 million or 18% over the previous year. Market conditions for institutional securities sales improved during 2007 compared with previous years. Revenue from customer hedging activities increased 4% to $15.0 million over 2006.

Transaction card revenue increased $11.8 million or 15%. Check card revenue increased 24% due to growth in transaction volume. The number of check card transactions processed during 2007 increased 21% over 2006. ATM fees grew $6.3 million or 19% compared to the previous year. During 2006, we signed contracts to add 140 TransFund ATMs in convenience stores

located in the Dallas, Fort Worth, Texas market and in locations across Arkansas, Oklahoma, Kansas, Missouri and Nebraska. The number of TransFund ATM locations totaled 1,822 at December 31, 2007, up 10% over last year. Merchant discount revenue totaled $26.5 million, up 3% over 2006.

Trust fees increased $7.2 million or 10%. The fair value of all trust

relationships overseen by the Company, which is the basis for a significant portion of trust fees increased to $36.3 billion at December 31, 2007 compared with $31.7 billion at December 31, 2006. Approximately 31% of trust fees are earned on personal trust relationships. Additionally, 20% of trust fees are earned by managing employee benefit plan assets and 21% are based on mutual fund activities.

Service charges on deposit accounts increased $6.8 million, or 7% compared with 2006. Overdraft fees increased 9% to $74.3 million and commercial account service charge revenue increased 6% to $29.5 million. The number of overdraft transactions increased during 2007 and per item charges were increased in selected markets. In addition, the increase in commercial service charge revenue reflected an increase in the earnings credit available to commercial deposit customers. The earnings credit, which provides a non-cash method for commercial customers to avoid incurring charges for deposit services, increases when interest rates rise. Service charges on retail deposit accounts decreased 13% to $5.4 million due to growth in service-charge free products.

Mortgage banking revenue decreased $4.7 million compared with 2006. Servicing revenue was up $592 thousand or 4% to $17.1 million. Gains on mortgage loans sold, including the value of capitalized mortgage servicing rights, decreased $5.3 million due to competitive pricing and higher origination costs.

Other revenue totaled $32.9 million, down $3.8 million or 10% from 2006. The Company is required to pledge margin assets to secure derivative liabilities. Fees earned on margin assets in 2007, which are based on average balances and short-term interest rates totaled $4.8 million, down $5.4 million or 53% over 2006. Margin assets averaged $117 million in 2007 and $238 million in 2006. Reduction in fees earned on margin assets is largely offset by an increase in net interest revenue due to lower funding costs.

Gains on Sales of Assets

Net gains / losses on asset sales decreased to a $928 thousand loss in 2007 from a $1.5 million gain in 2006. Net losses on asset sales in 2007 included a $1.0 million charge to reduce the carrying value of a branch facility that is being held for sale. In addition, gains on student loans sold in 2007 decreased $443 thousand compared to 2006.

Securities and Derivatives

Net losses on securities totaled $8.3 million in 2007 and $950 thousand in 2006. During the fourth quarter of 2007, the Company recorded an $8.6 million pre-tax other-than-temporary-impairment charge to recognize the decrease in the fair value of its holdings of variable rate perpetual preferred stock issued by six major banks and brokerage houses. In addition, during 2007 we recognized net losses of $486 thousand on securities held as economic hedges of mortgage servicing rights and net gains of $799 thousand from sales of other securities. Use of securities as an economic hedge of mortgage servicing rights is more-fully discussed in the Line of Business - Mortgage Banking section of this report.

During 2006, net losses on securities consisted of losses of $1.1 million on securities held as an economic hedge of mortgage servicing rights, partially offset by net gains of $152 thousand on sales of other securities. Other securities are bought and sold as necessary to maximize the portfolio's total return and to manage prepayment or extension risk.

Net gains on derivatives totaled $2.3 million in 2007, compared with net losses of $622 thousand in 2006. Net gains and losses on derivatives consist primarily of fair value adjustments of all derivatives used to manage interest rate risk and when permitted by Statement of Financial Accounting Standards No. 133,

changes in the fair value of related hedged liabilities. Our fair value hedges use interest rate swaps to convert fixed rate liabilities to floating rate, LIBOR based liabilities, and represent hedges of changes in the full fair value, not only changes in fair value due to the benchmark interest rate, of the hedged liabilities. Any ineffectiveness of our hedges, including ineffectiveness due to credit risk is recognized in this line item.

Fourth Quarter 2007 Other Operating Revenue

Other operating revenue for the fourth quarter of 2007 totaled $107.3 million, a $13.6 million or 15% increase over the fourth quarter of 2006. Fees and commission revenue increased $18.5 million or 20% compared with the fourth quarter of 2006. Brokerage and trading revenue was up $6.0 million or 42% for the fourth quarter due largely to securities trading gains and completion of investment banking transactions. Deposit service charges and fees increased $4.2 million or 16% due to growth in overdraft fees and commercial account activity charges. Transaction card revenue increased $3.3 million or 16% compared to 2006 due to ATM fees and debit card processing volumes. Trust revenue increased $1.9 million or 10% due largely to a 15% increase in the fair value of trust assets. Growth in other operating revenue due to fees and commissions was partially offset by a $1.0 million charge to reduce the carrying value of a branch facility that is being held for sale and the $8.6 million charge to reduce the carrying value of certain preferred stocks.

20

2006 Other Operating Revenue

Other operating revenue totaled $371.6 million for 2006, up $24.7 million over 2005. Fees and commissions revenue increased $26.8 million or 8%. Brokerage and trading revenue was up $5.4 million or 11% due primarily to growth in customer hedging activities. Trust fees increased $5.9 million or 9%. The fair value of trust relationships overseen by the Company, which is the basis for a significant portion of trust fees, increased from $28.5 billion at December 31, 2005 to $31.7 billion at December 31, 2006. Transaction card revenue grew $6.6 million or 9% due to a $2.7 million or 9% increase in ATM fees and a $3.7 million or 19% increase in check card revenue. Growth in other revenue included a $3.2 million increase in fees earned on margin assets.

Net gains on asset sales decreased from $7.8 million in 2005 to $1.5 million in 2006. Net gains in 2005 included $4.8 million from the sale of the Company's interest in an Oklahoma City office building and $1.2 million from the sale of loans from the community development mortgage loan portfolio. The Company also recognized net losses on securities and derivatives of $950 thousand and $622 thousand, respectively, during 2006.

Other Operating Expense

Other operating expense for 2007 totaled $575.0 million, a $62.7 million or 12% increase over 2006. This increase resulted primarily from a $32.4 million increase in personnel expense. Growth in personnel expense was driven largely by total employment, average compensation per employee and incentive compensation expense.

Table 4 Other Operating Expense
(In Thousands)

	Years ended December 31,		
	2007	2006	2005

Personnel expense	$328,705	$296,260	$258,971	$
Business promotion	21,888	19,351	17,964	
Contribution of stock to BOK Charitable Foundation	-	-	-	
Professional fees and services	22,795	17,744	16,596	
Net occupancy and equipment	57,284	52,188	50,195	
Data processing and communications	72,733	66,926	67,026	
Printing, postage and supplies	16,570	15,862	15,066	
Net (gains) losses and operating expenses of repossessed assets	691	474	572	
Amortization of intangible assets	7,358	5,327	6,943	
Mortgage banking costs	12,018	11,829	14,562	
Change in fair value of mortgage servicing rights	2,893	(3,009)	-	
Recovery for impairment of mortgage servicing rights	-	-	(3,915)	
Other expense	32,052	29,355	25,126	
Total	$ 574,987	$ 512,307	$ 469,106	$

21

Personnel Expense

Personnel expense increased $32.4 million or 11% to $328.7 million. 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. 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. The effect of these costs has been excluded from the following discussion to provide a more meaningful comparison of expense trends.

Table 5 Personnel Expense
(In Thousands)

	Years Ended December 31,			
	2007	2006	2005	2004
Regular compensation	$ 206,857	$ 185,466	$ 165,529	$ 148,468
Incentive compensation:				
Cash-based	62,657	54,093	44,726	42,725
Stock-based	8,763	11,111	5,097	11,694
Total incentive compensation	71,420	65,204	49,823	54,419
Employee benefits	47,929	45,590	43,619	37,774
Workforce reduction costs, net	2,499	-	-	-
Total personnel expense	$ 328,705	$ 296,260	$ 258,971	$ 240,661
Average staffing (full-time equivalent)	4,106	3,828	3,677	3,509

Regular compensation expense, which consists of salaries and wages, overtime pay and temporary personnel costs, totaled $206.9 million, up $21.4 million, or 12% increase over 2006. The increase in regular compensation expense was due to a 4%

increase in average regular compensation per full-time equivalent employee and a 278 person or 7% 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 increased $6.2 million, or 10% to $71.4 million. Expense for cash-based incentive compensation plans increased $8.6 million or 16%. These plans are intended to provide current rewards to employees who generate long-term business opportunities for the Company based on growth in loans, deposits, customer relationships and other measurable metrics. Stock-based compensation expense decreased $2.3 million or 21%. The Company's stock-based compensation plans include both equity awards and liability awards. Compensation expense associated with liability award plans decreased $2.9 million. This decrease reflected changes in the market value of BOK Financial common stock at December 31, 2007 compared with December 31, 2006. Compensation expense for equity awards increased $567 thousand or 9% over 2006. Additional information about our stock-based compensation plans is provided in Note 13 to the Consolidated Financial Statements.

Employee benefit expenses increased $2.3 million or 5% to $47.9 million. Employee insurance costs increased $301 thousand or 2% and payroll taxes increased $2.5 million or 16%. Retirement benefit costs and other benefits decreased $482 thousand.

Professional Fees

Professional fees increased $5.1 million or 28% to $22.8 million compared with 2006. Growth in other professional fees includes costs related to acquisitions and subordinated debt issued during 2007, costs related to the Securities and Exchange Commission's examination of our mutual fund advisory activities discussed in Note 15 to the Consolidated Financial Statements, and professional fees related to debt collection activities.

Data Processing and Communications Expense

Data processing and communication expenses totaled $72.7 million, up $5.8 million or 9% from the prior year. This expense consists of two broad categories, data processing systems and transaction card processing. Data processing systems costs increased $4.3 million or 11% due to growth in processing volumes and acquisitions during 2007. Transaction card processing costs increased $1.5 million or 6% due to growth in processing volumes.

Other Operating Expenses

Business promotion expense increased $2.5 million or 13% compared with last year. Promotional activities in support of regional banking growth increased $1.9 million. These activities included support for our new full-service banking operations in Kansas City and our acquisitions in Fort Worth and Denver. Other expenses were up over 2006 due to a $2.8 million charge for our contingent obligation to support Visa's antitrust litigation costs and a $695 thousand increase in FDIC insurance premiums.

22

In 2006, other operating expenses included a $1.8 million non-cash charge related to taxes on the Company's investment in bank-owned life insurance.

On November 7, 2007, Visa announced that it had reached a settlement with American Express related to an antitrust lawsuit, and in a subsequent filing with the Securities and Exchange Commission, Visa disclosed that it had recognized a contingent liability for a similar lawsuit with Discover. In addition, Visa is a party to other litigation matters that could affect BOK

Financial. As a member, we are obligated for a proportionate share of losses incurred by Visa. Visa intends that payments related to these litigation matters will be funded by an escrow account to be established with a portion of the proceeds from its initial public offering, which is currently planned for 2008. We anticipate that our proportionate share of the proceeds of Visa's initial public offering will exceed the contingent liabilities related to Visa litigation based on information available at this time.

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. Deposit insurance expense offset by this credit totaled $5.6 million. Based on current assessment rates, projected deposit growth and the remaining unused balance of the one-time credit, we expect deposit insurance expense, which is included in other operating expenses, to increase by $1.8 million per quarter in 2008.

Fourth Quarter 2007 Operating Expenses

Operating expenses for the fourth quarter of 2007, excluding changes in the fair value of mortgage servicing rights totaled $154.4 million, up $20.2 million or 15% over the same period in 2006. Personnel costs increased $6.5 million or 8%. Regular compensation expense increased $3.5 million or 7% due to a 1% increase in average compensation per employee and a 6% increase in staffing. Staffing increase includes the acquisitions of Worth National Bank and First United Bank. Incentive compensation expense rose $2.6 million or 14%, including a $3.7 million increase for cash-based incentive compensation expense and a $1.1 million decrease for stock-based incentive compensation expense.

Non-personnel operating expenses for the fourth quarter of 2007, excluding changes in the fair value of mortgage servicing rights, were up $13.7 million or 24% over 2006. Contingent obligations to support Visa's antitrust litigation increased fourth quarter operating expenses by $2.8 million and the June 2007 acquisitions of Worth National Bank and First United Bank increased non-personnel operating expenses by $2.9 million.

2006 Operating Expenses

Operating expenses for 2006 totaled $512.3 million, up $43.2 million or 9% increase over 2005. This increase resulted primarily from personnel expense. Growth in personnel expense was driven largely by total employment, average compensation per employee and incentive compensation expense.

Personnel costs increased $37.3 million or 14%. Regular compensation increased $19.9 million or 12% to $185.5 million due primarily to an 8% increase in average regular compensation per employee and a 4% increase in average staffing. Incentive compensation increased $15.4 million or 31% to $65.2 million. The cost of cash-based incentive compensation plans increased $9.4 million or 21% while the cost of stock-based incentive compensation plans increased $6.0 million or 118%. Stock-based incentive compensation plans include both equity awards and liability awards. Compensation expense associated with liability award plans increased $4.9 million due to an increase in the market value of BOK Financial common stock. Employee benefit expenses increased $2.0 million or 5% due primarily to higher employee insurance costs. The Company self-insures a portion of its employee health care coverage.

Income Taxes

Income tax expense was $115.8 million for 2007, $114.6 million for 2006 and $113.2 million for 2005. This represented 35%, 35% and 36%, respectively, of book taxable income. Tax expense currently payable totaled $129.2 million in 2007 compared with $122.1 million in 2006 and $112.7 million in 2005.

The statute of limitations expired on an uncertain state income tax position during 2006. Income tax expense was reduced by $2.2 million from the reversal of a reserve previously established for this uncertainty. Excluding the reversal of this reserve, income tax expense would have been $116.8 million or 36% of book taxable income for 2006.

Effective January 1, 2007, the Company adopted FIN 48 which provided accounting guidance for uncertain income tax positions. FIN 48 requires that we recognize the benefit of uncertain income tax positions only when based upon all relevant evidence it is more-likely-than-not that our position would prevail upon examination, including resolution of related appeals or litigation, based upon the technical merits of the position. This is substantially the same criteria we used for uncertain tax positions prior to the adoption of FIN 48. The transition adjustment increased our reserve for uncertain tax positions by $609 thousand which was recognized as a reduction of retained earnings.

23

Reserves for uncertain tax positions totaled $13.2 million at December 31, 2007 and $12.6 million at January 1, 2007. BOK Financial operates in numerous jurisdictions, which requires judgment regarding the allocation of income, expense and earnings under various laws and regulations of each of these taxing jurisdictions. Each jurisdiction may audit our tax returns and may take different positions with respect to these allocations.

Table 6 Selected Quarterly Financial Data
(In Thousands Except Per Share Data)

	Fourth	Third	S
	2007		
Interest revenue	$ 297,096	$300,380	$28
Interest expense	155,807	160,935	15
Net interest revenue	141,289	139,445	13
Provision for credit losses	13,200	7,201	
Net interest revenue after provision for credit losses	128,089	132,244	12
Other operating revenue	112,038	103,759	9
Gain (loss) on securities, net	(6,251)	4,748	(
Gain (loss) on derivatives, net	1,529	865	
Other operating expense	154,383	147,572	13
Change in fair value of mortgage servicing rights	3,344	3,446	(
Income before taxes	77,678	90,598	8
Income tax expense	26,518	30,750	2
Net income	$ 51,160	$59,848	$ 5
Earnings per share:			
Basic	$ 0.76	$ 0.89	$
Diluted	$ 0.76	$ 0.89	$

Average shares:			
Basic	67,051	67,078	6
Diluted	67,483	67,538	6

	2006		
Interest revenue	$ 266,924	$ 255,480	$ 24
Interest expense	142,646	131,502	11
Net interest revenue	124,278	123,978	12
Provision for credit losses	5,953	5,254	
Net interest revenue after provision for credit losses	118,325	118,724	11
Other operating revenue	95,107	93,486	9
Gain (loss) on securities, net	(864)	3,718	(
Gain (loss) on derivatives, net	(520)	379	
Other operating expense	134,227	130,889	12
Change in fair value of mortgage servicing rights	(236)	7,921	(
Income before taxes	78,057	77,497	8
Income tax expense	27,472	24,837	3
Net income	$ 50,585	$52,660	$ 5
Earnings per share:			
Basic	$ 0.76	$ 0.79	$
Diluted	$ 0.75	$ 0.78	$
Average shares:			
Basic	66,814	66,756	6
Diluted	67,359	67,325	6

24

Lines of Business

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

In addition to its lines of business, BOK Financial has a funds management unit. The primary purpose of this unit is to manage the overall liquidity needs and interest rate risk of the company. 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 planning strategies and certain executive compensation costs that are not attributed to the lines of business.

BOK Financial allocates resources and evaluates performance of its lines of business after allocation of funds, certain indirect expenses, taxes 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 third-party developed 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.

As shown in Table 7, net income attributed to our lines of business increased $2.3 million or 1% over last year. Net losses from funds management and other activities for 2007 included the other-than-temporary-impairment charge recognized on certain preferred stocks, the excess of provision for credit losses over net loans charged off and the contingent obligation to support Visa's litigation costs.

During 2007, operating results for customer hedging programs were transferred from Regional Banking to Wealth Management which better aligns with management responsibility for this unit. In previous years, operating results for the Wealth Management Division included only hedging programs offered to customers in the Oklahoma market. Operating results for 2006 and 2005 have been restated for this change.

Table 7 Net Income by Line of Business
(In Thousands)

	Years ended December 31,		
	2007	2006	2005
Oklahoma corporate banking	$ 78,306	$ 77,811	$ 68,150
Oklahoma consumer banking	37,194	35,703	24,511
Mortgage banking	(325)	1,960	1,841
Wealth management	28,952	28,250	21,903
Regional banking	92,494	90,555	77,488
Subtotal	236,621	234,279	193,893
Funds management and all other	(18,957)	(21,302)	7,612
Total	$217,664	$212,977	$201,505

25

Oklahoma Corporate Banking

The Oklahoma Corporate Banking Division provides loan and lease financing and treasury and cash management services to businesses throughout Oklahoma and certain relationships in surrounding states. In addition to serving the banking needs of small businesses, middle market and larger customers, this Division has specialized groups that serve customers in the energy, agriculture, healthcare and banking/finance industries, and includes the TransFund network. The Oklahoma Corporate Banking Division contributed $78.3 million or 36% to consolidated net income for 2007. This Division contributed $77.8 million or 37% to consolidated net income in 2006. Net loans charged off for the Oklahoma Corporate Banking Division totaled $7.2 million or 0.16% of average loans in 2007. Net recoveries of loans charged off increased this Division's pre-tax income $495 thousand in 2006. Net interest revenue increased $6.5 million or 4% due primarily to asset growth. Average earning assets attributed to this division, which consists primarily of commercial loans, increased $355 million or 8% over 2006 to $4.6 billion. Average loans increased $258 million or 6% to $4.4 billion due largely to growth in energy, healthcare and indirect automobile loans. Average funds provided to the funds management unit increased $94 million. Average deposits attributed to the Oklahoma Corporate Banking Division increased $316 million or 18%. Operating revenue grew $4.8 million or 5%. Operating revenue provided by TransFund increased $7.1 million or 13%. Growth in fee revenue from TransFund was partially offset by a $2.9 million decrease in leasing revenue. Operating expenses, which consist primarily of personnel and data processing costs, increased $3.7 million or 3%. Personnel costs increased $3.1 million or 8%; all other operating expenses increased $661 thousand.

Table 8 Oklahoma Corporate Banking
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$ 248,889	$ 244,781	$ 208,044
NIR (expense) from internal sources	(93,375)	(95,766)	(67,875)
Total net interest revenue	155,514	149,015	140,169
Other operating revenue	93,865	89,106	83,619
Gain on sale of assets	1,075	-	4,758
Operating expense	115,116	111,380	110,395
Net loans charged off	7,234	(495)	6,481
Net income	$ 78,306	$ 77,811	$ 68,150
Average assets	$5,841,449	$5,214,916	$4,722,030
Average economic capital	391,920	395,490	338,470
Return on assets	1.34%	1.49%	1.44%
Return on economic capital	19.98	19.67	20.13
Efficiency ratio	45.96	46.77	48.30

26

Oklahoma Consumer Banking

The Oklahoma Consumer Banking Division provides a full line of deposit, loan and fee-based services to customers throughout Oklahoma through four major distribution channels: traditional branches, supermarket branches, the 24-hour ExpressBank call center and the Internet. Additionally, the division is a

significant referral source for the Bank of Oklahoma Mortgage Division and BOSC's retail brokerage division. Consumer banking services are offered through 34 locations in Tulsa, 32 locations in Oklahoma City and 16 locations throughout the state. Oklahoma Consumer Banking opened six branches during 2007, including two in the Tulsa and four in the Oklahoma City areas. Plans for 2008 include opening four new banking locations, primarily in Tulsa and Oklahoma City.

The Oklahoma Consumer Banking Division contributed $37.2 million or 17% to consolidated net income for 2007, compared to $35.7 million or 17% of consolidated net income for 2006. Net interest revenue grew $4.3 million or 6% over 2006. Average loans attributed to the Oklahoma Consumer Banking Division in 2007 increased $19 million or 7% compared with 2006. Average deposits provided by the Oklahoma Consumer Banking Division grew $87 million or 3% to $2.9 billion. Average demand deposits were up $24 million or 7% over 2006. Interest bearing deposits increased $64 million or 3%, including an $85 million or 9% increase in interest bearing transaction accounts and a $22 million or 2% decrease in time deposits. Other operating revenue was up $5.6 million or 8% over 2006 largely from check card revenue and overdraft fees. Operating expenses increased $7.3 million or 9% over 2006, including a $2.9 million or 10% increase in personnel expense and a $4.4 million or 9% increase in non-personnel expense. Net loans charged-off, which consist primarily of overdrawn deposit accounts, totaled $2.9 million for 2007 and $2.8 million for 2006.

Table 9 Oklahoma Consumer Banking
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$(68,034)	$ (62,447)	$ (43,411)
NIR (expense from internal sources	140,980	131,131	98,291
Total net interest revenue	72,946	68,684	54,880
Other operating revenue	78,296	72,699	66,174
Operating expense	87,556	80,250	77,757
Net loans charged off	2,918	2,780	3,094
Net income	$ 37,194	$ 35,703	$ 24,511
Average assets	$2,927,994	$2,836,692	$2,657,824
Average economic capital	61,780	58,570	51,480
Return on assets	1.27%	1.26%	0.92%
Return on economic capital	60.20	60.96	47.61
Efficiency ratio	57.89	56.76	64.23

27

Mortgage Banking

BOK Financial engages in mortgage banking activities through the BOk Mortgage Division of Bank of Oklahoma. These activities include the origination, marketing and servicing of conventional and government-sponsored mortgage loans. BOk Mortgage incurred a net loss of $325 thousand in 2007 compared to net income of $2.0 million in 2006. Changes in the fair value of mortgage servicing rights, net of hedging activity, reduced net income $2.1 million in 2007 and increased net income $1.2 million in 2006.

Mortgage banking activities consisted primarily of two sectors, loan production

and loan servicing. The loan production sector generally performs best when mortgage rates are relatively low and loan origination volumes are high. Conversely, the loan servicing sector generally performs best when mortgage rates are relatively high and prepayments are low. In addition, the Mortgage Banking Division holds a permanent portfolio of $422 million of residential mortgage loans which generated net income of $1.2 million in 2007.

Table 10 Mortgage Banking
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$ 36,800	$ 23,638	$ 20,237
NIR (expense) from internal sources	(32,451)	(20,307)	(14,882)
Total net interest revenue	4,349	3,331	5,355
Capitalized mortgage servicing rights	14,080	11,917	17,402
Other operating revenue	16,732	17,287	15,347
Gain on sale of assets	-	-	1,232
Operating expense	31,706	30,731	34,736
Change in fair value of mortgage servicing rights	2,893	(3,009)	-
Recovery for impairment of mortgage servicing rights	-	-	(3,915)
Gain (loss) on financial instruments, net	(486)	(1,102)	(5,087)
Net income (loss)	$ (325)	$ 1,960	$ 1,841
Average assets	$724,378	$519,371	$514,530
Average economic capital	24,100	24,460	23,580
Return on assets	(0.04)%	0.38%	0.36%
Return on economic capital	(1.35)	8.01	7.81
Efficiency ratio	90.17	94.46	88.31

Loan Production Sector

Loan production revenue totaled $10.5 million in 2007, including $14.1 million of capitalized mortgage servicing rights, partially offset by net losses on mortgage loans sold. Loan production revenue totaled $11.2 million in 2006. Capitalized mortgage servicing rights provided $11.9 million, partially offset by net losses on mortgage loans sold. The average initial fair value of servicing rights on mortgage loans funded was 1.39% for 2007 and 1.37% for 2006. The increased loss on mortgage loans sold was due to competitive pricing during the year and increased costs of loan originations. During 2007 we increased compensation rates paid for loan production in our regional markets. Mortgage loans funded totaled $1.1 billion in 2007, including $777 million for home purchases and $326 million of refinanced loans. Mortgage loans funded in 2006 totaled $871 million, including $628 million for home purchases and $243 million of refinanced loans. Approximately 61% and 13% of the loans funded during 2007 were in Oklahoma and Texas, respectively. In 2006, approximately 68% of mortgage loans funded were in Oklahoma. Operating expenses, excluding direct loan production costs which are recognized as part of the gain or loss on loans sold, totaled $11.6 million in 2007 and $11.5 million in 2006. Pre-tax income from

loan production totaled $80 thousand for 2007 compared with $142 thousand for the previous year. The pipeline of mortgage loan applications totaled $330 million at December 31, 2007, compared to $199 million at December 31, 2006.

28

Loan Servicing Sector

The loan servicing sector had pre-tax loss of $2.6 million for 2007 compared with pre-tax income of $1.6 million for 2006. We recognized a net pre-tax loss of $3.4 million in 2007 and a net pre-tax gain of $1.9 million in 2006 from changes in the value of mortgage servicing rights and economic hedging activities. Changes in mortgage commitment rates, prepayment speed assumptions, discount rates and other estimates of future activities decreased the fair value of mortgage servicing rights recognized in earnings by $2.9 million in 2007. These same factors increased the fair value of mortgage servicing rights $3.0 million in 2006. Changes in the fair value of securities designated as an economic hedge of our servicing rights did not offset the decrease in value of our servicing rights in 2007. Economic hedge activity produced net losses of $486 thousand in 2007 and $1.1 million in 2006.

Servicing revenue, including revenue on loans serviced for affiliates, totaled $19.2 million in 2007 compared to $18.5 million in 2006. The average outstanding balance of loans serviced was $5.2 billion during 2007 compared to $4.9 billion during 2006. Servicing revenue per outstanding loan principal was 37 basis points in 2007 compared with 38 basis points in 2006. Approximately 92% of loans serviced was in our primary market areas at December 31, 2007, compared to 88% at December 31, 2006. Servicing costs total $7.6 million for 2007 and $8.1 million for 2006. At December 31, 2007, the total number of loans serviced by BOk Mortgage totaled 58,228. Serviced loans delinquent 90 days or more or in process of foreclosure totaled 589; 361 of these loans are in Oklahoma, 56 are in Arkansas and 33 are in Texas.

The fair value of mortgage servicing rights decreased $10.8 million during 2007 and $10.4 million during 2006 due to actual runoff of the underlying loans serviced. This reduction in fair value is included in mortgage banking costs in the Consolidated Statement of Earnings.

BOK Financial designated a portion of its securities portfolio as an economic hedge against the risk of changes in the fair value of its mortgage servicing rights. These securities, which are identified as mortgage trading securities are carried at fair value. Changes in fair value are recognized in earnings as they occur. Additionally, mortgage-related derivative contracts may also be designated as an economic hedge of the risk of loss on mortgage servicing rights. Because the fair values of these instruments are expected to vary inversely to the fair value of the servicing rights, they are expected to partially offset risk. No special hedge accounting treatment is applicable to either the mortgage servicing rights or the financial instruments designated as an economic hedge.

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

At December 31, 2007, financial instruments with a fair value of $155 million and an unrealized gain of $781 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 December 31, 2007, the pre-tax results of this modeling on reported earnings were:

Table 11 Interest Rate Sensitivity – Mortgage Servicing
(Dollars in Thousands)

	50 bp Increase	50 bp Decrease
Anticipated change in:		
Fair value of mortgage servicing rights	$ 3,327	$ (5,295)
Fair value of hedging securities	(3,976)	3,606
Net	$ (649)	$ (1,689)

Table 11 shows the non-linear effect of changes in mortgage commitment rates on the value of mortgage servicing rights. A 50 basis point increase in rates is expected to increase the fair value of our servicing rights $3.3 million while a 50 basis point decrease is expected to reduce the fair value $5.3 million. This considers that there is an upper limit to appreciation in the value of servicing rights as rates rise due to the contractual repayment terms of the loans and other factors. This is much less of a limit of the speed at which mortgage loans may prepay in a declining rate environment.

Modeling changes in the value of mortgage servicing rights due to changes in interest rates assumes stable relationships between mortgage commitment rates and discount rates used to determine the present value of future cash flows. It also assumes a stable relationship between the assumed loan prepayment speeds and actual prepayments of our loans. Changes in market conditions can increase or decrease the discount spread over benchmark rates expected by investors in mortgage servicing rights and actual prepayments may increase or decrease due to factors other than changes in interest rates. These factors and others may cause changes in the value of our mortgage servicing rights to differ from our expectations.

29

Wealth Management

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

Wealth Management contributed $29.0 million or 13% to consolidated net income for 2007. This compared to $28.2 million or 13% of consolidated net income for 2006.

Trust and private financial services provided $20.3 million of net income in 2007, down $1.2 million or 6% from 2006. Trust fees and commissions for the Wealth Management line of business totaled $67.6 million, a $6.0 million or 10% increase over last year. At December 31, 2007 and 2006, the Wealth Management line of business was responsible for trust assets with aggregate market values

of $33.3 billion and $29.0 billion, respectively, under various fiduciary arrangements. The growth in trust assets reflected increased market value of assets managed in addition to new business generated during the year. We have sole or joint discretionary authority over $12.7 billion of trust assets at December 31, 2007 compared to $10.8 billion of trust assets at December 31, 2006. The fair value of non-managed assets increased $1.3 billion to $12.7 billion at year-end 2007. Assets held in safekeeping totaled $7.9 billion at December 31, 2007. Operating expenses attributed to trust and private financial services increased $6.5 million or 10%, including $3.9 million from personnel expenses. Expenses also included $2.2 million paid to settle claims made by the American Performance Funds against AXIA Investment Management, Inc., a wholly-owned subsidiary of BOk whose activities are included in the Wealth Management line of business. See Note 15 to the Consolidated Financial Statements for additional information.

Brokerage and trading activities provided $8.6 million of net income in 2007 compared to $6.7 million in the previous year. Operating revenue increased $6.2 million or 10% due to a $4.8 million increase in revenue from retail brokerage activities. Operating expenses, which consisted primarily of compensation expense increased $6.1 million or 14%. Incentive compensation expense which is directly related to revenue growth was up $3.8 million or 25%.

Table 12 Wealth Management
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$ 13,385	$ 15,148	$ 12,488
NIR (expense) from internal sources	18,781	13,030	8,504
Total net interest revenue	32,166	28,178	20,992
Other operating revenue	137,057	124,170	109,405
Operating expense	118,493	105,906	94,338
American Performance Fund settlement	2,232	-	-
Net income	$ 28,952	$ 28,250	$ 21,903
Average assets	$1,894,677	$1,831,377	$1,748,104
Average economic capital	154,540	149,960	114,400
Return on assets	1.53%	1.54%	1.25%
Return on economic capital	18.73	18.84	19.15
Efficiency ratio	71.34	69.52	72.35

30

Regional Banking

Regional banking consists primarily of the corporate and commercial banking services provided by Bank of Texas, Bank of Albuquerque, Bank of Arkansas, Colorado State Bank and Trust, Bank of Arizona and Bank of Kansas City in their respective markets. It also includes fiduciary services provided by Colorado State Bank and Trust. Small businesses and middle-market corporations are the regional banks' primary customer focus. Regional banking contributed $92.5 million or 42% to consolidated net income during 2007. This compares with $90.6 million or 43% of consolidated net income in 2006. Growth in net income contributed by the regional banking came primarily from operations in Texas and

Colorado. Net income for 2007 in Texas and Colorado increased $2.6 million or 5% and $1.6 million or 12%, respectively, from the previous year. In addition net income from our Arkansas banking operations grew $711 thousand or 26%. A $74 million increase in average indirect automobile loans helped increase net interest revenue $2.8 million or 40% over 2006.

Texas growth resulted from an increase in net interest revenue. Net interest revenue increased $11.9 million or 8%. Average earning assets increased $442 million, including a $569 million increase in loans and a $122 million decrease in securities. Average loans totaled $2.9 billion for 2007 and $2.3 billion for 2006. Middle market loans were up $245 million or 49% with solid growth in both Dallas, Fort Worth and Houston. The acquisition of Worth National Bank added $157 million of average outstanding loans in the Fort Worth market. Energy loans grew $36 million or 7% and real estate loans increased $72 million or 21%. Community banking loans increased $47 million or 6% over last year. The growth in average earning assets was funded primarily by a $294 million increase in average deposits. Average deposits totaled $3.0 billion for 2007 and $2.7 billion for 2006. Corporate banking deposits were up $162 million or 37%. Average community banking deposits decreased $16 million or 1% from last year. Consumer banking deposits also increased, up $53 million or 6%. In addition to five branches acquired with Worth National Bank, we opened five branch offices in the Texas market during 2007 and plan to open four locations in 2008.

Other operating revenue in the Texas market increased $4.2 million or 18% over 2006 due primarily to a $3.1 million increase in deposit fees and debit card revenue. Operating expenses were up $13.4 million or 16%, including an $8.2 million or 18% increase in personnel costs. Approximately $4.5 million of the increase in personnel costs was due to the Worth National Bank acquisition. Worth National Bank was fully-integrated into our Texas banking operations upon completion of the systems conversion in February 2008.

Net income continued to increase at our Colorado operations, up $1.6 million or 12%. Net interest revenue increased $8.0 million or 22% over 2006. Average earning assets attributed to our Colorado operations increased $467 million or 42%. Securities and funds sold to the funds management unit increased $261 million. Average loans totaled $733 million for 2007, up $206 million or 39% over 2006. Energy loans in the Colorado market increased $74 million or 39%. Commercial real estate loans were up $77 million or 57%, including commercial real estate loans acquired with First United Bank. Average deposits increased $282 million or 39% to $1.0 billion, including consumer deposit growth of $137 million and wealth management deposit growth of $105 million.

Other operating revenue increased $2.4 million or 21% due primarily to growth in trust fees and deposit service charges. The fair value of trust assets overseen by Colorado State Bank and Trust was $3.0 billion at December 31, 2007, up 13% from December 31, 2006. Operating expenses in Colorado increased $7.5 million or 28% over last year. Personnel expenses were up $3.0 million and occupancy and equipment expenses were up $1.5 million, including additional expenses from the First United acquisition. First United Bank was integrated into our Colorado banking operations upon completion of the systems conversion in September 2007. We now have 17 banking locations in Colorado, including 15 in metropolitan Denver, one in Colorado Springs and one in Boulder.

Net income in New Mexico totaled $21.2 million for 2007, up $828 thousand or 4% over 2006. Net interest revenue increased $4.2 million or 9% while operating revenue was up $1.6 million or 10%. Average loans increased $111 million or 18% to $738 million for 2007. Commercial loans were up $81 million and commercial real estate loans were up $22 million. New Mexico provided deposit growth of $50 million or 5% during 2007, including $41 million of consumer deposits. Average deposits were $1.0 billion for 2007 and $961 million for 2006. Operating expenses increased $2.9 million or 10%. Personnel costs in New Mexico increased $1.0 million or 9% and deposit insurance costs were up $555 thousand. The

one-time credit that offsets deposit insurance expense was not available to our banking operations in New Mexico. Operating results for 2007 included $3.6 million of net loans charged off, up from $2.1 million of net loans charged off in 2006.

Net income at Bank of Arizona decreased $597 thousand in its second full year of operations as a BOK Financial unit. Net income for 2007 totaled $1.2 million, down from $1.8 million last year. The decrease in net income was due largely to a $1.6 million increase in net loans charged off. Net interest revenue grew $3.8 million. Average loans increased $202 million to $515 million. Small business and middle market commercial loans increased $83 million compared to 2006. In addition, average commercial real estate loans grew $33 million or 28% in Phoenix and $93 million or 141% in Tucson. Operating expenses increased $3.5 million, including $2.1 million of personnel costs as we continue to expand in the Arizona market.

We initiated full-service banking operations in the Kansas City market in late 2006. Currently, we have one location in Overland Park, Kansas and one location in Kansas City, Missouri. During 2007, average loans in the Kansas City market increased $27 million to $135 million. Operations in the Kansas City market incurred a $2.6 million net loss due primarily to initial operating costs.

31

Table 13 Bank of Texas
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$191,235	$168,486	$143,081
NIR (expense) from internal sources	(33,727)	(22,848)	(12,269)
Total net interest revenue	157,508	145,638	130,812
Other operating revenue	27,907	23,720	23,719
Operating expense	98,044	84,628	79,371
Net loans charged off	2,602	5,081	2,719
Net income	$ 54,498	$ 51,866	$ 47,350
Average assets	$4,341,793	$3,734,953	$3,235,236
Average economic capital	192,720	247,710	183,430
Average invested capital	444,980	414,790	350,510
Return on assets	1.26%	1.39%	1.46%
Return on economic capital	28.28	20.94	25.81
Return on average invested capital	12.25	12.50	13.51
Efficiency ratio	52.88	49.97	51.36

Table 14 Bank of Albuquerque
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$73,501	$ 64,695	$ 57,169
NIR (expense) from internal sources	(21,973)	(17,332)	(11,764)
Total net interest revenue	51,528	47,363	45,405

Other operating revenue	17,290	16,023	15,282
Operating expense	30,792	27,891	28,049
Net loans charged off	3,645	2,117	932
Net income	$ 21,238	$ 20,410	$ 19,385
Average assets	$1,604,217	$1,463,374	$1,549,928
Average economic capital	90,230	82,810	76,760
Average invested capital	109,320	101,900	95,850
Return on assets	1.32%	1.39%	1.25%
Return on economic capital	23.54	24.65	25.25
Return on average invested capital	19.43	20.03	20.22
Efficiency ratio	44.74	44.00	46.22

32

Table 15 Bank of Arkansas
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$16,798	$ 10,442	$ 11,100
NIR (expense) from internal sources	(6,895)	(3,389)	(3,603)
Total net interest revenue	9,903	7,053	7,497
Other operating revenue	1,276	1,538	1,605
Operating expense	4,343	3,859	3,543
Net loans charged off	1,171	205	53
Net income	$ 3,453	$ 2,742	$ 3,376
Average assets	$344,164	$202,018	$250,863
Average economic capital	18,280	14,940	11,950
Average invested capital	18,280	14,940	11,950
Return on assets	1.00%	1.36%	1.35%
Return on economic capital	18.89	18.35	28.25
Return on average invested capital	18.89	18.35	28.25
Efficiency ratio	38.85	44.92	38.93

Table 16 Colorado State Bank and Trust
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$ 74,062	$ 54,722	$ 35,302
NIR (expense) from internal sources	(29,555)	(18,227)	(7,679)
Total net interest revenue	44,507	36,495	27,623
Other operating revenue	13,449	11,137	9,912
Operating expense	33,655	26,195	23,507
Net loans charged off / (recovered)	209	(36)	2,517
Net income	$ 14,742	$ 13,119	$ 6,991
Average assets	$1,733,926	$1,214,161	$783,269
Average economic capital	89,500	59,610	47,440
Average invested capital	144,800	114,910	89,430

Return on assets	0.85%	1.08%	0.89%
Return on economic capital	16.47	22.01	14.74
Return on average invested capital	10.18	11.42	7.82
Efficiency ratio	58.07	54.99	62.63

Table 17 Bank of Arizona
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$40,140	$27,818	$10,855
NIR (expense) from internal sources	(20,651)	(12,119)	(2,796)
Total net interest revenue	19,489	15,699	8,059
Other operating revenue	771	532	956
Operating expense	16,764	13,238	8,556
Net loans charged off / (recovered)	1,588	9	(31)
Net income	$ 1,166	$ 1,763	$ 386
Average assets	$583,156	$404,920	$199,224
Average economic capital	47,740	29,370	7,070
Average invested capital	64,390	46,020	23,720
Return on assets	0.20%	0.44%	0.19%
Return on economic capital	2.44	6.00	5.46
Return on average invested capital	1.81	3.83	1.63
Efficiency ratio	82.74	81.56	94.91

Table 18 Bank of Kansas City
(Dollars in Thousands)

	Years ended December 31,		
	2007	2006	2005
NIR (expense) from external sources	$ 10,651	***	***
NIR (expense) from internal sources	(6,317)	***	***
Total net interest revenue	4,334	***	***
Other operating revenue	2,546	***	***
Operating expense	11,136	***	***
Net loans charged off	3	***	***
Net income	$ (2,603)	***	***
Average assets	$177,773	***	***
Average economic capital	7,520	***	***
Average invested capital	7,520	***	***
Return on assets	(1.46)%	***	***
Return on economic capital	(34.61)	***	***
Return on average invested capital	(34.61)	***	***
Efficiency ratio	161.86	***	***

*** Data not applicable or meaningful due to commencement of operations in November 2006.

Assessment of Financial Condition

Securities

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

Table 19 Securities
(Dollars in Thousands)

	December 31,				
	2007		2006		
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amo C
Investment:					
U.S. Treasury	$ -	$ -	$ 1,999	$ 1,995	$
Municipal and other tax-exempt	242,274	243,061	240,976	238,869	2
Other debt securities	5,675	5,727	5,714	5,744	
Total	$ 247,949	$ 248,788	$ 248,689	$ 246,608	$ 2
Available for sale:					
U.S. Treasury	$ 6,961	$ 7,088	$ 6,014	$ 5,983	$
Municipal and other tax-exempt	26,478	26,578	77,860	78,614	
Mortgage-backed securities:					
U.S. agencies	3,838,219	3,817,939	3,204,592	3,128,138	3,
Other	1,664,537	1,641,189	1,361,373	1,333,533	1,
Total mortgage-backed securities	5,502,756	5,459,128	4,565,965	4,461,671	4,
Other debt securities	42	41	46	45	
Equity securities and mutual funds	151,689	157,705	101,960	108,748	
Total	$5,687,926	$5,650,540	$4,751,845	$4,655,061	$ 4,
Mortgage trading:					
Mortgage-backed U.S. agency securities	$ 153,920	$ 154,701	$ 163,094	$ 162,837	

Investment securities, which consist primarily of Oklahoma municipal bonds, are carried at cost and adjusted for amortization of premiums or accretion of discounts. At December 31, 2007, investment securities were carried at $248 million and had a fair value of $249 million. Management has the ability and intent to hold these securities until they mature.

Available for sale securities, which may be sold prior to maturity, are carried at fair value. Unrealized gains or losses, less deferred taxes, are recorded as accumulated other comprehensive income in shareholders' equity. The amortized cost of available for sale securities totaled $5.7 billion at December 31, 2007, up $936 million compared with the previous year-end. Growth in the securities portfolio generally consisted of highly-rated, fixed rate mortgage-backed securities. These securities supplement the Company's earnings and help manage the balance sheet to a position that is essentially neutral to changes in interest rates. Mortgage-backed securities represented 97% of total available

for sale securities at year end.

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 expected duration of the mortgage-backed securities portfolio was approximately 2.3 years at December 31, 2007. Management estimates that the expected duration would extend to approximately 3.1 years assuming a 300 basis point immediate rate shock. Mortgage-backed securities also have credit risk from delinquency or default of the underlying loans. The Company mitigates this risk by primarily investing in securities issued by U.S. government agencies. Principal and interest payments on the underlying loans are either fully or partially guaranteed. Credit risk on mortgage-backed securities originated by private issuers is mitigated by investment in senior tranches with additional collateral support.

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

Net unrealized losses on available for sale securities totaled $37 million at December 31, 2007 compared with net unrealized losses of $97 million at December 31, 2006. The aggregate gross amount of unrealized losses at December 31, 2007 totaled $62 million. Management evaluated the securities with unrealized losses to determine if we believe that the losses were temporary. This evaluation considered factors such as causes of the unrealized losses and prospects for recovery over various interest rate

35

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 $395 million of Alt-A mortgage-backed securities were held at December 31, 2007 with a total unrealized loss of $6.7 million. Approximately 79% 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 96% 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 were due to credit 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 were temporary.

Certain mortgage-backed securities, identified as mortgage trading securities, have been designated as economic hedges of mortgage servicing rights. These securities are carried at fair value with changes in fair value recognized in current period income. These securities are held with the intent that gains or losses will offset changes in the fair value of mortgage servicing rights. The Company also maintains a separate trading portfolio. Trading portfolio securities, which are also carried at fair value with changes in fair value recognized in current period income, are acquired and held with the intent to sell at a profit to the Company.

Bank-Owned Life Insurance

The Company invested $202 million in bank-owned life insurance during 2006. This investment is expected to provide a long-term source of earnings to support existing employee benefit plans. 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 $207 million at December 31, 2007. In addition to the 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 December 31, 2007, a $5.9 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 before allowance for loan losses totaled $12.0 billion at December 31, 2007, a $1.3 billion or 12% increase since last year. Loan growth was broadly distributed among the various segments of the portfolio and across all geographic markets.

The commercial loan portfolio increased $529 million during 2007 to $6.7 billion at December 31, 2007. Energy loans totaled $2.0 billion or 16% of total loans. Outstanding energy loans increased $192 million or 11% during 2007. Approximately $1.6 billion of energy loans was to oil and gas producers, up from $1.5 billion at December 31, 2006. The amount of credit available to these customers generally depends on a percentage of the value of their proven energy reserves based on anticipated prices. The energy category also included loans to borrowers involved in the transportation and sale of oil and gas and to borrowers that manufacture equipment or provide other services to the energy industry. The energy category of our loan portfolio is distributed $1.0 billion in Oklahoma, $600 million in Texas and $294 million in Colorado.

The services sector of the loan portfolio totaled $1.7 billion or 14% of total loans and consists of a large number of loans to a variety of businesses, including communications, gaming and transportation services. Approximately $1.2 billion of the services category is made up of loans with individual balances of less than $10 million. Approximately $641 million of the outstanding balance of services loans is attributed to Texas, $563 million to Oklahoma and $231 million to New Mexico.

Other notable loan concentrations by primary industry of the borrowers are presented in Table 20.

Table 20 Loans
(In Thousands)

	December 31,			
	2007	2006	2005	
Commercial:				
Energy	$1,954,967	$1,763,180	$1,399,417	$1,22
Services	1,721,143	1,555,141	1,425,821	1,19
Wholesale/retail	1,081,172	932,531	793,032	69
Manufacturing	493,185	609,571	514,792	48

Healthcare	680,294	602,273	520,309	42
Agriculture	236,860	321,380	291,858	26
Other commercial and industrial	569,884	424,808	354,706	29
Total commercial	6,737,505	6,208,884	5,299,935	4,57
Commercial real estate:				
Construction and land development	1,004,547	889,925	638,366	45
Multifamily	214,388	239,000	204,620	23
Other real estate loans	1,531,537	1,317,615	1,146,916	93
Total commercial real estate	2,750,472	2,446,540	1,989,902	1,62
Residential mortgage:				
Secured by 1-4 family residential properties	1,531,296	1,256,259	1,169,331	1,19
Residential mortgages held for sale	76,677	64,625	51,666	4
Total residential mortgage	1,607,973	1,320,884	1,220,997	1,23
Consumer	921,297	739,495	629,144	49
Total	$12,017,247	$10,715,803	$9,139,978	$7,92

BOK Financial participates in shared national credits when appropriate to obtain or maintain business relationships with local customers. Shared national credits are defined by banking regulators as credits of more than $20 million and with three or more non-affiliated banks as participants. At December 31, 2007, the outstanding principal balance of these loans totaled $1.7 billion. Substantially all of these loans are to borrowers with local market relationships. BOK Financial serves as the agent lender in approximately 28% of its shared national credits, based on dollars committed. The Company's lending policies generally avoid loans in which we do not have the opportunity to maintain or achieve other business relationships with the customer.

Commercial real estate loans totaled $2.8 billion or 23% of the loan portfolio at December 31, 2007. Over the past five years, the percentage of commercial real estate loans to our total loan portfolio ranged from 20% to 23%. The outstanding balance of commercial real estate loans increased $304 million or 12% from the previous year end. Growth in commercial real estate loans was located primarily in Texas and Arizona. Commercial real estate loans were up $176 million in Texas and $111 million in Arizona. In addition, commercial real estate loans were up $59 million in Colorado and $30 million in Arkansas. Growth in commercial real estate loans was partially offset by a $72 million reduction in Oklahoma.

Construction and land development included $756 million of loans for single family residential lots and premises, up $57 million, or 8% since December 31, 2006. Approximately $246 million of our single family residential lots and premises loans are in the Oklahoma market, $188 million are in the Texas market, $131 million are in the Colorado market and $106 million are in the Arizona market. Other commercial real estate loans included $539 million in Oklahoma, $525 million in Texas, $163 million in New Mexico and $153 million in Arizona. The major components of other commercial real estate loans were retail facilities - $372 million and office buildings $395 million.

Residential mortgage loans, excluding loans held for sale, totaled $1.5 billion, up $275 million or 22% since December 31, 2006. At December 31, 2007, residential mortgage loans included $442 million of home equity loans, $447 million of loans held for business relationship purposes, $422 million of adjustable rate mortgages and $144 million of loans held for community development. We have no concentration in sub-prime residential mortgage loans. Home equity loans increased $14 million or 13% compared to December 31, 2006. Approximately $61 million of home equity loans represent second lien loans where

the proceeds were used to finance the down payment which was applied against the first lien loan. Adjustable rate mortgage loans increased $17 million or 17% over 2006. Our portfolio of adjustable rate mortgage loans is generally underwritten to prime standards and does not include loans with initial rates that are below market.

At December 31, 2007, consumer loans included $625 million of indirect automobile loans. Approximately $444 million of these loans were purchased from dealers in Oklahoma and $156 million were purchased from dealers in Arkansas. The remaining $25 million were purchased from dealers in Texas. Indirect automobile loans grew $160 million during 2007, including $76 million in Arkansas, $61 million in Oklahoma and $23 million in Texas. Approximately 7% of the outstanding balance at December 31, 2007 is considered near-prime, which is defined as loans to borrowers that had poor credit in the past but that have re-established credit over a period of time. We generally do not originate sub-prime indirect automobile loans.

37

Table 21 Loan Maturity and Interest Rate Sensitivity at December 31, 2007
(In Thousands)

		Remaining Maturities of Selected Loa		
	Total	Within 1 Year	1-5 Years	After 5 Ye
Loan maturity:				
Commercial	$6,737,505	$2,161,680	$3,708,261	$ 867,564
Commercial real estate	2,750,472	1,306,617	1,062,338	381,517
Total	$9,487,977	$3,468,297	$4,770,599	$1,249,081
Interest rate sensitivity for selected loans with:				
Predetermined interest rates	$3,577,620	$ 488,739	$2,477,201	$611,680
Floating or adjustable interest rates	5,910,357	2,979,558	2,293,398	637,401
Total	$9,487,977	$3,468,297	$4,770,599	$1,249,081

The Company continued to increase geographic diversification through expansion into Texas, New Mexico, Colorado and Arizona. The percent of the loan portfolio attributed to Oklahoma declined to 49% at December 31, 2007 from 53% at December 31, 2006. Table 22 presents the distribution of the major loan categories among our primary market areas.

38

Table 22 Loans by Principal Market Area
(In Thousands)

	December 31,			
	2007	2006	2005	
Oklahoma:				
Commercial	$3,219,176	$3,186,085	$3,059,441	$2,78
Commercial real estate	907,034	979,251	859,829	74
Residential mortgage	1,080,483	896,567	842,456	90

Residential mortgage held for sale	76,677	64,625	51,666	4
Consumer	576,070	512,032	466,180	36
Total Oklahoma	$5,859,440	$5,638,560	$5,279,572	$4,83
Texas:				
Commercial	$1,985,645	$1,722,627	$1,356,611	$1,12
Commercial real estate	846,303	670,635	569,921	45
Residential mortgage	275,533	213,801	199,726	19
Consumer	142,958	95,652	89,017	8
Total Texas	$3,250,439	$2,702,715	$2,215,275	$1,85
New Mexico:				
Commercial	$473,262	$411,272	$383,325	$35
Commercial real estate	261,056	257,079	232,564	19
Residential mortgage	84,336	75,159	65,784	6
Consumer	16,105	13,256	15,137	1
Total New Mexico	$834,759	$756,766	$696,810	$62
Arkansas:				
Commercial	$106,328	$95,483	$79,719	$6
Commercial real estate	124,317	94,395	75,483	7
Residential mortgage	16,393	23,076	13,044	1
Consumer	163,626	86,017	25,659	
Total Arkansas	$410,664	$298,971	$193,905	$15
Colorado:				
Commercial	$490,373	$451,046	$270,108	$19
Commercial real estate	252,537	193,747	133,537	11
Residential mortgage	26,556	15,812	21,918	3
Consumer	16,457	26,591	27,871	2
Total Colorado	$785,923	$687,196	$453,434	$36
Arizona:				
Commercial	$157,341	$96,453	$50,489	
Commercial real estate	318,170	207,035	115,697	2
Residential mortgage	46,269	31,280	26,102	
Consumer	5,522	5,947	5,280	
Total Arizona	$527,302	$340,715	$197,568	$2
Kansas:				
Commercial	$305,380	$245,918	$100,242	$6
Commercial real estate	41,055	44,398	2,871	
Residential mortgage	1,726	564	301	
Consumer	559	-	-	
Total Kansas	$348,720	$290,880	$103,414	$6
Total BOK Financial loans	$12,017,247	$10,715,803	$9,139,978	$7,92

Loan Commitments

BOK Financial enters into certain off-balance sheet arrangements in the normal course of business. These arrangements included loan commitments which totaled $5.3 billion and standby letters of credit which totaled $556 million at

December 31, 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.

Table 23 Off-Balance Sheet Credit Commitments
(In Thousands)

	As of December 31,				
	2007	2006	2005	2004	
Loan commitments	$5,345,736	$5,318,257	$4,349,114	$3,459,425	$2,9
Standby letters of credit	555,758	527,627	558,907	414,228	3
Mortgage loans sold with recourse	392,534	329,713	248,150	32,134	1

The Company also has off-balance sheet commitments for residential mortgage loans sold with full or partial recourse. These loans consist of first lien, fixed rate residential mortgage loans originated under various community development programs and sold to U.S. government agencies. These loans were underwritten to standards approved by the agencies, including full documentation. However, these loans have a higher risk of delinquency and losses given default than traditional residential mortgage loans. A separate recourse reserve is maintained as part of other liabilities. At December 31, 2007, the principal balance of loans sold subject to recourse obligations totaled $393 million and the reserve for credit risk from these loans totaled $3.5 million. Losses incurred during 2007 totaled $1.1 million.

Derivatives with Credit Risk

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

The 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 ($679 thousand after tax) for 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 to the Company from its customers and from the counterparties. Customer credit risk is monitored through existing credit policies and procedures. The effects of changes in commodity prices, interest rates or foreign exchange rates are evaluated across a range of possible options to determine the maximum exposure we are willing to have individually to any customer. Customers may also be required to provide margin collateral to further limit our credit risk.

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

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

Derivative contracts are carried at fair value. At December 31, 2007, the fair values of derivative contracts reported as assets under these programs totaled $501 million. This included energy contracts with fair values of $399 million, interest rate contracts with fair values of $74 million and foreign exchange contracts with fair values of $20 million. The aggregate fair values of derivative contracts reported as liabilities totaled $513 million. Approximately 97% of the fair value of asset contracts was with customers. The credit risk of these contracts is generally backed by energy production or other collateral. The remaining 3% was with dealer counterparties, consisting primarily of highly-rated financial institutions and energy companies. The maximum net exposure to any single customer or counterparty totaled $130 million.

40

Our maximum net exposure at December 31, 2007 was to SemGroup, LP. Mr. Thomas S. Kivisto, President and CEO of SemGroup, LP is a member of BOK Financial's board of directors. Our exposure to SemGroup, LP consists primarily of option contracts to sell oil and natural gas in varying monthly quantities over the next seven months. The pricing, collateral and other terms of these contracts are consistent with terms we offer to similarly risk-graded customers.

Summary of Loan Loss Experience

BOK Financial maintains separate reserves for loan losses and reserves for off-balance sheet credit risk. Combined, these reserves totaled $148 million or 1.24% of outstanding loans at December 31, 2007 and $130 million or 1.22% of outstanding loans at December 31, 2006.

The reserve for loan losses, which is available to absorb losses inherent in the loan portfolio, totaled $127 million at December 31, 2007 compared to $109 million at December 31, 2006. These amounts represented 1.06% and 1.03% of outstanding loans, excluding loans held for sale, at December 31, 2007 and 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 134% of outstanding balance of nonperforming loans at year-end 2007 compared to 305% at year-end 2006. Nonperforming loans at December 31, 2007 totaled $95

million compared with $36 million at the previous year-end. Net loans charged off during 2007 increased to $21 million in 2007 compared to $12 million in the previous year. This represents the first increase in net loans charged off since 2003. The ratio of net loans charged off to average outstanding loans was 0.19% for 2007 compared with 0.13% in 2006. Net commercial loan and commercial real estate loan charge-offs increased $4.7 million and $1.9 million, respectively, compared with last year. Consumer loan net charge-offs, which includes deposit account overdraft losses, increased $1.7 million. Table 24 provides statistical information regarding the reserve for loan losses for the past five years.

Table 24 Summary of Loan Loss Experience
(Dollars in Thousands)

	Years ended December 31,			
Reserve for loan losses:	2007	2006	2005	
Beginning balance	$109,497	$103,876	$108,618	$11
Loans charged off:				
Commercial	14,380	10,517	9,670	1
Commercial real estate	1,795	87	2,619	
Residential mortgage	1,709	1,265	1,212	
Consumer	13,733	12,127	12,257	1
Total	31,617	23,996	25,758	2
Recoveries of loans previously charged off:				
Commercial	4,534	5,405	4,071	
Commercial real estate	110	327	117	
Residential mortgage	309	161	180	
Consumer	5,558	5,638	5,176	
Total	10,511	11,531	9,544	
Net loans charged off	21,106	12,465	16,214	2
Provision for loan losses	34,758	18,086	10,401	1
Additions due to acquisitions	3,528	-	1,071	
Ending balance	$126,677	$109,497	$103,876	$10
Reserve for off-balance sheet credit losses:				
Beginning balance	$20,890	$20,574	$18,502	$1
Provision for off-balance sheet credit losses	(37)	316	2,040	
Additions due to acquisitions	-	-	32	
Ending balance	$20,853	$20,890	$20,574	$1
Total provision for credit losses	$34,721	$18,402	$12,441	$2
Reserve for loan losses to loans outstanding at year-end (1)	1.06%	1.03%	1.14%	
Net charge-offs to average loans (1)	0.19	0.13	0.19	
Total provision for credit losses to average loans (1)	0.31	0.19	0.15	
Recoveries to gross charge-offs	33.24	48.05	37.05	
Reserve for off-balance sheet credit losses to off-balance sheet credit commitments	0.35%	0.36%	0.42%	
Combined reserves for credit losses to loans outstanding at year-end (1)	1.24%	1.22%	1.37%	

Problem Loans:				
Loans past due (90 days)	$ 5,575	$ 5,945	$ 8,708	$
Nonaccrual(2)	84,290	26,055	25,162	5
Renegotiated(3)	10,394	9,802	6,379	
Total	$100,259	$ 41,802	$ 40,249	$ 6
Foregone interest on nonaccrual loans (2)	$ 3,011	$ 2,130	$ 2,515	$

(1) Excludes residential mortgage loans held for sale.
(2) Interest collected and recognized on nonaccrual loans was not significant in 2007 and previous years disclosed.
(3) Includes residential mortgage loans guaranteed by agencies of the U.S. government. These loans have been modified to extend payment terms and/or reduce interest rates to current market.

The Company considers the credit risk from loan commitments and letters of credit in its evaluation of the adequacy of the reserve for loan losses. A separate reserve for off-balance sheet credit risk is maintained. Table 24 presents the trend of reserves for off-balance sheet credit losses and the relationship between the reserve and loan commitments. The relationship between the combined reserve for credit losses and outstanding loans is also presented for comparison with peer banks and others who have not adopted the preferred presentation. The provision for credit losses included the combined charge to expense for both the reserve for loan losses and the reserve for off-balance sheet credit losses. All losses incurred from lending activities will ultimately be reflected in charge-offs against the reserve for loan losses following funds advanced against outstanding commitments and after the exhaustion of collection efforts.

Specific impairment reserves are determined through evaluation of estimated future cash flows and collateral value. At December 31, 2007, specific impairment reserves totaled $4.4 million on total impaired loans of $74 million. Specific impairment reserves were $1.7 million at December 31, 2006.

Nonspecific reserves are maintained for risks beyond factors specific to an individual loan or those identified through migration analysis. A range of potential losses is determined for each risk factor identified. At December 31, 2007 and 2006, the ranges of potential losses for the more significant factors were:

	December 31, 2007	December 31, 2006
General economic conditions	$3.8 million to $7.6 million	$5.2 million to $9.1 million
Concentration in large loans	$1.4 million to $2.8 million	$1.4 million to $2.8 million

Nonspecific reserves attributed to general economic conditions had been steadily decreasing through the third quarter of 2007 based on the overall strength of the economy in our markets. These reserves began to increase in the fourth quarter as weakness in the economy became more apparent.

Allocation of the loan loss reserve to the major loan categories is presented in Table 25.

The provision for credit losses totaled $35 million, up $16 million over 2006.

Factors considered in determining the provision for credit losses included trends in net losses and nonperforming loans during the year, the application of statistical migration factors to loan growth during the year and concentrations in commercial real estate and residential homebuilder loans. In addition, the outstanding balances of criticized and classified loans and potential problem loans were up over 2006.

Table 25 Loan Loss Reserve Allocation
(Dollars in Thousands)

	December 31,							
	2007		2006		2005		200	
	Reserve(2)	% of Loans(1)	Reserve(2)	% of Loans(1)	Reserve(2)	% of Loans(1)	Reserve(2)	
Loan category:								
Commercial	$49,961	56.07%	$44,151	58.29%	$43,915	58.32%	$52,325	
Commercial real estate	40,807	22.89	30,838	22.97	25,529	21.89	21,317	
Residential mortgage	6,156	13.38	4,663	11.80	5,302	12.87	5,904	
Consumer	9,962	7.66	11,784	6.94	10,929	6.92	12,034	
Nonspecific allowance	19,791	-	18,061	-	18,201	-	17,038	
Total	$126,677	100.00%	$109,497	100.00%	$103,876	100.00%	$108,618	1

(1) Excludes residential mortgage loans held for sale.
(2) Specific allocation for the loan concentration risks are included in the appropriate category.

Nonperforming Assets

Information regarding nonperforming assets, which totaled $104 million at December 31, 2007 and $44 million at December 31, 2006, is presented in Table 26. Nonperforming assets included nonaccrual and renegotiated loans and excluded loans 90 days or more past due but still accruing interest. Total nonperforming assets were 0.87% of period-end loans and repossessed assets at December 31, 2007, up from 0.42% at December 31, 2006. This represents a return of the nonperforming assets to outstanding loans and repossessed assets to 2002 and 2003 levels after near historic lows over the past three years.

Nonaccrual loans totaled $84 million at December 31, 2007 and $26 million at December 31, 2006. Newly identified nonaccrual loans totaled $81 million during the year, including $43 million identified in the fourth quarter. Nonaccrual loans also increased $7.8 million from the acquisition of First United Bank. Nonaccrual loans decreased $16 million for loans charged off and foreclosed, and $15 million for cash payments received. Approximately $8.4 million of nonaccrual loans are subject to the First United Bank sellers' escrow.

Nonaccrual commercial loans totaled $43 million at December 31, 2007 and consisted primarily of loans in the services and manufacturing sectors of the portfolio. None of the nonaccrual commercial loans exceeded $10 million. Approximately $29 million of nonaccrual commercial loans are to borrowers in the Oklahoma market, $5.4 million are in the New Mexico market and $4.8 million are in the Colorado market.

Nonaccrual commercial real estate loans totaled $25 million at December 31, 2007. Approximately $13 million are loans secured by single-family residential properties or lots, including $5.9 million in Arizona and $3.8 million in

Colorado. Other significant nonaccrual commercial real estate loans included $5.3 million of retail facilities in New Mexico and $3.1 million of multifamily residential properties in Arizona.

In addition to nonaccrual loans, nonperforming assets included $11 million of renegotiated loans and $9.5 million of real estate and other repossessed assets. Renegotiated loans consisted of residential mortgage loans and indirect automobile loans whose original terms have been modified. Approximately $7.6 million of renegotiated loans are residential mortgage loans guaranteed by agencies of the U.S. government. Approximately $2.7 million of real estate and other repossessed assets are subject to the First United Bank sellers' escrow.

Table 26 Nonperforming Assets
(Dollars in Thousands)

	December 31,			
	2007	2006	2005	
Nonperforming loans				
Nonaccrual loans:				
Commercial	$ 42,981	$10,737	$ 11,673	$33
Commercial real estate	25,319	4,771	5,370	10
Residential mortgage	15,272	10,325	7,347	8
Consumer	718	222	772	
Total nonaccrual loans	84,290	26,055	25,162	52
Renegotiated loans(3)	10,394	9,802	6,379	4
Total nonperforming loans	94,684	35,857	31,541	57
Other nonperforming assets	9,475	8,486	8,476	3
Total nonperforming assets	$104,159	$44,343	$ 40,017	$61
Nonaccrual loans by principal market:				
Oklahoma	$ 47,977	$17,683	$ 16,857	$37
Texas	4,983	6,096	5,475	2
New Mexico	11,118	871	928	1
Arkansas	1,635	267	-	2
Colorado(4)	9,222	1,138	1,902	8
Arizona	9,355	-	-	
Total nonaccrual loans	$ 84,290	$26,055	$25,162	$52
Nonaccrual loans by loan portfolio sector:				
Commercial:				
Energy	$ 529	$ 535	$ 75	$
Manufacturing	9,915	101	1,113	13,
Wholesale / retail	3,792	2,457	3,036	4,
Agriculture	380	93	268	
Services	25,468	5,759	5,213	13,
Healthcare	2,301	1,600	1,942	
Other	596	192	26	
Total commercial	42,981	10,737	11,673	33,
Commercial real estate:				
Land development and construction	13,466	2,031	2,081	6,
Multifamily	3,998	320	668	1,
Other commercial real estate	7,855	2,420	2,621	2,

Total commercial real estate	25,319	4,771	5,370	10,
Residential mortgage	15,272	10,325	7,347	8,
Consumer	718	222	772	
Total nonaccrual loans	$84,290	$26,055	$25,162	$52,
Ratios:				
Reserve for loan losses to nonperforming loans	133.79%	305.37%	329.34%	18
Nonperforming loans to period-end loans(2)	0.79	0.34	0.35	
Loans past due (90 days)(1)	$5,575	$ 5,945	$ 8,708	$ 7
(1) Includes residential mortgages guaranteed by agencies of the U.S. Government.	$ 1,017	$ 2,233	$ 2,021	$ 2
(2) Excludes residential mortgage loans held for sale.				
(3) Includes residential mortgage loans guaranteed by agencies of the U.S. government. These loans have been modified to extend payment terms and/or reduce interest rates to current market.	$ 7,550	$ 5,747	$ 3,577	$ 2
(4) Includes loans subject to First United Bank sellers escrow.	$ 8,412	$ -	$ -	$

44

The loan review process also identified loans that possess more than the normal amount of risk due to deterioration in the financial condition of the borrower or the value of the collateral. Because the borrowers are still performing in accordance with the original terms of the loan agreements, and no loss of principal or interest is anticipated, these loans were not included in Nonperforming Assets. Known information does, however, cause management concern as to the borrowers' ability to comply with current repayment terms. These potential problem loans totaled $49 million at December 31, 2007 and $22 million at December 31, 2006. The current composition of potential problem loans by primary industry included real estate - $20 million, healthcare - $19 million, manufacturing - $4.2 million and services - $4.0 million. Potential problem real estate loans consisted primarily of loans to residential builders in the Arizona market of $12 million.

Deposits

Deposit accounts represent our primary funding source. Average deposits represented approximately 66% of total liabilities and capital for 2007, down from 68% for 2006. The decrease in average deposits relative to other funding sources is due largely to the structuring of our balance sheet to be relatively neutral to changes in interest rates. Other borrowed funds were up during 2007 to fund a $447 million increase in average securities to implement this interest rate risk management strategy. 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.

Average deposits totaled $12.6 billion for 2007, a $1.2 billion or 11% increase over 2006. Growth in average deposits included $503 million of deposits acquired from Worth National Bank and First United Bank in the second quarter of 2007.

Table 27 Maturity of Domestic CDs and Public Funds in Amounts of $100,000 or More (In Thousands)

	December 31, 2007	December 31, 2006
Months to maturity:		
3 or less	$ 820,339	$ 713,463
Over 3 through 6	580,427	517,766
Over 6 through 12	456,103	809,212
Over 12	584,180	603,291
Total	$2,441,049	$2,643,732

Interest-bearing transaction deposit accounts continued to grow in 2007, up $1.1 billion or 20% over 2006. Time deposits increased $289 million or 7%. At the same time, average demand deposit accounts decreased $152 million compared with last year. Core deposits, which we define as deposits of less than $100,000, excluding public funds and brokered deposits, increased 15% to $6.4 billion. Accounts with balances in excess of $100,000 totaled $5.0 billion, an increase of $286 million or 6%. Average brokered deposits and public funds, which totaled $1.2 billion, were up $110 million over 2006.

Average commercial banking deposits were up $431 million or 12% over last year. The average balance of commercial banking deposits for 2007 was $4.2 billion. Commercial deposit growth was primarily centered in Oklahoma and Texas. Consumer deposits averaged $5.3 billion for 2007, up $315 million or 6% over 2006. Average consumer deposits were up $137 million or 30% in the Colorado market, including First United Bank deposits. In addition, consumer deposit account balances increased $87 million in Oklahoma, $51 million in Texas and $41 million in New Mexico. Wealth management deposit accounts averaged $1.6 billion for 2007, a $235 million increase over 2006. Approximately $105 million of the increase was in the Colorado market. The remaining increase was distributed primarily in Oklahoma and Texas.

The distribution of deposit accounts among our principal markets is shown in Table 28.

45

Table 28 Deposits by Principal Market Area (In Thousands)

	December 31, 2007	2006	2005	2004	2003
Oklahoma:					
Demand	$ 936,160	$ 915,101	$1,003,284	$1,095,228	$1,025,483
Interest-bearing:					
Transaction	3,935,909	3,456,322	3,002,610	2,291,089	2,246,675
Savings	80,467	83,017	85,837	87,597	98,611
Time	2,426,822	2,595,890	2,564,337	2,505,849	2,403,293
Total interest-bearing	6,443,198	6,135,229	5,652,784	4,884,535	4,748,579
Total Oklahoma	$7,379,358	$7,050,330	$6,656,068	$5,979,763	$5,774,062

Texas:					
Demand	$ 738,105	$ 640,159	$ 615,732	$ 617,808	$ 421,292
Interest-bearing:					
Transaction	2,050,872	1,688,131	1,535,570	1,119,893	1,213,777
Savings	34,618	24,074	27,398	30,331	35,702
Time	800,460	829,255	735,731	571,993	505,463
Total interest-bearing	2,885,950	2,541,460	2,298,699	1,722,217	1,754,942
Total Texas	$3,624,055	$3,181,619	$2,914,431	$2,340,025	$2,176,234
New Mexico:					
Demand	$ 93,923	$ 124,088	$ 129,289	$ 136,599	$ 106,050
Interest-bearing:					
Transaction	490,227	432,342	381,099	320,118	370,294
Savings	15,146	16,417	17,839	17,885	20,728
Time	486,868	490,460	453,314	411,939	317,924
Total interest-bearing	992,241	939,219	852,252	749,942	708,946
Total New Mexico	$ 1,086,164	$ 1,063,307	$ 981,541	$ 886,541	$ 814,996
Arkansas:					
Demand	$ 9,755	$ 12,589	$ 10,429	$ 14,489	$ 16,351
Interest-bearing:					
Transaction	22,519	17,905	22,354	26,882	28,411
Savings	883	1,010	1,058	1,434	1,341
Time	40,692	57,446	75,034	99,677	105,598
Total interest-bearing	64,094	76,361	98,446	127,993	135,350
Total Arkansas	$ 73,849	$ 88,950	$ 108,875	$ 142,482	$ 151,701
Colorado:					
Demand	$ 60,250	$ 48,756	$ 61,647	$ 62,995	$ 79,424
Interest-bearing:					
Transaction	504,116	328,254	258,668	189,106	162,651
Savings	23,806	12,632	17,772	19,092	18,347
Time	539,523	485,200	264,020	54,394	42,448
Total interest-bearing	1,067,445	826,086	540,460	262,592	223,446
Total Colorado	$1,127,695	$ 874,842	$ 602,107	$ 325,587	$ 302,870
Arizona:					
Demand	$ 29,807	$ 39,352	$ 45,567	$ -	$ -
Interest-bearing:					
Transaction	82,682	73,729	56,994	-	-
Savings	1,435	1,978	4,111	-	-
Time	11,603	6,574	5,624	-	-
Total interest-bearing	95,720	82,281	66,729	-	-
Total Arizona	$ 125,527	$ 121,633	$ 112,296	$ -	$ -
Kansas:					
Demand	$ 7,946	$ 14	$ -	$ -	$ -
Interest-bearing:					
Transaction	10,014	287	-	-	-
Savings	13	2	-	-	-
Time	24,670	5,721	-	-	-

Total interest-bearing	34,697	6,010	-	-	-
Total Kansas	$ 42,643	$ 6,024	$ -	$ -	$ -
Total BOK Financial deposits	$13,459,291	$12,386,705	$11,375,318	$9,674,398	$9,219,863

46

Borrowings and Capital

Parent Company

BOK Financial (parent company) has a $188 million unsecured revolving line of credit with certain commercial banks that matures in December 2010. The outstanding principal balance of this credit agreement was $50 million at December 31, 2007. Interest is based upon a base rate or LIBOR plus a defined margin that is determined by the Company's credit rating. This margin ranges from 0.375% to 1.125% or a base rate. The margin currently applicable to borrowings against this line is 0.375%. The base rate is defined as the greater of the daily federal funds rate plus 0.5% or the SunTrust Bank prime rate. Interest is generally paid monthly. Facility fees are paid quarterly on the unused portion of the commitment at rates that range from 0.100% to 0.250% based on the Company's credit rating.

This credit agreement includes certain restrictive covenants that limit the Company's ability to borrow additional funds, to make investments and to pay cash dividends on common stock. These covenants also require BOK Financial and subsidiary banks to maintain minimum capital levels. BOK Financial met all of the restrictive covenants at December 31, 2007.

The primary source of liquidity for BOK Financial is dividends from subsidiary banks, which are limited by various banking regulations to net profits, as defined, for the preceding two years. Dividends are further restricted by minimum capital requirements. Based on the most restrictive limitations, the subsidiary banks could declare up to $93 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 $75 million under this policy.

Equity capital for BOK Financial increased $214 million to $1.9 billion during 2007. Retained earnings, net income less cash dividends paid, provided $167 million of this increase. Accumulated other comprehensive losses decreased $42 million during 2007. Lower net unrealized losses on available for sale securities reduced accumulated other comprehensive losses $36 million and the after-tax effect of adjusting the prepaid pension expense asset as required by FAS 158 decreased accumulated other comprehensive losses $4.4 million. Employee stock option transactions increased equity capital $24 million during 2007 and treasury stock purchases reduced capital $17 million.

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

On April 26, 2005, the Board of Directors authorized a share repurchase program, which replaced a previously authorized program. The maximum of two million common shares may be repurchased. The specific timing and amount of shares

repurchased will vary based on market conditions, securities law limitations and other factors. Repurchases may be made over time in open market or privately negotiated transactions. The repurchase program may be suspended or discontinued at any time without prior notice. Since this program began, 618 thousand shares have been repurchased by the Company for $30.7 million. During 2007, 340 thousand shares were repurchased for $17.4 million.

BOK Financial and subsidiary banks are subject to various capital requirements administered by federal agencies. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that could have 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. The capital ratios for BOK Financial and each subsidiary bank are presented in Note 16 to the Consolidated Financial Statements.

Subsidiary Banks

BOK Financial's subsidiary banks use borrowings to supplement deposits as a source of funds for loans and securities growth. Sources of these borrowings included federal funds purchased, securities repurchase agreements, and advances from the Federal Home Loan Banks. Interest rates and maturity dates for the various borrowings are matched with specific asset types in the asset/liability management process. Note 10 to the Consolidated Financial Statements provides additional information about the subsidiary banks' borrowings, including maturity and re-pricing periods and collateral requirements.

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

During 2005, Bank of Oklahoma issued $150 million of 10-year, fixed rate subordinated debt. The cost of this subordinated debt, including issuance discounts and hedge losses is 5.56%. The proceeds of this debt were used to repay $95 million of BOK Financial's unsecured revolving line of credit and to provide additional capital to support asset growth. During 2006, a $150 million notional amount interest rate swap was designated as a hedge of changes in the fair value of the subordinated debt due to

47

changes in interest rates. The Company receives a fixed rate of 5.257% and pays a variable rate based on 1-month LIBOR. The fair value hedging relationship was discontinued and the swap was terminated in April 2007.

Off-Balance Sheet Arrangements

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

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 and 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. This guarantee expired in the fourth quarter of 2007.

Aggregate Contractual Obligations

BOK Financial has numerous contractual obligations in the normal course of business. These obligations included time deposits and other borrowed funds, premises used under various operating leases, commitments to extend credit to borrowers and to purchase securities, derivative contracts and contracts for services such as data processing that are integral to our operations. The following table summarizes payments due per these contractual obligations at December 31, 2007.

Table 29 Contractual Obligations as of December 31, 2007
(In Thousands)

	Less Than 1 Year	1 to 3 Years	4 to 5 Years	More Than 5 Years	T
Time deposits	$1,002,328	$ 939,092	$ 368,269	$ 20,090	$2,32
Other borrowings	903,528	322,444	11,033	10,529	1,24
Subordinated debentures	21,875	43,750	43,750	480,417	58
Operating lease obligations	16,447	30,088	20,435	31,624	9
Derivative contracts	301,908	180,017	24,249	1,543	50
Data processing contracts	8,685	17,111	15,682	5,117	4
Total	$2,254,771	$1,532,502	$ 483,418	$549,320	$4,82

Loan commitments	$ 5,345,736
Standby letters of credit	555,758
Mortgage loans sold with recourse	392,534
Alternative investment commitments	30,651
Unfunded third-party private equity commitments	27,645
Deferred compensation and stock-based compensation obligations	26,582

Payments on time deposits and other borrowed funds include interest which has been calculated from rates at December 31, 2007. Many of these obligations have variable interest rates and actual payments will differ from the amounts shown on this table. Obligations under derivative contracts used for interest rate risk management purposes are included with projected payments from time deposits and other borrowed funds as appropriate.

Payments on time deposits are based on contractual maturity dates. These funds may be withdrawn prior to maturity. We may charge the customer a penalty for early withdrawal.

Operating lease commitments generally represent real property we rent for branch offices, corporate offices and operations facilities. Payments presented represent the minimum lease payments and exclude related costs such as utilities and property taxes.

Data processing and communications contracts represent the minimum obligations under the contracts. Additional payments that are based on the volume of transactions processed are excluded.

Loan commitments represent legally binding obligations to provide financing to our customers. Since some of these commitments are expected to expire before being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

48

The Company's obligation to repurchase mortgage loans sold with recourse is subject to performance conditions. The total amount does not necessarily represent future cash requirements.

Obligations under derivative contracts are used in customer hedging programs. As previously discussed, we have entered into derivative contracts which are expected to substantially offset the cash payments due on these obligations.

At December 31, 2007, the Company has funded $30.4 million and has commitments to fund an additional $30.7 million in various unrelated alternative investments. Alternative investments generally consist of limited partnership interests in or loans to entities that invest in distressed real estate loans and properties, energy development, venture capital and other activities. The Company is prohibited by banking regulations from controlling or actively managing the activities of these investments.

The Company has $27.6 million in unfunded third-party equity commitments through its BOK Financial Private Equity Funds. These commitments generally reflect customer investment obligations.

The Company has compensation and employment agreements with our President and Chief Executive Officer. Collectively, these agreements provide, among other things, that all unvested stock-based compensation shall fully vest upon his termination, subject to certain conditions. These agreements provide for settlement in cash or other assets. We currently have recognized a $18.3 million liability for these plans. This liability would increase to $19.9 million if all awards were fully vested. We also have obligations with respect to employee and executive benefit plans. See Notes 12 and 13 to the Consolidated Financial Statements.

Recently Issued Accounting Standards

Financial Accounting Standards Board

Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157")

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 $1.1 million, or $679 thousand, net of taxes, for 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.

Statement of Financial Accounting Standards No. 159, "The Fair Value Option for

Financial Assets and Financial Liabilities" ("FAS 159")

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159") during the first quarter of 2007. The purpose of FAS 159 is to increase the use of fair value measurements in financial statements and to mitigate volatility in reported earnings caused by measuring 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 will adopt FAS 159 as required on January 1, 2008.

BOK Financial expects to elect the fair value option for certain certificates of deposit. These deposits are either currently designated as hedged or had previously been designated as hedged, but no longer meet the correlation requirements of Statement of Financial Accounting Standards No. 133. Management believes that election of the fair value option for these items more accurately portrays their economic value. Effective January 1, 2008, retained earnings will be decreased by $202 thousand to recognize the adjustment of these certificates to their fair values, net of deferred income taxes.

Management is also evaluating election of the fair value option for certain other certificates of deposit. If elected, the transition adjustment for the fair value option is not expected to have a significant effect on the financial statements.

49

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

The Financial Accounting Standards Board issued FAS 141R during 2007 to replace Statement of Financial Accounting Standards No. 141, "Business Combinations." FAS 141R applies to all transactions or other events in which an entity obtains control over one or more businesses, including combinations achieved without the transfer of consideration. FAS 141R retains the fundamental requirement that all business combinations must be accounted for under the acquisition or purchase method of accounting. All assets acquired, including identifiable intangible assets, liabilities assumed and any non-controlling interests must be recognized at the acquisition-date fair values. Costs incurred to effect the acquisition and restructuring costs that the acquirer is expected but not obligated to incur must be recognized separately from the business combination. Contingent assets and liabilities generally will be recognized at their acquisition-date fair values. Changes in the recognized amounts of contingent assets and liabilities will be recognized in post acquisition-date earnings. FAS 141R will have a significant effect on the Company's financial statements of business combinations completed after January 1, 2009.

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

The Financial Accounting Standards Board issued FAS 160 during 2007 to improve accounting for non-controlling or minority interest, which is defined as the portion of equity of a subsidiary not attributable, directly or indirectly, to a parent. FAS 160 applies to all for-profit entities that prepare consolidated financial statements, but only affects entities that have an outstanding

non-controlling interest in one or more subsidiaries. Ownership interests held by parties other than the parent shall be reported in equity, but separate from the parent's equity. The amount of consolidated net income attributed to the non-controlling interest and the parent shall be separately disclosed. FAS 160, which will be adopted on January 1, 2009, is not expected to have a significant impact on the Company's financial statements.

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109" ("FIN 48")

FIN 48 was issued in 2006 to clarify accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109. This interpretation establishes a minimum threshold that must be met for financial statement recognition and prescribes a measurement attribute for uncertain tax positions. The benefit of uncertain tax positions may only be recognized when, based upon all relevant evidence, it is more-likely-than-not that the position would prevail upon examination, including resolution of related appeals or litigation based upon the technical merits of the position. FIN 48 also requires tabular reconciliation of unrecognized tax benefits and changes in unrecognized tax benefits and disclosure of the nature of uncertainties that are expected to significantly increase or decrease within twelve months. The Company recognized a $609 thousand decrease of retained earnings upon adoption of FIN 48 effective January 1, 2007.

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 reserves for loan losses and off-balance sheet credit losses, reserves for uncertain tax positions and accruals for loss contingencies 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.

Legal Notice

As used in this report, the term "BOK Financial" and such terms as "the Company," "the Corporation," "our," "we" and "us" may refer to one or more of the consolidated subsidiaries or all of them taken as a whole. All these terms are used for convenience only and are not intended as a precise description of

any of the separate companies, each of which manages its own affairs.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

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

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

Interest Rate Risk - Other than Trading

BOK Financial has a large portion of its earning assets in variable rate loans and a large portion of its liabilities in demand deposit accounts and interest bearing transaction accounts. Changes in interest rates affect earning assets more rapidly than interest bearing liabilities in the short term. Management has adopted several strategies to position the balance sheet to be neutral to interest rate changes. As previously noted in the Net Interest Revenue section of this report, management acquires securities that are funded by borrowings in the capital markets. The average duration of these securities is expected to be approximately 2.0 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. Net interest revenue decreased $6.8 million in 2007 and $9.4 million in 2006 from periodic settlements of these contracts. These contracts are carried on the balance sheet at fair value and changes in fair value are reported in income as derivatives gains or losses. A net gain of $2.3 million was recognized in 2007 compared with a net loss of $637 thousand in 2006 from adjustments of these swaps and hedged liabilities to fair value. Credit risk from these swaps is monitored as part of our overall process of managing credit exposure to other financial institutions. Additional information regarding interest rate swap contracts is presented in Note 4 to the Consolidated Financial Statements.

The effectiveness of these strategies in managing the overall interest rate risk

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

The Company's primary interest rate exposures included the Federal Funds rate, which affects short-term borrowings, and the prime lending rate and LIBOR, which are the basis for much of the variable-rate loan pricing. Additionally, mortgage rates directly affect the prepayment speeds for mortgage-backed securities and mortgage servicing rights. Derivative financial instruments and other financial instruments used for purposes other than trading are included in this simulation. The model incorporates assumptions regarding the effects of changes in interest rates and account balances on indeterminable maturity deposits based on a combination of historical analysis and expected behavior. The impact of planned growth and new business activities is factored into the simulation model. The effects of changes in interest rates on the value of mortgage servicing rights are excluded from Table 30 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.

51

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 30 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	$(12,424)	$ (7,587)	$ 3,105	$ 8,357	$
	(2.0)%	(1.4)%	0.5%	1.5%	

Trading Activities

BOK Financial enters into trading activities both as an intermediary for customers and for its own account. As an intermediary, BOK Financial will take positions in securities, generally mortgage-backed securities, government agency

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

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 December 31, 2007, the VAR was $637 thousand. The greatest value at risk during 2007 was $1.3 million.

52

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Management on Financial Statements

Management of BOK Financial is responsible for the preparation, integrity and fair presentation of the consolidated financial statements included in this annual report. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and necessarily include some amounts that are based on our best estimates and judgments.

Management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, conducted an assessment of internal control over financial reporting as of December 31, 2007. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States. In establishing internal control over financial reporting, management assesses risk and designs controls to prevent or detect financial reporting misstatements that may be consequential to a reader. Management also assesses the impact of any internal control deficiencies and oversees efforts to improve internal control over financial reporting. Because of inherent limitations, it is possible that internal controls may not prevent or detect misstatements, and it is possible that internal controls may vary over time based on changing conditions. There have been no material changes in internal controls subsequent to December 31, 2007.

The Risk Oversight and Audit Committee, consisting entirely of independent directors, meets regularly with management, internal auditors and the independent registered public accounting firm, Ernst & Young LLP, regarding management's assessment of internal control over financial reporting.

Report of Management on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting, as such term is defined in Exchange Act Rules

13a-15(f) and 15d-15(f), as amended. Management has assessed the effectiveness of the Company's internal control over financial reporting based on the criteria established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission. Based on that assessment and criteria, management has determined that the Company maintained effective internal control over financial reporting as of December 31, 2007.

Ernst & Young LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Company included in this annual report has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. Their report, which expresses unqualified opinions on the effectiveness of the Company's internal control over financial reporting as of December 31, 2007, is included in this annual report.

53

Report of Independent Registered Public Accounting Firm

Report on Consolidated Financial Statements

The Board of Directors and Shareholders of BOK Financial Corporation

We have audited the accompanying consolidated balance sheets of BOK Financial Corporation as of December 31, 2007 and 2006, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of BOK Financial Corporation at December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, BOK Financial Corporation changed its method of accounting for mortgage servicing rights as of January 1, 2006, in accordance with Financial Accounting Standards Board Statement No. 156, Accounting for Servicing of Financial Assets. Also as discussed in Note 1 to the consolidated financial statements, BOK Financial Corporation changed its framework for fair value measurements as of January 1, 2007, in accordance with Financial Accounting Standards Board Statement No. 157, Fair Value Measurement. Also discussed in Note 1 to the consolidated financial statements, BOK Financial Corporation changed its method of accounting for uncertainty in income taxes recognized as of January 1, 2007, in accordance with Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes- An Interpretation of FASB Statement No. 109. As

discussed in Note 12 to the consolidated financial statements, BOK Financial Corporation changed its method of accounting for defined benefit pension plans as of December 31, 2006, in accordance with Financial Accounting Standards Board Statement No. 158, Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), BOK Financial Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2008 expressed an unqualified opinion thereon.

Ernst & Young LLP

Tulsa, Oklahoma

February 29, 2008

54

Report of Independent Registered Public Accounting Firm

Report on Effectiveness of Internal Control over Financial Reporting

The Board of Directors and Shareholders of BOK Financial Corporation

We have audited BOK Financial Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). BOK Financial Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, BOK Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of BOK Financial Corporation as of December 31, 2007 and 2006, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2007 of BOK Financial Corporation and our report dated February 29, 2008 expressed an unqualified opinion thereon.

Ernst & Young LLP

Tulsa, Oklahoma

February 29, 2008

55

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

	2007	2006
Interest Revenue		
Loans	$ 892,024	$ 751,391
Taxable securities	248,972	222,531
Tax-exempt securities	13,604	9,819
Total securities	262,576	232,350
Trading securities	1,657	847
Funds sold and resell agreements	4,480	1,841
Total interest revenue	1,160,737	986,429
Interest Expense		
Deposits	412,746	336,908
Borrowed funds	178,605	142,553
Subordinated debentures	24,901	20,280
Total interest expense	616,252	499,741
Net Interest Revenue	544,485	486,688
Provision for Credit Losses	34,721	18,402

Net Interest Revenue After Provision for Credit Losses	509,764	468,286
Other Operating Revenue		
Brokerage and trading revenue	62,542	53,413
Transaction card revenue	90,425	78,622
Trust fees and commissions	78,231	71,037
Deposit service charges and fees	109,218	102,436
Mortgage banking revenue	22,275	26,996
Bank-owned life insurance	10,058	2,558
Other revenue	32,873	36,634
Total fees and commissions	405,622	371,696
Gain (loss) on sales of assets	(928)	1,499
Loss on securities, net	(8,328)	(950)
Gain (loss) on derivatives, net	2,282	(622)
Total other operating revenue	398,648	371,623
Other Operating Expense		
Personnel	328,705	296,260
Business promotion	21,888	19,351
Professional fees and services	22,795	17,744
Net occupancy and equipment	57,284	52,188
Data processing and communications	72,733	66,926
Printing, postage and supplies	16,570	15,862
Net losses and operating expenses of repossessed assets	691	474
Amortization of intangible assets	7,358	5,327
Mortgage banking costs	12,018	11,829
Change in fair value of mortgage servicing rights	2,893	(3,009)
Recovery of impairment of mortgage servicing rights	-	-
Other expense	32,052	29,355
Total other operating expense	574,987	512,307
Income Before Taxes	333,425	327,602
Federal and state income tax	115,761	114,625
Net Income	$ 217,664	$ 212,977
Earnings Per Share:		
Basic	$ 3.24	$ 3.19
Diluted	$ 3.22	$ 3.16
Average Shares Used in Computation:		
Basic	67,083,200	66,759,384
Diluted	67,550,538	67,310,005

See accompanying notes to consolidated financial statements.

56

Consolidated Balance Sheets
(In Thousands Except Share Data)

	Dece
	2007

Assets	
Cash and due from banks	$ 717,259
Funds sold and resell agreements	173,154
Trading securities	45,724
Securities:	
Available for sale	5,323,001
Available for sale securities pledged to creditors	327,539
Investment (fair value: 2007 - $248,788; 2006 - $246,608)	247,949
Mortgage trading securities	154,701
Total securities	6,053,190
Loans	11,940,570
Residential mortgages held for sale	76,677
Less reserve for loan losses	(126,677
Loans, net of reserve	11,890,570
Premises and equipment, net	258,786
Accrued revenue receivable	138,243
Intangible assets, net	368,353
Mortgage servicing rights, net	70,009
Real estate and other repossessed assets	9,475
Bankers' acceptances	1,780
Derivative contracts	502,446
Cash surrender value of bank-owned life insurance	229,540
Receivable on unsettled securities trades	10,071
Other assets	371,264
Total assets	$ 20,839,864
Liabilities and Shareholders' Equity	
Noninterest-bearing demand deposits	$ 1,875,946
Interest-bearing deposits:	
Transaction	7,096,339
Savings	156,368
Time	4,330,638
Total deposits	13,459,291
Funds purchased and repurchase agreements	3,225,131
Other borrowings	1,027,564
Subordinated debentures	398,273
Accrued interest, taxes and expense	124,029
Bankers' acceptances	1,780
Due on unsettled security transactions	-
Derivative contracts	513,840
Other liabilities	154,572
Total liabilities	18,904,480
Shareholders' equity:	
Preferred stock ($.00005 par value; 1,000,000,000 shares authorized; no shares issued and outstanding)	-
Common stock ($.00006 par value; 2,500,000,000 shares authorized; shares issued and outstanding: 2007 - 69,465,154; 2006 - 68,704,575)	4
Capital surplus	722,088
Retained earnings	1,332,954
Treasury stock (shares at cost: 2007 - 2,158,774; 2006 - 1,636,825)	(88,428
Accumulated other comprehensive loss	(31,234

Total shareholders' equity	1,935,384
Total liabilities and shareholders' equity	$ 20,839,864

See accompanying notes to consolidated financial statements.

57

Consolidated Statements of Cash Flows
(In Thousands)

	2007
Cash Flows From Operating Activities:	
Net income	$ 217,664
Adjustments to reconcile net income to cash provided by operations:	
Provision for credit losses	34,721
Change in fair value of mortgage servicing rights	2,893
Recovery of mortgage servicing rights impairment	-
Unrealized (gains) losses from derivatives	(11,162)
Depreciation and amortization	43,524
Change in bank-owned life insurance	(17,310)
Tax benefit on exercise of stock options	(3,460)
Stock-based compensation	8,483
Net (accretion) amortization of securities discounts and premiums	(2,404)
Net gain on sale of assets	7,663
Mortgage loans originated for resale	(1,022,829)
Proceeds from sale of mortgage loans held for resale	1,008,828
Change in trading securities, including mortgage trading securities	896
Change in accrued revenue receivable	(30,719)
Change in other assets	14,598
Change in accrued interest, taxes and expense	19,277
Change in other liabilities	(32,886)
Net cash provided by operating activities	237,777
Cash Flows From Investing Activities:	
Proceeds from sales of available for sale securities	806,979
Proceeds from maturities of investment securities	93,245
Proceeds from maturities of available for sale securities	1,186,319
Purchases of investment securities	(92,648)
Purchases of available for sale securities	(2,909,791)
Loans originated or acquired net of principal collected	(936,018)
Net payments or proceeds on derivative asset contracts	(143,649)
Investment in bank-owned life insurance	-
Net change in other investment assets	67
Proceeds from disposition of assets	48,341
Purchases of other assets	(44,929)
Cash and equivalents of subsidiaries and branches acquired and sold, net	(47,476)
Net cash used by investing activities	(2,039,560)
Cash Flows From Financing Activities:	
Net change in demand deposits, transaction deposits and savings accounts	860,612
Net change in time deposits	(291,822)
Net change in other borrowings	1,301,093
Change in amount receivable (due) on unsettled security transactions	(117,491)

Pay down of other borrowings	-
Issuance of common and treasury stock, net	13,747
Issuance of subordinated debenture, net	248,618
Pay down of subordinated debentures	(150,000)
Net change in derivative margin accounts	(58,451)
Net payments or proceeds on derivative liability contracts	152,873
Tax benefit on exercise of stock options	3,460
Repurchase of common stock	(17,353)
Dividends paid	(50,416)
Net cash provided by financing activities	1,894,870
Net increase in cash and cash equivalents	93,087
Cash and cash equivalents at beginning of period	797,326
Cash and cash equivalents at end of period	$ 890,413
Cash paid for interest	$ 608,963
Cash paid for taxes	115,627
Net loans transferred to repossessed real estate	9,825

See accompanying notes to consolidated financial statements.

58

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

	Preferred Stock	
	Shares	Amount
December 31, 2004	249,975	$12
Comprehensive income:		
Net income	-	-
Other comprehensive loss, net of tax	-	-
Comprehensive income		
Treasury stock purchase	-	-
Exercise of stock options	-	-
Conversion of preferred stock to common	(249,975)	(12)
Tax benefit on exercise of stock options	-	-
Stock-based compensation	-	-
Cash dividends on:		
Preferred stock	-	-
Common stock	-	-
December 31, 2005	-	-
Effect of implementing FAS 156, net of tax	-	-
Comprehensive income:		
Net income	-	-
Other comprehensive loss, net of tax	-	-
Comprehensive income		
Treasury stock purchase	-	-

Exercise of stock options	-	-
Tax benefit on exercise of stock options	-	-
Stock-based compensation	-	-
Cash dividends on common stock	-	-
December 31, 2006	-	-
Effect of implementing FAS 157, net of tax	-	-
Effect of implementing FIN 48	-	-
Comprehensive income:		
Net income	-	-
Other comprehensive income, net of tax	-	-
Comprehensive income		
Treasury stock purchase	-	-
Exercise of stock options	-	-
Tax benefit on exercise of stock options	-	-
Stock-based compensation	-	-
Cash dividends on common stock	-	-
December 31, 2007	-	$ -

See accompanying notes to consolidated financial statements.

59

Accumulated Other Comprehensive Income (Loss)	Capital Surplus	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	
$ (11,625)	$631,747	$809,261	998	$(30,905)	$
-	-	201,505	-	-	
(56,186)	-	-	-	-	

-	-	-	60	(2,439)	
-	13,728	-	144	(6,696)	
-	12	-	-	-	
-	3,583	-	-	-	
-	7,509	-	-	-	
-	-	(375)	-	-	
-	-	(19,969)	-	-	
(67,811)	656,579	990,422	1,202	(40,040)	
-	-	383	-	-	
-	-	212,977	-	-	
(5,633)	-	-	-	-	

-	-	-	249	(12,103)
-	21,897	-	186	(9,250)
-	4,014	-	-	-
-	6,371	-	-	-
-	-	(36,788)	-	-
(73,444)	688,861	1,166,994	1,637	(61,393)
-	-	(679)	-	-
-	-	(609)	-	-
-	-	217,664	-	-
42,210	-	-	-	-
-	-	-	340	(17,353)
-	23,429	-	182	(9,682)
-	3,460	-	-	-
-	6,338	-	-	-
-	-	(50,416)	-	-
$(31,234)	$ 722,088	$ 1,332,954	2,159	$ (88,428)

60

Notes to Consolidated Financial Statements

(1) Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements of BOK Financial Corporation ("BOK Financial" or "the Company") have been prepared in conformity with accounting principles generally accepted in the United States, including general practices of the banking industry. The consolidated financial statements include the 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 year amounts have been reclassified to conform to the current year presentation.

New accounting policies first adopted in 2007 included Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157") and FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48").

The consolidated financial statements would also include the assets, liabilities, non-controlling interests and results of operations of variable interest entities ("VIEs") when BOK Financial is determined to be the primary beneficiary. Variable interest entities are generally defined in FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities," as entities that either do not have sufficient equity to finance their activities without support from other parties or whose equity investors lack a controlling financial interest. BOK Financial is not the primary beneficiary in any VIE that would be significant to its operations.

Nature of Operations

BOK Financial, through its subsidiaries, provides a wide range of financial services to commercial and industrial customers, other financial institutions

and consumers throughout Oklahoma; Northwest Arkansas; Dallas, Fort Worth and Houston, Texas; Albuquerque, New Mexico; Denver, Colorado; Phoenix, Arizona; and Kansas City, Missouri / Kansas. These services include depository and cash management; lending and lease financing; mortgage banking; securities brokerage, trading and underwriting; and personal and corporate trust.

Use of Estimates

Preparation of BOK Financial's consolidated financial statements requires management to make estimates of future economic activities, including loan collectibility, prepayments and cash flows from customer accounts. These estimates are based upon current conditions and information available to management. Actual results may differ significantly from these estimates.

Acquisitions

Assets and liabilities acquired, including identifiable intangible assets, are recorded at present value based on current interest rates, appraised values or fair values on the acquisition dates. Goodwill is recognized as the excess of the purchase price over the net fair value of assets acquired and liabilities assumed. The Consolidated Statements of Earnings include the results of operations from the dates of acquisition.

Intangible Assets

Intangible assets, which generally result from business combinations, are accounted for under the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," and No. 147, "Acquisitions of Certain Financial Institutions."

Intangible assets with indefinite lives, such as goodwill, are evaluated for each of BOK Financial's business units for impairment annually or more frequently if conditions indicate impairment. The evaluation of possible impairment of intangible assets involves significant judgment based upon short-term and long-term projections of future performance.

The fair value of BOK Financial's business units is estimated by the discounted future earnings method. Income growth is projected over a five-year period for each unit and a terminal value is computed. This projected income stream is converted to current fair value by using a discount rate that reflects a rate of return required by a willing buyer. Assumptions used to determine the fair value of the Company in the aggregate are based on observable inputs, such as the market value of BOK Financial common stock. However, attribution of the overall fair value to individual business units requires significant unobservable inputs. In total, the fair value measurement for goodwill impairment evaluation is based on Level 3 inputs as defined by FAS 157. There have been no changes in the techniques used to value goodwill.

Core deposit intangible assets are amortized using accelerated methods over the estimated lives of the acquired deposits. These assets generally have a weighted average life of 5 years. Other intangible assets are amortized using accelerated or straight-line methods, as appropriate, over the estimated benefit periods. These periods range from 5 years to 20 years. The net book values of core deposit intangible assets are evaluated for impairment when economic conditions indicate impairment may exist.

61

Cash Equivalents

Due from banks, funds sold (generally federal funds sold for one-day periods) and resell agreements (which generally mature within one to 30 days) are

considered cash equivalents.

Securities

Securities are identified as trading, investment (held to maturity) or available for sale at the time of purchase based upon the intent of management, liquidity and capital requirements, regulatory limitations and other relevant factors. Trading securities, which are acquired for profit through resale, are carried at market value with unrealized gains and losses included in current period earnings. Investment securities are carried at amortized cost. Amortization is computed by methods that approximate level yield and is adjusted for changes in prepayment estimates. Investment securities may be sold or transferred to trading or available for sale classification in certain limited circumstances specified in generally accepted accounting principles. Securities identified as available for sale are carried at fair value. Unrealized gains and losses are recorded, net of deferred income taxes, as accumulated other comprehensive income (loss) in shareholders' equity. Unrealized losses on securities are evaluated to determine if the losses are temporary based on various factors, including the cause of the loss, prospects for recovery and management's intent and ability to hold the security until the fair value exceeds amortized cost. An impairment charge is recorded against earnings if the loss is determined to be other than temporary. Realized gains and losses on sales of securities are based upon the amortized cost of the specific security sold. Available for sale securities are separately identified as pledged to creditors if the creditor has the right to sell or repledge the collateral.

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 purchase or sale of securities is recognized on a trade date basis. A net receivable or payable is recognized for subsequent transaction settlement. BOK Financial will periodically commit to purchase to-be-announced mortgage-backed securities. These commitments are carried at fair value if they are considered derivative contracts. These commitments are not reflected in BOK Financial's balance sheet until settlement date if they meet specific criteria exempting them from the definition of derivative contracts.

Derivative Instruments

Derivative instruments may be used by the Company as part of its interest rate risk management programs or may be offered to customers. All derivative instruments are carried at fair value. The determination of fair value of derivative instruments considers changes in interest rates, commodity prices, foreign exchange rates and counterparty credit ratings, when appropriate. Changes in fair value are generally reported in income as they occur.

Derivative instruments used to manage interest rate risk consist primarily of interest rate swaps. These contracts modify the interest income or expense of certain assets or liabilities. Amounts receivable from or payable to counterparties are reported in interest income or expense using the accrual method. Changes in fair value of interest rate swaps are reported in other operating revenue - gain (loss) on derivatives, net.

In certain circumstances, an interest rate swap may be designated as a fair value hedge and may qualify for hedge accounting. In these circumstances, changes in the full fair value of the hedged asset or liability, not only changes in fair value due to changes in the benchmark interest rate, is also recognized in earnings and may partially or completely offset changes in fair value of the interest rate swap. A fair value hedge is considered effective if

the cumulative fair value adjustment of the interest rate swap is within a range of 80% to 120% of the cumulative change in the fair value of the hedged asset or liability. Any ineffectiveness, including ineffectiveness due to credit risk or ineffectiveness created when the fixed rate of the hedged asset or liability does not match the fixed rate of the interest rate swap, is recognized in earnings in the income statement line item "Gain (loss) on derivatives, net."

Interest rate swaps may be designated as cash flow hedges of variable rate assets or liabilities, or of anticipated transactions. Changes in the fair value of interest rate swaps designated as cash flow hedges are recorded in accumulated other comprehensive income to the extent they are effective. The amount recorded in other comprehensive income is reclassified to earnings in the same periods as the hedged cash flows impact earnings. The ineffective portion of changes in fair value is reported in current earnings.

If a derivative instrument that had been designated as a fair value hedge is terminated or if the hedge designation is removed or deemed to no longer be effective, the difference between the hedged item's carrying value and its face amount is recognized into income over the remaining original hedge period. Similarly, if a derivative instrument that had been designated as a cash flow hedge is terminated or if the hedge designation is removed or deemed to no longer be effective, the amount remaining in accumulated other comprehensive income is reclassified to earnings in the same period as the hedged item.

BOK Financial also enters into mortgage loan commitments that are considered derivative instruments. Forward sales contracts are used to hedge these mortgage loan commitments as well as mortgage loans held for sale. Mortgage loan commitments are carried at fair value based upon quoted prices, excluding the value of loan servicing rights or other ancillary values. Changes in fair value of the mortgage loan commitments and forward sales contracts are reported in other operating revenue - mortgage banking revenue.

Derivative contracts are also offered to customers. BOK Financial serves as an intermediary between its customers and the markets. Each contract between BOK Financial and its customers is offset by a contract between BOK Financial and various counterparties. These contracts are carried at fair value. Compensation for credit risk and reimbursement of administrative costs are recognized over the life of the contracts and included in other operating revenue - brokerage and trading revenue.

When bilateral netting agreements exist between the Company and its counterparties that create a single legal claim or obligation to pay or receive the net amount in settlement of the individual derivative contracts, the Company reports derivative assets and liabilities on a net by counterparty basis.

Loans

Loans are either secured or unsecured based on the type of loan and the financial condition of the borrower. Repayment is generally expected from cash flow or proceeds from the sale of selected assets of the borrower. BOK Financial is exposed to risk of loss on loans due to the borrower's difficulties, which may arise from any number of factors, including problems within the respective industry or local economic conditions. Access to collateral, in the event of borrower default, is reasonably assured through adherence to applicable lending laws and through sound lending standards and credit review procedures.

Interest is accrued at the applicable interest rate on the principal amount outstanding. Loans are placed on nonaccrual status when, in the opinion of management, full collection of principal or interest is uncertain, generally when the collection of principal or interest is 90 days or more past due.

Interest previously accrued but not collected is charged against interest income when the loan is placed on nonaccrual status. Payments on nonaccrual loans are applied to principal or reported as interest income, according to management's judgment as to the collectability of principal.

Loan origination and commitment fees and direct loan acquisition and origination costs are deferred and amortized as an adjustment to yield over the life of the loan or over the commitment period, as applicable.

Mortgage loans originated by our mortgage banking unit are held for sale and are carried at the lower of aggregate cost or market value. Mortgage loans held for sale that are designated as hedged assets are carried at fair value based on sales commitments or market quotes. Changes in fair value after the date of designation of an effective hedge are recorded in other operating revenue - mortgage banking revenue.

Reserve for Loan Losses and Off-Balance Sheet Credit Losses

Reserves for loan losses and off-balance sheet credit losses are assessed by management, based upon an ongoing quarterly evaluation of the probable estimated losses inherent in the portfolio, and include probable losses on both outstanding loans and unused commitments to provide financing. A consistent methodology has been developed that includes reserves assigned to specific criticized loans, general reserves that are based upon statistical migration analyses for each category of loans, and a nonspecific allowance that is based upon an analysis of current economic conditions, loan concentrations, portfolio growth and other relevant factors. The reserve for loan losses related to loans that are identified for evaluation in accordance with Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan" ("FAS 114"), is based on discounted cash flows using the loan's initial effective interest rate or the fair value of the collateral for certain collateral dependent loans. Loans are considered to be impaired when it becomes probable that BOK Financial will be unable to collect all amounts due according to the contractual terms of the loan agreement. This is substantially the same criteria used to determine when a loan should be placed on nonaccrual status. This evaluation is inherently subjective as it requires material estimates including the amounts and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change.

In accordance with the provisions of FAS 114, management has excluded small balance, homogeneous loans from the impairment evaluation specified in FAS 114. Such loans include 1-4 family mortgage loans, consumer loans and commercial loans with committed amounts less than $1 million. The adequacy of the reserve for loan losses applicable to these loans is evaluated in accordance with generally accepted accounting principles and standards established by the banking regulatory authorities and adopted as policy by BOK Financial.

A provision for credit losses is charged against earnings in amounts necessary to maintain adequate reserves for loan and off-balance sheet credit losses. Loans are charged off when the loan balance or a portion of the loan balance is no longer covered by the paying capacity of the borrower based on an evaluation of available cash resources and collateral value. Loans are evaluated quarterly and charge-offs are taken in the quarter in which the loss is identified. Additionally, all unsecured or under-secured loans that are past due by 180 days or more are charged off within 30 days. Recoveries of loans previously charged off are added to the reserve.

Transfers of Financial Assets

BOK Financial transfers financial assets as part of its mortgage banking

activities and periodically may transfer other financial assets. Transfers are recorded as sales for financial reporting purposes when the criteria for surrender of control specified in Statement of Financial Accounting Standards, No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" are met. BOK Financial may retain the right to service the assets and may incur a recourse obligation. The Company may also retain a residual interest in excess cash flows generated by the assets. All assets obtained, including cash, servicing rights and residual interests, and all liabilities incurred, including recourse obligations, are initially recognized at fair value, all assets transferred are derecognized and any gain or loss on the sale is recognized in earnings. Subsequently, servicing rights, residual interest and recourse obligations are carried at fair value with changes in fair value recognized in earnings as they occur. A separate reserve is maintained as part of other liabilities for the Company's credit risk on loans transferred subject to a recourse obligation.

Real Estate and Other Repossessed Assets

Real estate and other repossessed assets are assets acquired in partial or total forgiveness of loans. These assets are carried at the lower of cost, which is determined by fair value at date of foreclosure, or current fair value. Income generated by these assets is recognized as received, and operating expenses are recognized as incurred.

Premises and Equipment

Premises and equipment are carried at cost including capitalized interest, when appropriate, less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets or, for leasehold improvements, over the shorter of the estimated useful lives or remaining lease terms. Useful lives range from 5 years to 40 years for buildings and improvements, 3 years to 7 years for software and 3 years to 10 years for furniture and equipment. Repair and maintenance costs are charged to expense as incurred.

Rent expense for leased premises is recognized as incurred over the lease term. The effects of rent holidays, significant rent escalations and other adjustments to rent payments are recognized on a straight-line basis over the lease term.

Mortgage Servicing Rights

Mortgage servicing rights are carried at fair value as permitted by Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets" ("FAS 156"). Mortgage servicing rights may be purchased or may be recognized when mortgage loans are originated pursuant to an existing plan for sale or, if no such plan exists, when the mortgage loans are sold. Originated mortgage servicing rights are initially recognized at fair value. Fair value is based on market quotes for similar servicing rights, which is a Level 2 input as defined by FAS 157. Changes in the fair value are recognized in earnings as they occur.

There is no active market for trading in mortgage servicing rights. A cash flow model is used to determine fair value. Key assumptions and estimates, including projected prepayment speeds and assumed servicing costs, earnings on escrow deposits, ancillary income and discount rates, used by this model are based on current market sources. Assumptions used to value mortgage servicing rights are considered Level 3 inputs as defined by FAS 157. A separate third party model is used to estimate prepayment speeds based on interest rates, housing turnover rates, estimated loan curtailment, anticipated defaults and other relevant factors. The prepayment model is updated daily for changes in market conditions. At least annually, we request estimates of fair value from outside sources to corroborate the results of the valuation model. There have been no changes in

the techniques used to value mortgage servicing rights.

Federal and State Income Taxes

BOK Financial and its subsidiaries file consolidated tax returns. The subsidiaries provide for income taxes on a separate return basis and remit to BOK Financial amounts determined to be currently payable.

Current income tax expense is based on an effective tax rate that considers statutory federal and state income tax rates and permanent differences between income and expense recognition for financial reporting and income tax purposes. The amount of current income tax expense recognized in any period may differ from amounts reported to taxing authorities.

BOK Financial has a reserve for uncertain tax positions, which is included in accrued current income taxes payable, for the uncertain portion of recorded tax benefits and related interest. These uncertainties result from the application of complex tax laws, rules, regulations and interpretations, primarily in state taxing jurisdictions. The adequacy of this reserve is assessed quarterly and may be adjusted through current income tax expense in future periods based on changing facts and circumstances, completion of examinations by taxing authorities or expiration of a statute of limitations. Estimated penalties and interest on uncertain tax positions are recognized in income tax expense.

Deferred tax assets and liabilities are determined based upon the difference between the values of the assets and liabilities as reflected in the financial statements and their related tax basis using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. As changes in tax law or rates are enacted, deferred tax assets and liabilities

64

are adjusted through the provision for income taxes. A valuation allowance is provided when it is more likely than not that some portion or the entire deferred tax asset will not be realized.

Employee Benefit Plans

BOK Financial sponsors a defined benefit cash balance pension plan ("Pension Plan"), qualified profit sharing plans ("Thrift Plans") and employee healthcare plans. Pension Plan costs, which are based upon actuarial computations of current costs, are expensed annually. Unrecognized prior service cost and net gains or losses are amortized on a straight-line basis over the lesser of the average remaining service periods of the participants or 10 years. Employer contributions to the Pension Plan are in accordance with Federal income tax regulations. Pension Plan benefits were curtailed as of April 1, 2006. No participants may be added to the Pension Plan and no additional service benefits will be accrued.

BOK Financial recognizes the funded status of its employee benefit plans. For a pension plan, the funded status is the difference between the fair value of plan assets and the projected benefit obligation measured as of the fiscal year-end date. Adjustments required to recognize the Pension Plan's net funded status are made through accumulated other comprehensive income, net of deferred income taxes.

Employer contributions to the Thrift Plans, which match employee contributions subject to percentage and years of service limits, are expensed when incurred. BOK Financial recognizes the expense of health care benefits on the accrual method.

Stock Compensation Plans

BOK Financial adopted Statement of Financial Accounting Standards No. 123R, "Share-Based Payments" ("FAS 123R") as of January 1, 2006. In 2003, the Company had adopted the expense recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" by restating prior years' financial statements. Adoption of FAS 123R did not significantly affect the Company's financial statements. Excess tax benefits from share-based payments recognized in capital surplus were determined by the excess of tax benefits recognized over the tax effect of compensation cost recognized.

Grant date fair value of stock options is based on the Black-Scholes option pricing model. Stock options generally have graded vesting over 7 years. Each tranche is considered a separate award for valuation and compensation cost recognition. Grant date fair value of non-vested shares is based on the current market value of BOK Financial common stock. Non-vested shares cliff vest in 5 years.

Compensation cost is recognized as expense over the service period, which is generally the vesting period of the options to be exercised. Expense is reduced for estimated forfeitures over the vesting period and adjusted for actual forfeitures as they occur. Stock-based compensation awarded to certain officers has performance conditions that affect the number of awards granted. Compensation cost is adjusted based on the probable outcome of the performance conditions.

Certain executive officers may defer the recognition of income from stock-based compensation for income tax purposes and to diversify the deferred income into alternative investments. Stock-based compensation granted to these officers is considered liability awards. Changes in the fair value of liability awards are recognized as compensation expense in the period of the change.

Other Operating Revenue

Fees and commission revenue is recognized at the time the related services are provided or products are sold and may be accrued when necessary. Accrued fees and commissions are reversed against revenue if amounts are subsequently deemed to be uncollectible. As described in EITF Issue 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent, revenue is recognized on a gross basis whenever we have primary responsibility and risk in providing the services or products to our customers and on a net basis whenever we act as a broker for products or services of others.

Brokerage and trading revenue includes changes in the fair value of securities held for trading purposes and derivatives held for customer risk management programs, commissions earned from the retail sale of securities, mutual funds and other financial instruments, and underwriting and financial advisory fees.

Trust fees and commissions include revenue from asset management, custody, recordkeeping, investment advisory and administration services. Revenue is recognized on an accrual basis at the time the services are performed and may be based on either the fair value of the account or the service provided.

Deposit service charges and fees are recognized at least quarterly in accordance with our published deposit account agreement and disclosure statement for retail accounts or contractual agreement for commercial accounts. Item charges for overdraft or non-sufficient funds items are recognized as items are presented for payment. Account balance charges and activity fees are accrued monthly and collected in arrears. Commercial account activity fees may be offset by an earnings credit based on account balances.

Effect of Recently Issued Statements of Financial Accounting Standards

Financial Accounting Standards Board

Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157")

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 $1.1 million, or $679 thousand, net of taxes, for 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.

Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159")

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159") during the first quarter of 2007. The purpose of FAS 159 is to increase the use of fair value measurements in financial statements and to mitigate volatility in reported earnings caused by measuring 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 will adopt FAS 159 as required on January 1, 2008.

BOK Financial expects to elect the fair value option for certain certificates of deposit. These deposits are either currently designated as hedged or had previously been designated as hedged, but no longer meet the correlation requirements of Statement of Financial Accounting Standards No. 133. Management believes that election of the fair value option for these items more accurately portrays their economic value. Effective January 1, 2008, retained earnings will be decreased by $202 thousand to recognize the adjustment of these certificates to their fair values, net of deferred income taxes.

Management is also evaluating election of the fair value option for certain other certificates of deposit. If elected, the transition adjustment for the fair value option is not expected to have a significant effect on the financial statements.

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

The Financial Accounting Standards Board issued FAS 141R during 2007 to replace

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

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

The Financial Accounting Standards Board issued FAS 160 during 2007 to improve accounting for non-controlling or minority interest, which is defined as the portion of equity of a subsidiary not attributable, directly or indirectly, to a parent. FAS 160 applies to all for-profit entities that prepare consolidated financial statements, but only affects entities that have an outstanding non-controlling interest in one or more subsidiaries. Ownership interests held by parties other than the parent shall be reported in equity, but separate from the parent's equity. The amount of consolidated net income attributed to the non-controlling interest and the parent shall be separately disclosed. FAS 160, which will be adopted on January 1, 2009, is not expected to have a significant impact on the Company's financial statements.

66

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109" ("FIN 48")

FIN 48 was issued in 2006 to clarify accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109. This interpretation establishes a minimum threshold that must be met for financial statement recognition and prescribes a measurement attribute for uncertain tax positions. The benefit of uncertain tax positions may only be recognized when, based upon all relevant evidence, it is more-likely-than-not that the position would prevail upon examination, including resolution of related appeals or litigation based upon the technical merits of the position. FIN 48 also requires tabular reconciliation of unrecognized tax benefits and changes in unrecognized tax benefits and disclosure of the nature of uncertainties that are expected to significantly increase or decrease within twelve months. The Company recognized a $609 thousand decrease of retained earnings upon adoption of FIN 48 effective January 1, 2007.

67

(2) Acquisitions

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. An allocation of the purchase price to the net assets acquired is as follows (in thousands):

Cash and cash equivalents	$ 36,249
Securities	2,245
Loans	93,810
Premises and equipment	32,277
Core deposit premium	5,039
Other assets	2,298
Total assets acquired	171,918
Deposits	133,342
Other borrowings	2,138
Other liabilities	6,909
Net assets acquired	29,529
Less purchase price	42,796
Goodwill	$ 13,267

On September 21, 2007, operations of United Banks' subsidiary, First United Bank, N.A. were combined with Colorado State Bank and Trust, N.A. through a purchase and assumption agreement.

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. None of Worth National Bank's loans were impaired at the acquisition date. Therefore, none of the allowance for loan losses was allocated as a reduction of the principal balance of the acquired loans. An allocation of the purchase price to the net assets acquired is as follows (in thousands):

Cash and cash equivalents	$ 86,563
Securities	22,676
Loans	284,039
Less reserve for loan losses	(3,528)
Loans, net of reserve	280,511
Premises and equipment	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	6,285
Net assets acquired	41,889
Less purchase price	127,067
Goodwill	$ 85,178

Core deposit premiums are identifiable intangible assets initially recognized at estimated fair value. Fair value is determined by projecting future cash flows that may be earned from investing the proceeds of the acquired deposits, less interest, servicing and other costs over the estimated lives of the acquired deposits. The projected net cash flow is discounted to determine the current fair value. The fair value measurement of core deposit premiums is based on Level 3 inputs as defined by FAS 157.

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.

68

On November 6, 2006, BOK Financial paid a net amount of $365 thousand in cash to acquire a state banking charter. The acquired state banking charter was subsequently converted to a national banking charter and the surviving entity renamed Bank of Kansas City, N.A. This transaction was necessary to comply with state restrictions on forming a de novo bank in Kansas. On April 6, 2005, BOK Financial paid $32.0 million in cash for all the outstanding stock of Valley Commerce Bancorp, Ltd. and its Valley Commerce Bank subsidiary. As of August 15, 2005, Valley Commerce Bank was renamed Bank of Arizona, N.A. The transaction was accounted for by the purchase method of accounting.

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, 2006 and 2005. None of the intangible assets acquired are deductible for tax purposes.

69

(3) Securities

Investment Securities

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

	December 31,					
	2007					
	Amortized	Fair	Gross Unrealized		Amortized	Fair
	Cost	Value	Gain	Loss	Cost	Value
U.S. Treasury	$ -	$ -	$ -	$ -	$ 1,999	$ 1,99
Municipal and other tax-exempt	242,274	243,061	1,439	(651)	240,976	238,86
Other debt securities	5,675	5,727	52	(1)	5,714	5,74
Total	$247,949	$248,788	$1,491	$ (652)	$248,689	$246,60

The amortized cost and fair values of investment securities at December 31, 2007, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years
Municipal and other tax-exempt:				
Amortized cost	$ 61,625	$ 148,858	$23,485	$ 8,306
Fair value	61,671	149,552	23,598	8,240
Nominal yield(1)	5.40	5.57	5.88	6.51
Other debt securities:				
Amortized cost	$ 5,102	$ 573	$ -	$ -
Fair value	5,153	574	-	-
Nominal yield	4.79	4.74	-	-
Total fixed maturity securities:				
Amortized cost	$ 66,727	$ 149,431	$ 23,485	$ 8,306
Fair value	66,824	150,126	23,598	8,240
Nominal yield	5.36	5.57	5.88	6.51
Total investment securities:				
Amortized cost				
Fair value				
Nominal yield				

(1) Calculated on a taxable equivalent basis using a 39% effective tax rate.

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

70

Available for Sale Securities

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

	December 31,					
	2007					
	Amortized	Fair	Gross Unrealized		Amortized	Fai
	Cost	Value	Gain	Loss	Cost	Val
U.S. Treasury	$ 6,961	$ 7,088	$ 127	$ -	$ 6,014	$ 5,
Municipal and other tax-exempt	26,478	26,578	133	(33)	77,860	78,
Mortgage-backed securities:						
U. S. agencies	3,838,219	3,817,939	16,120	(36,400)	3,204,592	3,128,
Other	1,664,537	1,641,189	1,225	(24,573)	1,361,373	1,333,
Total mortgage-backed securities	5,502,756	5,459,128	17,345	(60,973)	4,565,965	4,461,
Other debt securities	42	41	-	(1)	46	
Equity securities and mutual funds	151,689	157,705	6,016	-	101,960	108,

Total	$5,687,926	$5,650,540	$23,621	$(61,007)	$4,751,845	$4,655,

The amortized cost and fair values of available for sale securities at December 31, 2007, by contractual maturity, are as shown in the following table (dollars in thousands):

	Less than One Year	One to Five Years	Six to Ten Years	Over Ten Years
U.S. Treasuries:				
Amortized cost	$ 6,961	$ -	$ -	$ -
Fair value	7,088	-	-	-
Nominal yield	4.45	-	-	-
Municipal and other tax-exempt:				
Amortized cost	$ -	$ 1,015	$ 11,622	$ 13,841
Fair value	-	1,015	11,714	13,849
Nominal yield(1)	-	3.65	4.11	4.51
Other debt securities:				
Amortized cost	$ -	$ 42	$ -	$ -
Fair value	-	41	-	-
Nominal yield(1)	-	6.73	-	-
Total fixed maturity securities:				
Amortized cost	$ 7,046	$ 972	$ 11,622	$ 13,841
Fair value	7,088	1,056	11,714	13,849
Nominal yield	4.45	3.77	4.11	4.51
Mortgage-backed securities:				
Amortized cost				
Fair value				
Nominal yield(4)				
Equity securities and mutual funds:				
Amortized cost				
Fair value				
Nominal yield				
Total available-for-sale securities:				
Amortized cost				
Fair value				
Nominal yield				

(1) Calculated on a taxable equivalent basis using a 39% effective tax rate.
(2) The average expected lives of mortgage-backed securities were 3.38 years based upon current prepayment assumptions.
(3) Primarily common stock of U.S. government agencies and preferred stock of corporate issuers with no stated maturity.
(4) The nominal yield on mortgage-backed securities is based upon prepayment assumptions at the purchase date. Actual yields earned may differ significantly based upon actual prepayments.
(5) Expected maturities may differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without penalty.

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

	2007	2006	2005
Proceeds	$806,979	$646,944	$1,537,628
Gross realized gains	3,937	2,819	5,145
Gross realized losses	11,779	3,460	12,040
Related federal and state income tax benefit	(2,723)	(224)	(2,480)

Mortgage trading securities are mortgage-backed securities that have been designated as an economic hedge of the mortgage servicing rights and are separately identified on the balance sheet. These securities are carried at fair value. Changes in fair value are recognized in earnings as they occur. As of December 31, 2007, mortgage trading securities are carried at their $155 million fair value and had a net unrealized gain of $781 thousand.

In addition to securities that have been reclassified as pledged to creditors, securities with an amortized cost of $4.1 billion and $3.0 billion at December 31, 2007 and 2006, respectively, have been pledged as collateral for repurchase agreements, public and trust funds on deposit and for other purposes, as required by law. The secured parties do not have the right to sell or repledge these securities.

Net unrealized losses on securities not recognized as an other-than-temporary impairment totaled $37 million at December 31, 2007 compared with net unrealized losses of $99 million at December 31, 2006. The aggregate gross amount of unrealized losses at December 31, 2007 totaled $62 million. Unrealized losses were due primarily to rising interest rates. None of the unrealized losses resulted from credit quality concerns. Management evaluated the securities with unrealized losses to determine if the losses were other than 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 Company also considered the ability and intent to hold the securities until the fair values exceed amortized cost. Management determined, based on currently available information and its evaluation, that the unrealized losses in these securities were temporary, other than the securities discussed below.

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

Temporarily Impaired Securities as of December 31, 2007
(In Thousands)

	Number	Less Than 12 Months		12 Months or Longer	
	of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss

Investment:						
Municipal and other tax-exempt	210	$ 1,996	$ 5	$ 91,319	$ 646	
Other	1	-	-	600	1	
	211	1,996	5	91,919	647	
Available for sale:						
Other debt securities	2	16	-	25	1	
Municipal and other tax-exempt	9	2,925	22	304	11	
Mortgage-backed securities:						
U. S. agencies	282	290,657	6,489	1,943,030	29,911	2
Other	84	425,527	4,150	1,003,557	20,423	1
	377	719,125	10,661	2,946,916	50,346	3
Total	588	$721,121	$10,666	$ 3,038,835	$ 50,993	$3

Temporarily Impaired Securities as of December 31, 2006
(In Thousands)

	Number	Less Than 12 Months		12 Months or Longer		
	of Securities	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	
Investment:						
U.S. Treasury	1	$ -	$ -	$ 1,995	$ 4	
Municipal and other tax-exempt	327	27,382	87	130,809	2,491	
Other	1	579	21	-	-	
	329	27,961	108	132,804	2,495	
Available for sale:						
U. S. Treasury	2	-	-	5,983	31	
Other debt securities	1	25	1	-	-	
Municipal and other tax-exempt	40	9,355	35	4,848	30	
Mortgage-backed securities:						
U. S. agencies	342	1,305,298	34,315	1,599,138	42,466	2
Other	60	867,464	15,902	403,059	12,350	1
	445	2,182,142	50,253	2,013,028	54,877	4
Total	774	$2,210,103	$50,361	$2,145,832	$ 57,372	$4

73

(4) Derivatives

The fair values of derivative contracts at December 31, 2007 were (in thousands):

	December 31, 2007		December 31, 2006	
	Assets	Liabilities	Assets	Liabi
Customer Risk Management Programs:				
Interest rate contracts	$73,946	$78,808	$20,063	$22,

Energy contracts	399,363	406,740	250,930	254,
Cattle contracts	3,374	3,242	1,404	1,
Foreign exchange contracts	20,205	20,205	10,801	10,
CD options	4,325	4,325	49	
Total Customer Derivatives	501,213	513,320	283,247	289,
Interest Rate Risk Management Programs	1,233	520	992	9,
Total Derivative Contracts	$ 502,446	$513,840	$ 284,239	$298,

Customer Risk Management Programs

BOK Financial offers programs that permit its customers to manage various risks, including fluctuations in energy and cattle and other agricultural products prices, interest rates and foreign exchange rates. Derivative contracts are executed between the customers and BOK Financial. Offsetting contracts are executed between BOK Financial and selected counterparties to minimize the risk 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 BOK Financial as compensation for administrative costs, credit risks and profit.

Interest Rate Risk Management Programs

BOK Financial uses interest rate swaps in managing its interest rate sensitivity. Interest rate swaps are generally used to reduce overall asset sensitivity by converting specific fixed rate liabilities to floating rate based on LIBOR, or specific prime-based loans to fixed rate. Interest rate swaps are designated as fair value or cash flow hedges when the specific criteria required by generally accepted accounting principles are met. These criteria include requirements that derivatives are highly effective in offsetting changes in fair value or cash flow of the hedged assets or liabilities.

The following table details interest rate swaps and, when applicable, the associated hedged assets or liabilities at December 31, 2007 (dollars in thousands):

	Hedged Asset / Liability				Interest Rate S		
			Weighted Average			Weighted Average	
Maturity	Description	Amount	Fixed Rate (Paid)	Floating Rate Received(2)	Notional Amount	Fixed Rate Received (Paid)	Floating Rat Received (Paid) (1)
Fair value hedges:							
2008	Certificates of deposit	$131,124	(4.839)%	- %	$132,000	5.001 %	(4.600)%
2009	Certificates of deposit	67,473	(4.009)	-	70,000	4.133	(4.600)
2010	Certificates of deposit	8,871	(3.631)	-	10,000	3.657	(4.600)
2011	Certificates of deposit	27,792	(3.983)	-	30,000	4.013	(4.600)
	Total fair value hedges	235,260			242,000		

Cash flow hedges:							
2008	Prime rate loans	100,000	-	7.250	100,000	5.926	(7.250)(
	Total cash flow hedges	100,000			100,000		
Not designated as hedges:							
2011		-	-	-	9,528	(5.510)	4.600
2012		-	-	-	130,000	(4.600)	2.912
	Total	$335,260			$481,528		

(1) Floating rates are based on 30-day LIBOR, unless otherwise noted.
(2) Floating rate based on prime.

During 2007 and 2006, net interest revenue was decreased by $6.8 million and $9.4 million, respectively, from the settlement of amounts receivable or payable on interest rate swaps.

74

(5) Loans

Significant components of the loan portfolio are as follows (in thousands):

	December 31,					
	2007					
	Fixed Rate	Variable Rate	Non-accrual	Total	Fixed Rate	Varia Rat
Commercial	$2,714,050	$3,980,475	$42,981	$6,737,506	$2,402,503	$3,7
Commercial real estate	857,300	1,867,853	25,319	2,750,472	791,708	1,6
Residential mortgage	757,130	758,894	15,272	1,531,296	675,301	5
Residential mortgage held for sale	76,677	-	-	76,677	64,625	
Consumer	736,295	184,283	718	921,296	554,501	1
Total	$5,141,452	$6,791,505	$84,290	$12,017,247	$4,488,638	$6,2
Loans past due (90 days)				$ 5,575		
Foregone interest on nonaccrual loans				$ 3,011		

Approximately 45% of the commercial and consumer loan portfolios and approximately 71% of the residential mortgage loan portfolio (excluding loans held for sale) are loans to businesses and individuals in Oklahoma. This geographic concentration subjects the loan portfolio to the general economic conditions within this area.

Within the commercial loan classification, loans to energy-related businesses totaled $2.0 billion or 17% of total loans as of December 31, 2007. Other notable segments include wholesale/retail, $1.1 billion; manufacturing, $493 million; agriculture, $237 million, which includes $189 million of loans to the

cattle industry; and services, $1.7 billion. The services category consists almost entirely of loans with individual balances of less than $10 million.

Approximately 31% of commercial real estate loans are secured by properties located in Oklahoma, primarily in the Tulsa and Oklahoma City metropolitan areas. An additional 29% of commercial real estate loans are secured by property located in Texas. The major components of these properties are multifamily residences, $215 million; construction and land development, $1.0 billion; retail facilities, $372 million; and office buildings, $395 million.

During 2004, interest rate swaps with $100 million notional amounts were designated cash flow hedges of prime-based loans and they remained outstanding through 2007. The objective of the hedge is to protect against the variability of interest cash flows on the first $100 million of then existing prime-based loans. The Company receives settlements based on a fixed rate of 5.93% and pays settlements based on the U.S. prime rate. Amounts due are settled monthly. As of December 31, 2007 and 2006, a net loss of approximately $152 thousand and $2.4 million, respectively, related to these swaps was included in accumulated other comprehensive income and expected to be reclassified into earnings based on the current interest rate environment. These swaps expire in February 2008.

At December 31, 2007 and 2006, residential mortgage loans included $9.9 million and $8.7 million, respectively, and consumer loans included $515 thousand and $1.1 million, respectively, of loans with repayment terms that have been modified from the original contracts.

Credit Commitments

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. At December 31, 2007, outstanding commitments totaled $5.3 billion. Because some commitments are expected to expire before being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. BOK Financial uses the same credit policies in making commitments as it does loans.

The amount of collateral obtained, if deemed necessary, is based upon management's credit evaluation of the borrower.

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Because the credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan commitments, BOK Financial uses the same credit policies in evaluating the creditworthiness of the customer. Additionally, BOK Financial uses the same evaluation process in obtaining collateral on standby letters of credit as it does for loan commitments. The term of these standby letters of credit is defined in each commitment and typically corresponds with the underlying loan commitment. At December 31, 2007, outstanding standby letters of credit totaled $556 million. Commercial letters of credit are used to facilitate customer trade transactions with the drafts being drawn when the underlying transaction is consummated. At December 31, 2007, outstanding commercial letters of credit totaled $15 million.

The Company also has off-balance sheet credit risk for residential loans sold with full or partial recourse. These loans consist of first lien, fixed rate residential mortgage loans originated under various community development programs and sold to U.S.

75

government agencies. These loans were underwritten to standards approved by the

agencies, including full documentation. However, these loans have a higher risk of delinquency and losses given default than traditional residential mortgage loans. A separate recourse reserve is maintained for this off-balance sheet credit risk. At December 31, 2007, the principal balance of loans sold subject to recourse obligations totaled $393 million and the reserve for credit risk from these loans totaled $3.5 million. Losses incurred during 2007 and 2006 totaled $1.1 million and $150 thousand, respectively.

Reserve for Credit Losses

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

	2007	2006	2005
Beginning balance	$ 109,497	$ 103,876	$ 108,618
Provision for loan losses	34,758	18,086	10,401
Loans charged off	(31,617)	(23,996)	(25,758)
Recoveries	10,511	11,531	9,544
Addition due to acquisitions	3,528	-	1,071
Ending balance	$ 126,677	$ 109,497	$ 103,876

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

	2007	2006	2005
Beginning balance	$ 20,890	$ 20,574	$ 18,502
Provision for off-balance sheet credit losses	(37)	316	2,040
Additions due to acquisitions	-	-	32
Ending balance	$ 20,853	$ 20,890	$ 20,574
Provision for credit losses	$ 34,721	$ 18,402	$ 12,441

Impaired Loans

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

	December 31,		
	2007	2006	2005
Investment in loans impaired under FAS 114 (all of which were on a nonaccrual basis)	$74,085	$22,586	$19,857
Loans with specific reserves for loss	22,749	4,694	5,686
Specific reserve balance	4,425	1,670	2,632
No specific related reserve for loss	51,336	17,892	14,171
Average recorded investment in impaired loans	44,535	26,435	32,722

Interest income recognized on impaired loans during 2007, 2006 and 2005 was not significant.

(6) Premises and Equipment

Premises and equipment at December 31 are summarized as follows (in thousands):

	December 31,	
	2007	2006
Land	$68,496	$47,278
Buildings and improvements	201,171	149,052
Software	44,499	33,389
Furniture and equipment	128,869	113,822
Subtotal	443,035	343,541
Less accumulated depreciation	184,249	155,500
Total	$ 258,786	$ 188,041

Depreciation expense of premises and equipment was $25.6 million, $23.7 million and $24.0 million for the years ended December 31, 2007, 2006 and 2005, respectively. During 2007, the carrying value of a branch location that is being held for sale was written down by $1.0 million.

(7) Intangible Assets

The following table presents the original cost and accumulated amortization of intangible assets (in thousands):

	December 31,	
	2007	2006
Core deposit premiums	$109,417	$ 90,637
Less accumulated amortization	88,263	81,669
Net core deposit premiums	21,154	8,968
Other identifiable intangible assets	18,656	18,231
Less accumulated amortization	6,770	6,007
Net other identifiable intangible assets	11,886	12,224
Goodwill	388,448	290,003
Less accumulated amortization	53,135	53,135
Net goodwill	335,313	236,868
Total intangible assets, net	$368,353	$258,060

Expected amortization expense for intangible assets that will continue to be amortized (in thousands):

	Core Deposit Premiums	Other Identifiable Intangible Assets	Total
2008	$ 6,635	$ 780	$ 7,415
2009	5,606	1,138	6,744
2010	4,131	1,163	5,294
2011	2,227	1,190	3,417
2012	795	1,218	2,013
Thereafter	1,760	6,397	8,157
	$21,154	$11,886	$33,040

The net amortized cost of intangible assets at December 31, 2007 is assigned to reporting units as follows (in thousands):

Core deposit premiums:	
Bank of Texas	$ 12,212
Colorado State Bank and Trust	7,117
Bank of Arizona	1,825
	$21,154

Other identifiable intangible assets:	
Bank of Oklahoma	$6,341
Colorado State Bank and Trust	4,755
Bank of Kansas City	790
	$ 11,886

Goodwill:	
Bank of Oklahoma	$8,173
Bank of Texas	239,918
Bank of Albuquerque	15,273
Colorado State Bank and Trust	55,299
Bank of Arizona	16,650
	$335,313

The annual goodwill evaluation did not indicate impairment for any business unit in 2007, 2006 or 2005. Economic conditions did not indicate that impairment existed for any identifiable intangible assets and therefore no impairment evaluation was performed.

During 2005, the Company acquired the naming rights to the BOk Center, a new arena to be built in Tulsa, Oklahoma, and other related intangible rights. Under an agreement with the City of Tulsa, the Company will pay $11.0 million over 20 years. One or more installment payments may be accelerated by paying a discounted amount based on the average yield of 20-year U.S. Treasury bonds. The Company recognized a $6.3 million intangible asset and an interest-bearing liability from this transaction. The intangible asset will be amortized over the life of the agreement.

78

(8) Mortgage Banking Activities

BOK Financial engages in mortgage banking activities through the BOk Mortgage

Division of BOk. Residential mortgage loans held for sale totaled $77 million and $65 million, and outstanding mortgage loan commitments totaled $53 million and $42 million at December 31, 2007 and 2006, respectively. Mortgage loan commitments are generally outstanding for 60 to 90 days and are subject to both credit and interest rate risk. Credit risk is managed through underwriting policies and procedures, including collateral requirements, which are generally accepted by the secondary loan markets. Exposure to interest rate fluctuations is partially hedged through forward sales of mortgage-backed securities and forward sales contracts. These latter contracts set the price for loans that will be delivered in the next 60 to 90 days. As of December 31, 2007, the unrealized loss on forward sales contracts used to hedge the mortgage pipeline was approximately $345 thousand. Gains on mortgage loans sold, including capitalized mortgage servicing rights, totaled $1.3 million in 2007, $10.5 million in 2006 and $16.0 million in 2005.

At December 31, 2007, BOK Financial owned the rights to service 58,227 mortgage loans with outstanding principal balances of $5.5 billion, including $614 million serviced for affiliates, and held related funds of $63 million for investors and borrowers. The weighted average interest rate and remaining term was 6.18% and 280 months, respectively. Mortgage loans sold with recourse totaled $393 million at December 31, 2007, and $3.7 million of loans sold with recourse were 90 days or more delinquent. At December 31, 2006, BOK Financial owned the rights to service 55,803 mortgage loans with outstanding principal balances of $5.0 billion, including $498 million serviced for affiliates, and held related funds of $53 million for investors and borrowers. The weighted average interest rate and remaining term was 6.14% and 277 months, respectively. Mortgage loans sold with recourse totaled $330 million at December 31, 2006, and $5.5 million of loans sold with recourse were 90 days or more delinquent. Servicing revenue and late charges on loans serviced for others, which are included in mortgage banking revenue in the Consolidated Statements of Earnings totaled $17.1 million for 2007, $16.5 million for 2006 and $16.3 million for 2005.

The portfolio of mortgage servicing rights exposes BOK Financial to interest rate risk. During periods of falling interest rates, mortgage loan prepayments increase, reducing the value of the mortgage servicing rights. See Note 1 for specific accounting policies for mortgage servicing rights.

BOK Financial implemented FAS 156 in the first quarter of 2006. An initial adjustment of the mortgage servicing rights to fair value of approximately $351 thousand, net of income taxes, was recognized as an increase to retained earnings in the same period. Also upon implementation of FAS 156, certain securities designated as an economic hedge of mortgage servicing rights were transferred from the available for sale classification to trading. Approximately $32 thousand was transferred from accumulated other comprehensive income to retained earnings for the net of tax effect of this reclassification.

Activity in capitalized mortgage servicing rights and related valuation allowance during 2005, 2006 and 2007 are as follows (in thousands):

	Capitalized Mortgage Servicing Rights			Valuation
	Purchased	Originated	Total	Allowance
Balance at December 31, 2004	$ 11,394	$ 48,056	$ 59,450	$ (13,772)
Additions, net	-	17,402	17,402	-
Amortization expense	(2,788)	(10,110)	(12,898)	-
Write-off	-	(2,443)	(2,443)	2,443
Recovery of impairment	-	-	-	3,915

Balance at December 31, 2005(1)	$ 8,606	$ 52,905	$ 61,511	$ (7,414)
Adoption of FAS 156 effective January 1, 2006	(117)	(6,747)	(6,864)	7,414
Additions, net	6,774	11,917	18,691	-
Change in fair value due to loan runoff	(2,448)	(7,953)	(10,401)	-
Change in fair value due to market changes	(2)	3,011	3,009	-
Balance at December 31, 2006(1)	$ 12,813	$ 53,133	$ 65,946	$ -
Additions, net	3,628	14,080	17,708	-
Change in fair value due to loan runoff	(2,478)	(8,274)	(10,752)	-
Change in fair value due to market changes	(57)	(2,836)	(2,893)	-
Balance at December 31, 2007(1)	$ 13,906	$ 56,103	$ 70,009	$ -

(1) Excludes approximately $0.7 million, $0.8 million and $1.0 million at December 31, 2007, 2006 and 2005, respectively, of loan servicing rights on mortgage loans originated prior to the adoption of FAS 122.

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

Discount rate - Indexed to a risk-free rate commensurate with the average life of the servicing portfolio plus a market premium. The discount rate at December 31, 2007 was 10.02%.

Prepayment rate - Annual prepayment estimates ranging from 6.8% to 15.2% based upon loan interest rate, original term and loan type.

Loan servicing costs - $43 to $70 annually per loan based upon loan type.

Escrow earnings rate - Indexed to rates paid on deposit accounts with a comparable average life. The escrow earnings rate at December 31, 2007 was 5.01%.

The effect of a 50 basis point decrease in mortgage interest rates on all significant assumptions is expected to decrease the fair value of mortgage servicing rights by $5.3 million.

Stratification of the mortgage loan-servicing portfolio, outstanding principal of loans serviced, and related hedging information by interest rate at December 31, 2007 follows (in thousands):

	<5.51%	5.51% - 6.50%	6.51% - 7.50%	= > 7.51%
Fair value	$ 13,920	$ 37,709	$ 15,070	$ 3,310
Outstanding principal of loans serviced(1)	$ 978,700	$2,589,600	$ 1,053,300	$ 204,400

(1) Excludes outstanding principal of $614 million for loans serviced for affiliates and $42 million of mortgage loans for which there are no capitalized mortgage servicing rights.

(9) Deposits

Interest expense on deposits is summarized as follows (in thousands):

	2007	2006	2005
Transaction deposits	$ 194,617	$ 148,986	$ 72,721
Savings	1,499	1,408	1,106
Time:			
Certificates of deposits under $100,000	88,465	69,844	50,129
Certificates of deposits $100,000 and over	110,791	100,916	73,248
Other time deposits	17,374	15,754	13,196
Total time	216,630	186,514	136,573
Total	$412,746	$336,908	$210,400

The aggregate amounts of time deposits in denominations of $100,000 or more at December 31, 2007 and 2006 were $2.4 billion and $2.6 billion, respectively.

Time deposit maturities are as follows: 2008 - $3.2 billion, 2009 - $339 million, 2010 - $252 million, 2011 - $261 million, 2012 - $272 million and $48 million thereafter.

At December 31, 2007, the Company had $530 million in fixed rate, brokered certificates of deposits. The weighted-average interest rate paid on these certificates is 4.50%. Interest rate swaps with notional amounts of $372 million, which may have been designated as fair value hedges of certain certificates, modify the certificates from fixed rate to floating rates based on changes in LIBOR. We receive a weighted average fixed rate of 4.31% on these swaps and currently pay a floating rate of 4.88%.

Interest expense on time deposits during 2007 and 2006 was reduced by the net accrued settlement from interest rate swaps of $2.6 million and $4.8 million, respectively.

The aggregate amount of overdrawn transaction deposits that have been reclassified as loan balances was $91 million at December 31, 2007 and $86 million at December 31, 2006.

80

(10) Other Borrowings

Information relating to other borrowings is summarized as follows (dollars in thousands):

	December 31						
	2007			2006			
	Balance	Rate	Maximum Outstanding At Any Month End	Balance	Rate	Maximum Outstanding At Any Month End	Bala
Parent Company:							

Revolving, unsecured line	$ 50,000	5.42%	$ 50,000	$ -	- %	$ -	$
Subsidiary Banks:							
Funds purchased and repurchase agreements	3,225,131	4.30	3,225,131	2,348,516	5.52	2,688,175	1,337
Federal Home Loan Bank advances	938,168	4.65	938,168	566,017	5.36	841,159	1,020
Subordinated debentures	398,273	5.91	548,187	297,800	6.91	300,230	295
Other	39,396	4.10	43,985	27,714	4.00	36,534	33
Total subsidiary banks	4,600,968	4.52		3,240,047	5.63		2,688
Total other borrowings	$4,650,968	4.53		$3,240,047	5.63		$2,688

Aggregate annual principal repayments of long-term debt at December 31, 2007 are as follows (in thousands):

	Parent Company	Subsidiary Banks
2008	$ -	$4,172,264
2009	-	8,049
2010	50,000	475
2011	-	2,674
2012	-	1,436
Thereafter	-	416,070
Total	$ 50,000	$4,600,968

Funds purchased generally mature within one to ninety days from the transaction date. At December 31, 2007, securities sold under agreements to repurchase totaled $1.4 billion with related accrued interest payable of $835 thousand.

Additional information relating to repurchase agreements at December 31, 2007 is as follows (dollars in thousands):

Security Sold/Maturity	Amortized Cost	Market Value	Repurchase Liability(1)
U.S. Agency Securities:			
Overnight(1)	$1,132,839	$ 1,117,400	$1,090,104
Long-term	329,564	327,539	306,193
Total Agency Securities	$1,462,403	$ 1,444,939	$1,396,297

(1) BOK Financial maintains control over the securities underlying overnight repurchase agreements and generally transfers control over securities underlying longer-term dealer repurchase agreements to the respective counterparty.

Borrowings from the Federal Home Loan Bank are used for funding purposes. In accordance with policies of the Federal Home Loan Bank, BOK Financial has granted a blanket pledge of eligible assets (generally unencumbered U.S. Treasury and mortgage-backed securities, 1-4 family loans and multifamily loans) as collateral for these advances. The Federal Home Loan Bank has issued letters of credit totaling $414 million to secure BOK Financial's obligations to

depositors of public funds. The unused credit available to BOK Financial at December 31, 2007 pursuant to the Federal Home Loan Bank's collateral policies is $582 million.

BOK Financial has a $100 million unsecured revolving line of credit with certain commercial banks that expires in December 2010. There was an outstanding principal balance of $50 million on this credit agreement at December 31, 2007. Interest is based upon a base rate or LIBOR plus a defined margin that is determined by the Company's credit rating. This margin ranges from 0.375% to 1.125%. 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 without prior approval. These covenants also

81

require BOK Financial and subsidiary banks to maintain minimum capital levels. BOK Financial met all of the restrictive covenants at December 31, 2007.

In 2007, Bank of Oklahoma issued $250 million of subordinated debt due May 15, 2017. Interest on this debt is based upon a fixed rate of 5.75% through May 14, 2012 and on a floating rate of three-month LIBOR plus 0.69% thereafter. The proceeds of this debt were used to fund the Worth National Bank and First United Bank acquisitions and to fund continued asset growth.

In 2005, BOk issued $150 million of 10-year, fixed rate subordinated debt. The cost of this subordinated debt, including issuance discounts and hedge loss is 5.56%. The proceeds of this debt were used to repay $95 million of BOK Financial's unsecured revolving line of credit and to provide additional capital to support asset growth. During 2006, a $150 million notional amount interest rate swap was designated as a hedge of changes in fair value of the subordinated debt due to changes in interest rates. The Company received a fixed rate of 5.257% and paid a variable rate based on 1-month LIBOR. This fair value hedging relationship was discontinued and the interest rate swap was terminated in April 2007.

(11) Federal and State Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2007	2006
Deferred tax liabilities:		
Pension contributions in excess of book expense	$ 4,900	$ 2,000
Valuation adjustments	30,600	28,900
Mortgage servicing rights	25,900	23,500
Lease financing	16,600	14,000
Other	3,700	3,500
Total deferred tax liabilities	81,700	71,900

Deferred tax assets:		
Available for sale securities mark-to-market	14,600	37,600
Stock-based compensation	5,700	5,500
Credit loss reserves	56,000	49,900
Valuation adjustments	9,400	5,900
Deferred book income	26,000	27,100
Deferred compensation	10,000	9,100
Other	12,500	14,100
Total deferred tax assets	134,200	149,200
Deferred tax assets in excess of deferred tax liabilities	$52,500	$77,300

The significant components of the provision for income taxes attributable to continuing operations for BOK Financial are shown below (in thousands):

	Years ended December 31,		
	2007	2006	2005
Current:			
Federal	$ 119,025	$ 113,554	$ 105,403
State	10,179	8,518	7,341
Total current	129,204	122,072	112,744
Deferred:			
Federal	(12,935)	(7,001)	415
State	(508)	(446)	76
Total deferred	(13,443)	(7,447)	491
Total income tax	$ 115,761	$ 114,625	$ 113,235

82

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

	Years ended December 31,		
	2007	2006	2005
Amount:			
Federal statutory tax	$116,698	$114,660	$110,158
Tax exempt revenue	(4,204)	(3,529)	(2,592)
Effect of state income taxes, net of federal benefit	5,783	4,805	4,729
Intangible amortization	-	82	216
Utilization of tax credits	(1,218)	(1,040)	(929)
Bank-owned life insurance	(3,411)	(830)	-
Reduction of tax accrual	-	(2,200)	-
Other, net	2,113	2,677	1,653
Total	$115,761	$114,625	$113,235

Due to the favorable resolution of certain state tax issues for the tax period ended December 31, 2002, BOK Financial reduced its tax accrual by $2.2 million, which was credited against current income tax expense in 2006.

	Years ended December 31,		
	2007	2006	2005
Percent of pretax income:			
Federal statutory rate	35%	35%	35%
Tax-exempt revenue	(1)	(1)	(1)
Effect of state income taxes, net of federal benefit	1	1	1
Bank-owned life insurance	(1)	-	-
Reduction of tax accrual	-	(1)	-
Other, net	1	1	1
Total	35%	35%	36%

BOK Financial adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," on January 1, 2007. As a result of the implementation of Interpretation No. 48, 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.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2007
Balance as of January 1, 2007 - before implementation	$ 12,030
Addition for implementation	609
Balance as of January 1, 2007 - after implementation	12,639
Additions for tax for current year positions	4,100
Lapses of applicable statute of limitations	(3,539)
Balance as of December 31, 2007	$ 13,200

Any of the above unrecognized tax benefits, if recognized, would affect the effective tax rate.

BOK Financial recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the years ended December 31, 2007 and 2006, the Company recognized $1 million during each year in interest and penalties. The Company had approximately $2.3 million and $2.1 million for the payment of interest and penalties accrued as of December 31, 2007 and 2006, respectively. Federal statutes remain 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. One of our acquired entities is currently under examination by the Internal Revenue Service (IRS) for the year ending December 31, 2005. The ultimate resolution is unlikely to have a material impact on the financial statements.

(12) Employee Benefits

BOK Financial sponsors a defined benefit cash balance Pension Plan for all employees who satisfy certain age and service requirements. The following table presents information regarding this plan (dollars in thousands):

	December 31, 2007	December 31, 2006
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 58,220	$ 57,657
Service cost	-	1,981
Interest cost	2,823	3,096
Actuarial (gain) loss	(6,474)	871
Benefits paid	(8,386)	(5,385)
Projected benefit obligation at end of year(1,2)	$ 46,183	$ 58,220
Change in plan assets:		
Plan assets at fair value at beginning of year	$ 63,038	$ 58,989
Actual return on plan assets	3,437	6,612
Company contributions	-	2,822
Benefits paid	(8,386)	(5,385)
Plan assets at fair value at end of year	$ 58,089	$ 63,038
Funded status of the plan / prepaid pension costs	$11,906	$ 4,818
Components of net periodic benefit costs:		
Service cost	$ -	$ 1,981
Interest cost	2,823	3,096
Expected return on plan assets	(4,165)	(4,785)
Amortization of unrecognized net loss	958	1,425
Net periodic pension cost	$ (384)	$ 1,717

(1) Projected benefit obligation equals accumulated benefit obligation.
(2) Projected benefit obligation is based on a January 1 measurement date.

Weighted-average assumptions as of December 31:	2007	2006
Discount rate	6.00%	5.50%
Expected return on plan assets	7.00%	8.00%
Rate of compensation increase	N/A	5.25%

As of December 31, 2007, expected future benefit payments related to the Pension Plan were as follows (in thousands):

Year	Amount
2008	$ 3,128
2009	3,549
2010	3,508
2011	4,100
2012	3,933
2013 through 2017	18,065

$36,283

Assets of the Pension Plan consist primarily of shares in the American Performance Balanced Fund. The stated objective of this fund is to provide an attractive total return through a broadly diversified mix of equities and bonds. The typical portfolio mix is approximately 60% equities and 40% bonds. The net asset value of shares in the American Performance Balanced Fund is reported daily based on market quotations for the Fund's securities. If market quotations are not readily available, the securities' fair values are determined by the Fund's pricing committee. The inception-to-date return on the fund, which is used as an indicator when setting the expected return on plan assets, was 8.51%. The maximum allowed and minimum required Pension Plan contributions for 2007 were $10.1 million and $0, respectively. Amounts contributed to the Pension Plan during 2006 included $2.8 million attributable to 2005. No contributions were made for 2007 or 2006.

Pension Plan benefits were curtailed as of April 1, 2006. No participants may be added to the plan and no additional service benefits will be accrued. Interest will continue to accrue on employees' account balances at 5.25%. A charge of $384 thousand was recognized in 2005 for the curtailment of the Pension Plan.

FAS 158 was issued during 2006 and, for the Company, was effective December 31, 2006. Among other things, FAS 158 required that financial statements recognize the funded status of the benefit plans. For a pension plan, the funded status is the difference between the fair value of plan assets and the projected benefit obligation measured as of the fiscal year-end date. The Company was required to reduce its prepaid pension asset to the net funded status of the pension plan and charge $18.6 million, less deferred income taxes, against shareholders' equity for the adoption of FAS 158. FAS 158 had no effect on pension expense recognition. The Company will continue to have a funding obligation to the pension plan and will continue to recognize pension expense based on plan asset performance, discount rates and other factors.

84

In 2006, the Company enhanced benefits offered through its Thrift Plans. Employee contributions to the Thrift Plans eligible for Company matching equal 6% of base compensation, as defined in the plans. The Company-provided matching contribution rates range from 50% for employees with less than four years of service to 200% for employees with 15 or more years of service. Additionally, a maximum Company-provided, non-elective annual contribution of $750 is made for employees whose annual base compensation is less than $40,000.

Participants may direct investments in their accounts to a variety of options, including a BOK Financial common stock fund. Employer contributions, which are invested in accordance with the participant's investment options, vest over five years. Thrift Plans expenses were $11.6 million, $9.1 million and $4.6 million for 2007, 2006 and 2005, respectively.

BOK Financial also sponsors a defined benefit post-retirement employee medical plan, which pays 50 percent of annual medical insurance premiums for retirees who meet certain age and service requirements. Assets of the retiree medical plan consist primarily of shares in a cash management fund. The post-retirement medical plan is limited to current retirees and certain employees who were age 60 or older at the time the plan was frozen in 1993. The net obligation recognized under the plan was $2.1 million at December 31, 2007. A 1% change in medical expense trends would not significantly affect the net obligation or cost of this plan.

BOK Financial offers numerous incentive compensation plans that are aligned with the Company's growth strategy. Compensation awarded under these plans may be

based on defined formulas, other performance criteria or discretionary. Incentive compensation is designed to motivate and reinforce sales and customer service behavior in all markets. Earnings were charged $71.4 million in 2007, $65.2 million in 2006 and $49.8 million in 2005 for incentive compensation plans.

85

(13) Stock Compensation Plans

The shareholders and Board of Directors of BOK Financial have approved various stock-based compensation plans. An independent compensation committee of the Board of Directors determines the number of awards granted to the Chief Executive Officer and other senior executives. Stock-based compensation granted to other officers and employees is approved by the independent compensation committee upon recommendation of the Chairman of the Board and the Chief Executive Officer.

These awards consist primarily of stock options that are subject to vesting requirements. Generally, one-seventh of the options awarded vest annually and expire three years after vesting. Additionally, stock options that vest in two years and expire 45 days after vesting have been awarded. Non-vested shares may be granted to the Chief Executive Officer and other senior executives of the Company. These shares vest five years after the grant date. The holders of these shares may be required to retain the shares for a three-year period after vesting.

The Chief Executive Officer and other senior executives participate in an Executive Incentive Plan. The number of options and non-vested shares may increase or decrease based upon the Company's growth in earnings per share over a three-year period compared to the median growth in earnings per share for a designated peer group of financial institutions and other individual performance factors.

The following table presents options outstanding during 2005, 2006 and 2007 under these plans:

	Number	Weighted Average Exercise Price
Options outstanding at December 31, 2004	3,338,048	$28.53
Options awarded	900,126	47.02
Options exercised	(668,990)	24.10
Options forfeited	(79,856)	33.67
Options expired	(616)	30.11
Options outstanding at December 31, 2005	3,488,712	$34.03
Options awarded	900,119	48.30
Options exercised	(790,981)	29.50
Options forfeited	(100,149)	36.65
Options expired	(1,076)	37.35
Options outstanding at December 31, 2006	3,496,625	$38.63
Options awarded	956,475	54.18
Options exercised	(703,833)	32.41
Options forfeited	(429,848)	43.74
Options expired	(1,249)	45.80

Options outstanding at December 31, 2007	3,318,170	$43.50
Options vested at December 31, 2007	743,712	$31.33

86

The following table summarizes information concerning currently outstanding and vested stock options:

	Options Outstanding			Options Vested	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Vested	Weighted Average Exercise Price
$16.17	683	0.25	$16.17	683	$16.17
17.37 - 19.02	234,097	1.67	17.89	234,097	17.89
28.27 - 30.87	464,489	2.78	29.82	210,770	29.33
37.74	423,390	3.50	37.74	119,467	37.74
45.15 - 47.34	547,583	4.00	47.32	67,934	47.28
44.00 - 47.99	70,232	0.12	46.90	70,232	46.90
47.05 - 48.53	570,828	5.00	47.06	40,529	47.08
50.61 - 54.00	177,114	1.00	52.52	-	-
54.33	653,888	6.00	54.33	-	-
52.54 - 54.28	175,866	2.00	53.57	-	-

Compensation expense for stock options is generally recognized based on the fair value of options granted over the options' vesting period. The fair value of options was determined as of the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	2007	2006	2005
Average risk-free interest rate	4.68%	4.42%	3.69%
Dividend yield	1.10%	0.90%	0.90%
Volatility factors	.143	.161	.168
Weighted average expected life	4.9 years	4.9 years	4.9 years
Weighted average fair value	$9.91	$9.56	$10.01

Compensation cost of stock options granted that may be recognized as compensation expense in future years totaled $11.3 million at December 31, 2007. Subject to adjustments for forfeitures, we expect to recognize compensation expense for current outstanding options of $4.8 million in 2008, $3.2 million in 2009, $1.7 million in 2010, $995 thousand in 2011, $497 thousand in 2012 and $180 thousand thereafter. Stock option expense for the years ended December 31, 2007, 2006 and 2005 was $6.3 million, $6.4 million and $5.5 million, respectively. The intrinsic value of options exercised during the years ended December 31, 2007, 2006 and 2005 was $14.9 million, $16.6 million and $14.9 million, respectively. The aggregate intrinsic value of options outstanding as of December 31, 2007 and 2006 was $27.2 million and $57.2 million, respectively. The aggregate intrinsic value of options exercisable as of December 31, 2007 and 2006 was $15.1 million and $21.2 million, respectively.

BOK Financial also issues non-vested common shares under the various stock-based compensation plans. At December 31, 2007, a total of 116,463 non-vested common shares have been awarded, including 31,462 awarded in 2007. The weighted average grant date fair value of non-vested shares awarded in 2007 was $54.28 per share. Unrecognized compensation cost of non-vested shares totaled $2.2 million at December 31, 2007. Subject to adjustment for forfeitures, we expect to recognize compensation expense of $754 thousand in 2008, $630 thousand in 2009, $499 thousand in 2010 and $290 thousand thereafter.

BOK Financial permits certain executive officers to defer recognition of taxable income from their stock-based compensation. Deferred compensation may also be diversified into investments other than BOK Financial common stock.

Stock-based compensation subject to these deferral plans is recognized as a liability award rather than as an equity award. Compensation expense is based on the fair value of the award recognized over the vesting period. At December 31, 2007, the recorded obligation for liability awards was $5.4 million. Compensation expense for liability awards was $506 thousand in 2007, $4.7 million in 2006, and a credit of $632 thousand in 2005. Reduction in 2007 expense resulted from a decrease in the fair value of BOK Financial common stock. Reduction in 2005 expense resulted from the termination of future deferral rights for all executive officers except the President and Chief Executive Officer and a decrease in the period end market value of BOK Financial common stock.

87

During January 2008, BOK Financial awarded the following stock-based compensation:

	Number	Exercise Price	Fair Value / Award
Equity awards:			
Stock options	859,679	$48.46	$ 7.54
Nonvested stock	48,853	-	48.46
Total equity awards	908,532		
Total stock-based awards	908,532		

The aggregate compensation cost of these awards totaled approximately $9.0 million. This cost will be recognized over the vesting periods, subject to adjustments for forfeitures. None of the stock-based compensation awarded in January 2008 represents liability awards.

(14) Related Parties

In compliance with applicable regulations, the Company may extend credit to certain executive officers, directors, principal shareholders and their affiliates (collectively referred to as "related parties") in the ordinary course of business under substantially the same terms as comparable third-party lending arrangements. The Company's loans to related parties do not involve more than the normal credit risk and there are no non-accrual or impaired related party loans outstanding at December 31, 2007 or 2006.

Activity in loans to related parties is summarized as follows (in thousands):

	2007	2006

Beginning balance	$160,901	$130,364
Advances	700,742	562,994
Payments	(700,488)	(560,009)
Adjustments(1)	90,896	27,552
Ending balance	$252,051	$160,901

(1) Adjustments generally consist of changes in status as a related party.

Certain related parties are customers of the Company for services other than loans, including consumer banking, corporate banking, risk management, wealth management, brokerage and trading, or fiduciary/trust services. The Company engages in transactions with related parties in the ordinary course of business in compliance with applicable regulations.

At December 31, 2007, derivative contracts carried as assets included $130 million from SemGroup, LP. Mr. Thomas S. Kivisto, President and CEO of SemGroup, LP, is a member of BOK Financial's board of directors. Our exposure to SemGroup, LP consists primarily of option contracts to sell oil and natural gas in varying monthly quantities over the next seven months. The pricing, collateral and other terms of these contracts are consistent with terms we offer to similarly risk-graded customers.

During 2007, the Company invested $7.0 million, pursuant to merchant banking regulations applicable to bank holding companies, in an entity controlled by Mr. George Kaiser, BOK Financial's principal shareholder. The Company also rents office space in facilities owned by affiliates of Mr. Kaiser. Lease payments for 2007 totaled $801 thousand.

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.

88

(15) Commitments and Contingent Liabilities

In September 2006, BISYS settled the SEC's two-year investigation of BISYS Fund Services Ohio, Inc. ("BISYS") marketing assistance agreements with 27 different families of mutual funds, including a BISYS marketing arrangement with AXIA which had been terminated in July 2004. In the SEC settlement, BISYS consented to an order in which the SEC determined that BISYS had "willfully aided and abetted and caused" the 27 investment advisors to (i) violate provisions of the Investment Advisors Act of 1940 that prohibit fraudulent conduct; (ii) violate provisions of the 1940 Act that prohibit the making of any untrue statement of a material fact in a registration statement filed by the mutual fund with the SEC, and (iii) violate provisions of the 1940 Act that require the disclosure and inclusion of all distribution arrangements and expenses in the fund's 12b-1 fee plan ("the SEC BYSIS Order"). AXIA is one of the 27 advisors and the AP Funds one of the mutual fund families to which the SEC referred. AXIA is not bound by the SEC BISYS Order and disagrees with its findings as they relate to AXIA. On October 10, 2006, the Examinations Division of the Securities and Exchange Commission (the "SEC") conducted an examination of AXIA. The examination was concluded in July 2007 with no action taken by the Examinations Division. In

August 2007, AXIA settled all claims relating to the BISYS marketing arrangements with the AP Funds for $2.2 million. The AP Funds settlement is not binding on the SEC which is continuing to investigate the matter.

At December 31, 2007, AP Funds' assets included $1.6 billion of U.S. Treasury, $1.8 billion of cash management and $399 million of tax-free money market funds. Assets of these funds consist of highly-rated, short-term obligations of the U.S. Treasury, corporate issuers and U.S. states and municipalities. The net asset value of units in these funds was $1.00 at December 31, 2007. An investment in these funds is not insured by the Federal Deposit Insurance Corporation or guaranteed by BOK Financial or any of its subsidiaries. BOK Financial may, but is not obligated to purchase assets from these funds to maintain the net asset value at $1.00.

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

BOk is obligated under a long-term lease for its bank premises located in downtown Tulsa. The lease term, which began November 1, 1976, is for fifty-seven years with options to terminate in 2014 and 2024. Annual base rent is $3.2 million. BOk subleases portions of its space for annual rents of $213 thousand in years 2008 through 2009 and $195 thousand in 2010. Net rent expense on this lease was $3.0 million in 2007 and 2006 and $2.9 million in 2005. Total rent expense for BOK Financial was $18.8 million in 2007, $16.5 million in 2006, and $15.3 million in 2005.

At December 31, 2007, future minimum lease payments for equipment and premises under operating leases were as follows: $16.4 million in 2008, $15.4 million in 2009, $14.6 million in 2010, $11.8 million in 2011, $8.6 million in 2012, and a total of $97.4 million thereafter. Premises leases may include options to renew at then current market rates and may include escalation provisions based upon changes in the consumer price index or similar benchmarks.

The Federal Reserve Bank requires member banks to maintain certain minimum average cash balances. These balances were approximately $315 million and $299 million at December 31, 2007 and 2006, respectively.

BOSC, Inc., a wholly-owned subsidiary of BOK Financial, is an introducing broker to Pershing, LLC for retail equity investment transactions. As such, it has indemnified Pershing, LLC against losses due to a customer's failure to settle a transaction or to repay a margin loan. All unsettled transactions and margin loans are secured as required by applicable regulation. The amount of customer balances subject to indemnification totaled $537 thousand at December 31, 2007.

At December 31, 2007, the Company has funded $30.4 million and has commitments to fund an additional $30.7 million in various unrelated alternative investments. Alternative investments generally consist of limited partnership interests in or loans to entities that invest in distressed real estate loans and properties, energy development, venture capital and other activities. The Company is prohibited by banking regulations from controlling or actively managing the activities of these investments.

BOKF Equity, LLC, indirectly a wholly-owned subsidiary of BOK Financial, is the general partner in two private equity funds ("the Funds"). The Funds provide alternative investment opportunities to certain customers, some of which are related parties, through limited partnerships. The Funds generally invest in distressed assets, asset buy-out or venture capital limited partnerships or limited liability companies. The general partner has contingent obligations through the Funds to make additional investments totaling $27.6 million as of

December 31, 2007. Substantially all of those contingent obligations are offset by commitments of BOK Financial customers.

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

89

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.

On November 7, 2007, Visa announced that it had reached a settlement with American Express related to an antitrust lawsuit. In a subsequent filing with the Securities and Exchange Commission, Visa disclosed that it had recognized a contingent liability for a similar lawsuit filed by Discover. In addition, Visa is a party to other litigation matters. As a member of Visa, BOK Financial is obligated for a proportionate share of losses incurred by Visa. The Company has accrued $2.8 million to recognize its share of the contingent liabilities related to the American Express and Discover litigation and has accrued $300 thousand to recognize its guaranty obligation for other litigation. Visa intends that payments related to these litigation matters will be funded by an escrow account to be established with a portion of the proceeds from its initial public offering, which is currently planned for 2008. The Company expects that its proportionate share of the proceeds of Visa's initial public offering will exceed its contingent obligations related to Visa's litigation based on information available at this time.

(16) Shareholders' Equity

Preferred Stock

One billion shares of preferred stock with a par value of $0.00005 per share are authorized. The Series A Preferred Stock has no voting rights except as otherwise provided by Oklahoma corporate law and may be converted into one share of Common Stock for each 36 shares of Series A Preferred Stock at the option of the holder. Dividends are cumulative at an annual rate of ten percent of the $0.06 per share liquidation preference value when declared and are payable in cash. Aggregate liquidation preference is $15 million. During the second quarter of 2005, holders of the Company's convertible preferred stock exercised their conversion rights. All of the Series A Preferred Stock was converted into 6,920,666 common shares. In 2004, cash dividends declared on preferred stock totaled $1.9 million. George B. Kaiser, the Company's Chairman and principal shareholder, owned substantially all Series A Preferred Stock.

Common Stock

Common stock consists of 2.5 billion authorized shares with a $0.00006 par value. Holders of common shares are entitled to one vote per share at the election of the Board of Directors and on any question arising at any shareholders' meeting and to receive dividends when and as declared. Additionally, regulations restrict the ability of national banks and bank holding companies to pay dividends, and BOK Financial's credit agreement restricts the payment of dividends by the holding company.

Cash dividends paid on common stock totaled $50 million, $37 million and $20 million in 2007, 2006 and 2005, respectively. During the second quarter of 2005,

the Board of Directors approved the Company's first quarterly cash dividend of $0.10 per common share. The quarterly cash dividend replaced the annual dividend historically paid in shares of common stock.

Subsidiary Banks

The amounts of dividends that BOK Financial's subsidiary banks can declare and the amounts of loans the subsidiary banks can extend to affiliates are limited by various federal banking regulations and state corporate law. Generally, dividends declared during a calendar year are limited to net profits, as defined, for the year plus retained profits for the preceding two years. The amounts of dividends are further restricted by minimum capital requirements. Pursuant to the most restrictive of the regulations at December 31, 2007, BOK Financial's subsidiary banks could declare dividends up to $93 million without prior 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. As of December 31, 2007, the subsidiary banks could declare dividends of up to $75 million under this policy. The subsidiary banks declared and paid dividends of $254 million, $81 million and $151 million in 2007, 2006, and 2005, respectively.

Loans to a single affiliate may not exceed 10% and loans to all affiliates may not exceed 20% of unimpaired capital and surplus, as defined. Additionally, loans to affiliates must be fully secured. As of December 31, 2007 and 2006, outstanding loans totaled $22 million and $29 million, respectively, and outstanding letters of credit totaled $17 million and $12 million, respectively. Total loan commitments to affiliates at December 31, 2007 were $161 million.

Regulatory Capital

BOK Financial and its banking subsidiaries are subject to various capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and additional discretionary actions by regulators that could have a material effect on BOK Financial's operations. These capital requirements include quantitative measures of assets, liabilities and certain off-balance sheet items. The capital standards are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

For a banking institution to qualify as well capitalized, its Tier I, Total and Leverage capital ratios must be at least 6%, 10% and 5%, respectively. Tier I capital consists primarily of common stockholders' equity, excluding unrealized gains or losses on available for sale securities, less goodwill, core deposit premiums and certain other intangible assets. Total capital consists

90

primarily of Tier I capital plus preferred stock, subordinated debt and reserves for credit losses, subject to certain limitations. All of BOK Financial's banking subsidiaries exceeded the regulatory definition of well capitalized.

	December 31,		
	2007		200
	Amount	Ratio	Amount
(Dollars in thousands)			
Total Capital (to Risk Weighted Assets):			
Consolidated	$ 2,167,763	12.54%	$ 1,801,876

BOk	1,432,405	11.95		1,246,534
Bank of Texas	380,221	10.98		305,957
Bank of Albuquerque	112,693	16.35		96,594
Bank of Arkansas	28,058	11.31		19,640
Colorado State Bank and Trust	88,603	15.58		53,981
Bank of Arizona	21,715	12.07		17,266
Bank of Kansas City	17,354	47.21		19,915
Tier I Capital (to Risk Weighted Assets):				
Consolidated	$ 1,621,583	9.38%	$	1,521,504
BOk	937,477	7.82		1,006,372
Bank of Texas	349,793	10.10		280,294
Bank of Albuquerque	105,089	15.24		90,418
Bank of Arkansas	25,198	10.16		17,549
Colorado State Bank and Trust	85,542	15.04		51,061
Bank of Arizona	19,644	10.92		15,954
Bank of Kansas City	17,252	46.93		19,915
Tier I Capital (to Average Assets):				
Consolidated	$ 1,621,583	8.20%	$	1,521,504
BOk	937,477	6.60		1,006,372
Bank of Texas	349,793	9.35		280,294
Bank of Albuquerque	105,089	7.93		90,418
Bank of Arkansas	25,198	10.05		17,549
Colorado State Bank and Trust	85,542	6.88	-	51,061
Bank of Arizona	19,644	10.44	-	15,954
Bank of Kansas City	17,252	30.92	-	19,915

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) ("AOCI") includes unrealized gains and losses on available for sale securities and accumulated gains or losses on effective cash flow hedges, including hedges of anticipated transactions. Gains and losses in AOCI are net of deferred income taxes. Accumulated losses on cash flow hedges of prime-based loans of $152 thousand will be reclassified into income through the February 2008 expiration date of the hedges. Accumulated losses on the rate lock hedge of the 2005 subordinated debenture issuance will be reclassified into income over the ten-year life of the debt. Unrealized losses on employee benefit plans were recognized as required by FAS 158 and will be reclassified into income as Pension Plan costs.

	Unrealized Gain (Loss) On Available For Sale Securities	Accumulated (Loss) on Effective Cash Flow Hedges	Unrealize (Loss) On Employee Benefit Pl
Balance at December 31, 2004	(10,000)	(1,625)	-
Unrealized losses on securities	(92,551)	-	-
Unrealized losses on cash flow hedges	-	684	-
Loss on rate lock hedge of subordinated debt issuance	-	(2,788)	-
Tax benefit (expense) on unrealized gains (losses)	34,129	(75)	-
Reclassification adjustment for losses realized and included in net income	6,772	123	-
Reclassification adjustment for tax benefit on realized losses	(2,432)	(48)	-
Balance at December 31, 2005	(64,082)	(3,729)	-
Unrealized gains (losses) on securities	7,061	-	-

Unrealized gains on cash flow hedges	-	664	-
Unrealized losses on employee benefit plans	-	-	(18,587
Tax benefit (expense) on unrealized gains (losses)	(2,619)	-	7,230
Reclassification adjustment for losses realized and included in net income	739	211	-
Reclassification adjustment for tax benefit on realized losses	(251)	(81)	-
Balance at December 31, 2006	$ (59,152)	$ (2,935)	$ (11,357
Unrealized gains (losses) on securities	48,308	-	-
Unrealized gains on cash flow hedges	-	2,201	-
Unrealized losses on employee benefit plans	-	-	7,518
Tax benefit (expense) on unrealized gains (losses)	(17,239)	(856)	(2,925
Reclassification adjustment for losses realized and included in net income	8,117	211	(384
Reclassification adjustment for tax benefit on realized losses	(2,809)	(82)	150
Balance at December 31, 2007	$ (22,775)	$ (1,461)	$ (6,998

92

(17) Earnings Per Share

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

	Years ended D	
	2007	2006
Numerator:		
Net income	$ 217,664	$ 212
Preferred stock dividends	-	
Numerator for basic earnings per share - income available to common stockholders	217,664	212
Effect of dilutive securities:		
Preferred stock dividends	-	
Numerator for diluted earnings per share - income available to common stockholders after assumed conversion	$ 217,664	$ 212
Denominator:		
Denominator for basic earnings per share - weighted average shares	67,083,200	66,759
Effect of dilutive securities:		
Employee stock compensation plans(1)	467,338	550
Convertible preferred stock	-	
Dilutive potential common shares	467,338	550
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	67,550,538	67,310
Basic earnings per share	$3.24	$
Diluted earnings per share	$3.22	$

(1) Excludes employee stock options with exercise prices greater than the current market price.	799,087	440

93

(18) Reportable Segments

BOK Financial operates five principal lines of business: Oklahoma corporate banking, Oklahoma consumer banking, mortgage banking, wealth management, and regional banking. Mortgage banking activities include loan origination and servicing across all markets served by the Company. Wealth management provides brokerage and trading, private financial services and investment advisory services in all markets. It also provides fiduciary services in all markets except Colorado. Fiduciary services in Colorado are included in regional banking. Regional banking consists primarily of corporate and consumer banking activities in the respective local markets. In addition to its lines of business, BOK Financial has a funds management unit. The primary purpose of this unit is to manage the overall liquidity needs and interest rate risk of the Company. 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.

The Oklahoma Corporate Banking segment provides loan and lease financing and treasury and cash management services to businesses throughout Oklahoma and certain relationships in surrounding states. Oklahoma Corporate Banking also includes our TransFund unit, which provides ATM and merchant deposit services. The Oklahoma Consumer Banking segment 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. The Mortgage Banking segment consists of two operating sectors that originate a full range of mortgage products from federally sponsored programs to "jumbo loans" on higher priced homes in BOK Financial's primary market areas. The Mortgage Banking segment also services mortgage loans acquired from throughout the United States. The Wealth Management segment provides a wide range of financial services, including trust and private financial services and brokerage and trading services. This segment includes the activities of BOSC, Inc., a registered broker/dealer. Trust and private financial services include sales of institutional, investment and retirement products, loans and other services to affluent individuals, businesses, not-for-profit organizations, and governmental agencies. Trust services are primarily provided to clients in Oklahoma, Texas and New Mexico. Regional banking consists primarily of the corporate and commercial banking services provided by Bank of Texas, Bank of Albuquerque, Bank of Arkansas, Colorado State Bank and Trust, Bank of Arizona and Bank of Kansas City in their respective markets. It also includes fiduciary services provided by Colorado State Bank and Trust.

BOK Financial identifies reportable segments by type of service provided for the Mortgage Banking and the Wealth Management segments and by type of customer for the Oklahoma Corporate Banking and Oklahoma Consumer Banking segments. Regional Banking is identified by legal entity. Operating results are adjusted for intercompany loan participations, allocated service costs and management fees, interest rate risk positions and risk management activities.

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 rates are 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. The accounting policies of the reportable segments generally follow those described in the summary of significant accounting policies, except that interest income is reported on a fully tax-equivalent basis, loan losses are based on actual net amounts charged off and the amortization of intangible assets is generally excluded.

Economic capital is assigned to the business units by a third-party developed 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 the 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 BOK Financial's investment in those entities.

Substantially all revenue is from domestic customers. No single external customer accounts for more than 10% of total revenue.

94

(In Thousands)	Oklahoma Corporate Banking	Oklahoma Consumer Banking	Mortgage Banking	Wealth Management	Regional Banking
Year ended December 31, 2007					
Net interest revenue/(expense)					
from external sources	$ 248,889	$ (68,034)	$ 36,800	$ 13,385	$ 406,386
Net interest revenue/(expense) from internal sources	(93,375)	140,980	(32,451)	18,781	(119,118)
Total net interest revenue	155,514	72,946	4,349	32,166	287,268
Provision for credit losses	7,234	2,918	608	1,127	9,218
Other operating revenue	94,940	78,296	16,732	137,057	67,036
Capitalized mortgage servicing rights	-	-	14,080	-	-
Financial instruments gains (losses)	57	107	(486)	13	785
Operating expense	115,116	87,556	31,706	120,725	194,734
Change in fair value of mortgage servicing rights	-	-	2,893	-	-
Income taxes	49,855	23,681	(207)	18,432	58,643
Net income	$ 78,306	$ 37,194	$ (325)	$ 28,952	$ 92,494

Average assets	$5,841,449	$2,927,994	$ 724,378	$1,894,677	$ 8,785,029
Average economic capital	391,920	61,780	24,100	154,540	445,990
Average invested capital	-	-	-	-	789,290
Performance measurements:					
Return on assets	1.34%	1.27%	(0.04)%	1.53%	1.05
Return on economic capital	19.98	60.20	(1.35)	18.73	20.74
Return on invested capital	-	-	-	-	11.72
Efficiency ratio	45.96	57.89	90.17	71.34	54.96

Reconciliation to Consolidated Financial Statements

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Net Income	Average Assets
Total reportable segments	$552,243	$ 408,141	$552,730	$236,621	$20,173,527
Unallocated items:					
Tax-equivalent adjustment	9,120	-	-	9,120	-
Funds management and other (including eliminations), net	(16,878)	(3,447)	22,257	(28,077)	(1,147,759
BOK Financial consolidated	$544,485	$ 404,694	$574,987	$217,664	$19,025,768

95

(In Thousands)	Oklahoma Corporate Banking	Oklahoma Consumer Banking	Mortgage Banking	Wealth Management	Regional Banking
Year ended December 31, 2006					
Net interest revenue/(expense) from external sources	$ 244,781	$ (62,447)	$ 23,638	$ 15,148	$ 334,648
Net interest revenue/(expense) from internal sources	(95,766)	131,131	(20,307)	13,030	(79,581)
Total net interest revenue	149,015	68,684	3,331	28,178	255,067
Provision for credit losses	(495)	2,780	504	222	7,376
Other operating revenue	89,106	72,699	17,287	124,170	55,130
Capitalized mortgage servicing rights	-	-	11,917	-	-
Financial instruments gains (losses)	113	80	(1,102)	15	34
Operating expense	111,380	80,250	30,731	105,906	159,737
Change in fair value of mortgage servicing rights	-	-	(3,009)	-	-
Income taxes	49,538	22,730	1,247	17,985	52,563

Net income	$ 77,811	$ 35,703	$ 1,960	$ 28,250	$ 90,555
Average assets	$5,214,916	$2,836,692	$ 519,371	$1,831,377	$ 7,019,426
Average economic capital	395,490	58,570	24,460	149,960	434,440
Average invested capital	-	-	-	-	692,560
Performance measurements:					
Return on assets	1.49%	1.26%	0.38%	1.54%	1.29%
Return on economic capital	19.67	60.96	8.01	18.84	20.84
Return on invested capital	-	-	-	-	13.08
Efficiency ratio	46.77	56.76	94.46	69.52	51.50

Reconciliation to Consolidated Financial Statements

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Net Income	Average Assets
Total reportable segments	$504,275	$ 370,309	$484,995	$234,279	$17,421,782
Unallocated items:					
Tax-equivalent adjustment	6,963	-	-	6,963	-
Funds management and other (including eliminations), net	(24,550)	2,886	27,312	(28,265)	(614,191
BOK Financial consolidated	$486,688	$ 373,195	$512,307	$212,977	$16,807,591

96

(In Thousands)	Oklahoma Corporate Banking	Oklahoma Consumer Banking	Mortgage Banking	Wealth Management	Regional Banking
Year ended December 31, 2005					
Net interest revenue/(expense) from external sources	$ 208,044	$ (43,411)	$ 20,237	$ 12,488	$ 257,507
Net interest revenue/(expense) from internal sources	(67,875)	98,291	(14,882)	8,504	(38,111)
Total net interest revenue	140,169	54,880	5,355	20,992	219,396
Provision for credit losses	6,481	3,094	415	224	6,190
Other operating revenue	83,619	66,174	15,347	109,405	51,474
Gain on sales of assets	4,758	-	1,232	-	-
Capitalized mortgage servicing rights	-	-	17,402	-	-
Financial instruments gains (losses)	(132)	(87)	(5,087)	13	519

Operating expense	110,395	77,757	34,736	94,338	143,026
Recovery for impairment of mortgage servicing rights	-	-	(3,915)	-	-
Income taxes	43,388	15,605	1,172	13,945	44,685
Net income	$ 68,150	$ 24,511	$ 1,841	$ 21,903	$ 77,488
Average assets	$4,722,030	$2,657,824	$514,530	$1,748,104	$ 6,018,520
Average economic capital	338,470	51,480	23,580	114,400	326,650
Average invested capital	-	-	-	-	571,460
Performance measurements:					
Return on assets	1.44%	0.92%	0.36%	1.25%	1.29%
Return on economic capital	20.13	47.61	7.81	19.15	23.72
Return on invested capital	-	-	-	-	13.56
Efficiency ratio	48.30	64.23	88.31	72.35	52.80

Reconciliation to Consolidated Financial Statements

	Net Interest Revenue	Other Operating Revenue(1)	Other Operating Expense	Net Income	Average Assets
Total reportable segments	$440,792	$ 349,411	$456,337	$193,893	$15,661,008
Unallocated items:					
Tax-equivalent adjustment	5,182	-	-	5,182	-
Funds management and other (including eliminations), net	3,367	3,251	12,769	2,430	(77,321
BOK Financial consolidated	$449,341	$ 352,662	$469,106	$201,505	$15,583,687

(1)Excluding financial instrument gains/(losses)

(19) Fair Value of Financial Instruments

The following table presents the carrying values and estimated fair values of financial instruments as of December 31, 2007 and 2006 (dollars in thousands):

	Carrying Value	Range of Contractual Yields	Average Repricing (in years)	Disc Ra
2007:				
Cash and cash equivalents	$ 890,413			
Securities	6,098,914			
Loans:				
Commercial	6,737,505	1.45 -18.00%	0.43	4.57
Commercial real estate	2,750,472	5.63 -18.00	1.42	7.
Residential mortgage	1,531,296	3.81 -12.75	7.00	3.

Residential mortgage - held for sale	76,677	-	-	-
Consumer	921,297	4.50 -21.00	1.95	7.
Total loans	12,017,247			
Reserve for loan losses	(126,677)			
Net loans	11,890,570			
Derivative instruments with positive fair value	502,446			
Deposits with no stated maturity	9,128,653			
Time deposits	4,330,638	1.84 - 10.00	1.10	3.37 -
Other borrowings	4,252,695	2.45 - 6.15	0.81	3.41 -
Subordinated debentures	398,273	5.47	5.52	3.
Derivative instruments with negative fair value	513,840			
2006:				
Cash and cash equivalents	$ 797,326			
Securities	5,103,663			
Loans:				
Commercial	6,208,884	1.61 -18.00%	0.38	5.33 -
Commercial real estate	2,446,540	6.00 -15.00	1.38	8.
Residential mortgage	1,256,259	3.81 -12.13	5.74	5.00 -
Residential mortgage - held for sale	64,625	-	-	-
Consumer	739,495	3.00 -20.15	2.44	8.
Total loans	10,715,803			
Reserve for loan losses	(109,497)			
Net loans	10,606,306			
Derivative instruments with positive fair value	284,239			
Deposits with no stated maturity	7,916,159			
Time deposits	4,470,546	0.95 - 9.00	1.16	4.88 -
Other borrowings	2,942,247	2.81 - 6.45	0.83	4.85 -
Subordinated debentures	297,800	7.35	4.51	4.
Derivative instruments with negative fair value	298,679			

The preceding table presents the estimated fair values of financial instruments. Fair value is the estimated price that would be received to sell the financial assets or paid to transfer the financial liabilities in an orderly transaction between market participants. Because no market exists for certain of these financial instruments and management does not intend to sell these financial instruments, BOK Financial does not know whether the fair values shown above represent values at which the respective financial instruments could be sold individually or in the aggregate.

The following methods and assumptions were used in estimating the fair value of these financial instruments:

Cash and Cash Equivalents

The book value reported in the consolidated balance sheet for cash and short-term instruments approximates those assets' fair values.

Securities

The fair values of securities are based on quoted market prices or dealer quotes, when available. If quotes are not available, fair values are based on quoted prices of comparable instruments.

Derivatives

All derivative instruments are carried on the balance sheet at fair value. Fair values for exchange-traded contracts are based on quoted prices. Fair values for over-the-counter interest rate, commodity and foreign exchange contracts are based on valuations provided either by third-party dealers in the contracts, quotes provided by independent pricing services, or a third-party provided pricing model.

Loans

The fair value of loans, excluding loans held for sale, are based on discounted cash flow analyses using interest rates currently being offered for loans with similar remaining terms to maturity and credit risk, adjusted for the impact of interest rate floors and ceilings. The fair values of classified loans were estimated to approximate their carrying values less loan loss reserves allocated to these loans of $23 million and $12 million at December 31, 2007 and 2006, respectively.

The fair values of residential mortgage loans held for sale are based upon quoted market prices of such loans sold in securitization transactions, including related unfunded loan commitments and hedging transactions.

Deposits

The fair values of time deposits are based on discounted cash flow analyses using interest rates currently being offered on similar transactions. Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," ("FAS 107") defines the estimated fair value of deposits with no stated maturity, which includes demand deposits, transaction deposits, money market deposits and savings accounts, to equal the amount payable on demand. Although market premiums paid reflect an additional value for these low cost deposits, FAS 107 prohibits adjusting fair value for the expected benefit of these deposits. Accordingly, the positive effect of such deposits is not included in this table.

Other Borrowings and Subordinated Debentures

The fair values of these instruments are based upon discounted cash flow analyses using interest rates currently being offered on similar instruments.

Off-Balance Sheet Instruments

The fair values of commercial loan commitments are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements. The fair values of these off-balance sheet instruments were not significant at December 31, 2007 and 2006.

Fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of December 31, 2007 (in thousands):

	Quoted Prices in Active Markets for	Significant Other	Significant

	Total	Identical Instruments	Observable Inputs	Unobservable Inputs
Assets:				
Trading securities	$45,724	$ 4,130	$41,594	
Available for sale securities	5,650,540	31,862	5,618,678	
Mortgage trading securities	154,701		154,701	
Mortgage servicing rights	70,009			70,009(1)
Derivative contracts	502,446		502,446	
Liabilities:				
Hedged certificates of deposit	234,744		234,744	
Derivative contracts	513,840		513,840	

(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.

99

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

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

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

(20) Parent Company Only Financial Statements

Summarized financial information for BOK Financial - Parent Company Only follows:

Balance Sheets
(In Thousands)

	December 31, 2007	December 31, 2006
Assets		
Cash and cash equivalents	$ 24,257	$ 16,507
Securities - available for sale	13,361	14,121
Investment in subsidiaries	1,949,099	1,692,231
Other assets	1,503	1,584
Total assets	$1,988,220	$1,724,443

Liabilities and Shareholders' Equity		
Other borrowings	$ 50,000	$ -
Other liabilities	2,836	3,421
Total liabilities	52,836	3,421
Common stock	4	4
Capital surplus	722,088	688,861
Retained earnings	1,332,954	1,166,994
Treasury stock	(31,234)	(61,393)
Accumulated other comprehensive loss	(88,428)	(73,444)
Total shareholders' equity	1,935,384	1,721,022
Total liabilities and shareholders' equity	$1,988,220	$1,724,443

Statements of Earnings
(In Thousands)

	2007	2006	2005
Dividends, interest and fees received from subsidiaries	$254,256	$ 80,855	$153,462
Other operating revenue	482	476	468
Total revenue	254,738	81,331	153,930
Interest expense	715	-	1,500
Professional fees and services	601	506	589
Other operating expense	220	191	22
Total expense	1,536	697	2,111
Income before taxes and equity in undistributed income of subsidiaries	253,202	80,634	151,819
Federal and state income tax credit	497	(28)	(682)
Income before equity in undistributed income of subsidiaries	252,705	80,662	152,501
Equity in undistributed income of subsidiaries	(35,041)	132,315	49,004
Net income	$217,664	$212,977	$201,505

100

Statements of Cash Flows
(In Thousands)

	2007	2006	2005
Cash flows from operating activities:			
Net income	$217,664	$212,977	$201,505

Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed income of subsidiaries	35,041	(132,315)	(49,004)
Tax benefit on exercise of stock options	3,460	4,014	3,583
Change in other assets	(3,090)	(22,949)	(12,337)
Change in other liabilities	(585)	815	(889)
Net cash provided by operating activities	252,490	62,542	142,858
Cash flows from investing activities:			
Investment in subsidiaries	(240,718)	(20,865)	(34,264)
Net cash used by investing activities	(240,718)	(20,865)	(34,264)
Cash flows from financing activities:			
Increase in other borrowings	50,000	-	-
Pay down of other borrowings	-	-	(95,000)
Issuance of common and treasury stock, net	13,747	12,647	7,032
Cash dividends	(50,416)	(36,788)	(20,343)
Repurchase of common stock	(17,353)	(12,103)	(2,439)
Net cash used by financing activities	(4,022)	(36,244)	(110,750)
Net change in cash and cash equivalents	7,750	5,433	(2,156)
Cash and cash equivalents at beginning of period	16,507	11,074	13,230
Cash and cash equivalents at end of period	$ 24,257	$ 16,507	$ 11,074
Cash paid for interest	$ 560	$ 10	$ 1,698

101

102

Annual Financial Summary - Unaudited

Consolidated Daily Average Balances,
Average Yields and Rates

(Dollars in Thousands)	Average Balance
Assets	
Taxable securities(3)	$ 5,166,218
Tax-exempt securities(3)	341,913
Total securities(3)	5,508,131
Trading securities	29,043
Funds sold and resell agreements	77,890

Loans(2)	11,440,045
Less reserve for loan losses	120,086
Loans, net of reserve	11,319,959
Total earning assets(3)	16,935,023
Cash and other assets	2,090,745
Total assets	$19,025,768
Liabilities and Shareholders' Equity	
Transaction deposits	$ 6,556,197
Savings deposits	165,729
Time deposits	4,568,738
Total interest-bearing deposits	11,290,664
Funds purchased and repurchase agreements	2,758,306
Other borrowings	838,708
Subordinated debentures	395,050
Total interest-bearing liabilities	15,282,728
Demand deposits	1,321,531
Other liabilities	609,046
Shareholders' equity	1,812,463
Total liabilities and shareholders' equity	$19,025,768
Tax-equivalent Net Interest Revenue(3)	
Tax-equivalent Net Interest Revenue to Earning Assets(3)	
Less tax-equivalent adjustment(1)	
Net Interest Revenue	
Provision for credit losses	
Other operating revenue	
Other operating expense	
Income before taxes	
Federal and state income tax	
Net Income	

(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. See Note 1 of Notes to the Consolidated Financial Statements for a description of income recognition policy.
(3) Yield calculations exclude security trades that have been recorded on trade date with no corresponding interest income.

2006			2005		
Average Balance	Revenue/ Expense(1)	Yield/ Rate	Average Balance	Revenue/ Expense(1)	Yield/ Rate
$ 4,770,959	$222,531	4.67%	$ 4,769,666	$205,952	4.34
290,356	15,572	5.44	226,961	11,587	5.13
5,061,315	238,103	4.71	4,996,627	217,539	4.38
21,213	1,044	4.92	15,892	770	4.85
36,196	1,841	5.09	38,521	1,287	3.34
9,706,866	752,404	7.75	8,489,751	555,520	6.54
106,689	-	-	110,158	-	-
9,600,177	752,404	7.84	8,379,593	555,520	6.63
14,718,901	993,392	6.75	13,430,633	775,116	5.78
2,088,690			2,153,054		
$16,807,591			$15,583,687		
$ 5,477,886	$148,986	2.72%	$ 4,402,810	$ 72,721	1.65
148,656	1,408	0.95	159,429	1,106	0.69
4,279,610	186,514	4.36	3,894,429	136,573	3.51
9,906,152	336,908	3.40	8,456,668	210,400	2.49
2,145,648	105,483	4.92	1,936,792	61,606	3.18
725,329	37,070	5.11	996,266	34,220	3.43
294,962	20,280	6.88	236,589	14,367	6.07
13,072,091	499,741	3.82	11,626,315	320,593	2.76
1,473,645			1,607,702		
652,496			887,824		
1,609,359			1,461,846		
$16,807,591			$15,583,687		
	$ 493,651	2.93%		$ 454,523	3.02
		3.36			3.39
	6,963			5,182	
	486,688			449,341	
	18,402			12,441	
	371,623			346,946	
	512,307			469,106	

327,602	314,740
114,625	113,235
$212,977	$201,505

104

Quarterly Financial Summary - Unaudited

Consolidated Daily Average Balances,
Average Yields and Rates

(Dollars in Thousands Except Per Share Data)

	Three Months End			
	December 31, 2007			
	Average Balance	Revenue/ Expense(1)	Yield/ Rate	Aver Bala
Assets				
Taxable securities(3)	$ 5,633,173	$68,670	4.86%	$ 5,2
Tax-exempt securities(3)	328,900	5,990	7.19	3
Total securities(3)	5,962,073	74,660	4.99	5,5
Trading securities	29,303	489	6.62	
Funds sold and resell agreements	86,948	1,303	5.95	1
Loans(2)	11,806,242	223,146	7.50	11,7
Less reserve for loan losses	125,996	-	-	1
Loans, net of reserve	11,680,246	223,146	7.58	11,5
Total earning assets(3)	17,758,570	299,598	6.70	17,2
Cash and other assets	2,349,856			2,1
Total assets	$20,108,426			$19,4
Liabilities and Shareholders' Equity				
Transaction deposits	$ 7,016,136	$49,358	2.79%	$ 6,6
Savings deposits	160,170	348	0.86	2
Time deposits	4,544,802	53,613	4.68	4,7
Total interest-bearing deposits	11,721,108	103,319	3.50	11,
Funds purchased and repurchase agreements	3,158,153	35,169	4.42	2,6
Other borrowings	936,353	11,611	4.92	8
Subordinated debentures	398,109	5,708	5.69	4
Total interest-bearing liabilities	16,213,723	155,807	3.81	15,6
Demand deposits	1,293,419			1,3

Other liabilities	706,385			6
Shareholders' equity	1,894,899			1,8
Total liabilities and shareholders' equity	$20,108,426			$ 19,4
Tax-equivalent Net Interest Revenue(3)		$143,791	2.89%	
Tax-equivalent Net Interest Revenue to Earning Assets(3)			3.22	
Less tax-equivalent adjustment(1)		2,502		
Net Interest Revenue		141,289		
Provision for credit losses		13,200		
Other operating revenue		107,316		
Other operating expense		157,727		
Income before taxes		77,678		
Federal and state income tax		26,518		
Net Income		$51,160		
Earnings Per Average Common Share Equivalent:				
Net income:				
Basic		$0.76		
Diluted		$0.76		

(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. See Note 1 of Notes to the Consolidated Financial Statements for a description of income recognition policy.
(3) Yield calculations exclude security trades that have been recorded on trade date with no corresponding interest income.

Three Months Ended

June 30, 2007			March 31, 2007			December 31,	
Average Balance	Revenue/ Expense(1)	Yield/ Rate	Average Balance	Revenue/ Expense(1)	Yield/ Rate	Average Balance	Revenue Expense(
$ 5,014,231	$ 60,176	4.85%	$ 4,802,768	$ 57,595	4.86%	$ 4,745,619	$56,26

354,956	4,681	5.81	322,202	4,802	6.09	318,969	4,43
5,369,187	64,857	4.90	5,124,970	62,397	4.93	5,064,588	60,69
32,897	481	5.86	29,613	519	7.11	22,668	32
67,057	924	5.53	55,674	665	4.84	39,665	54
11,338,140	224,492	7.94	10,893,163	213,080	7.93	10,361,841	207,32
118,505	-	-	113,379	-	-	108,377	
11,219,635	224,492	8.03	10,779,784	213,080	8.02	10,253,464	207,32
16,688,776	290,754	7.00	15,990,041	276,661	7.02	15,380,385	268,88
1,940,686			1,949,917			2,158,647	
$ 18,629,462			$ 17,939,958			$17,539,032	
$ 6,414,014	$ 48,242	3.02%	$ 6,100,117	$ 46,367	3.08%	$ 5,768,216	$43,41
158,718	377	0.95	143,101	364	1.03	139,796	36
4,507,053	53,440	4.76	4,420,390	51,141	4.69	4,417,427	51,78
11,079,785	102,059	3.69	10,663,608	97,872	3.72	10,325,439	95,55
2,627,230	33,129	5.06	2,640,485	33,565	5.16	2,584,354	33,73
866,096	11,760	5.45	668,078	9,098	5.52	586,743	8,12
410,883	6,824	6.66	297,806	5,203	7.09	298,427	5,22
14,983,994	153,772	4.12	14,269,977	145,738	4.14	13,794,963	142,64
1,295,930			1,397,874			1,481,455	
558,792			530,659			566,128	
1,790,746			1,741,448			1,696,486	
$ 18,629,462			$ 17,939,958			$17,539,032	
	$136,982	2.88%		$130,923	2.88%		$126,24
		3.31			3.32		
	2,069			2,085			1,96
	134,913			128,838			124,27
	7,820			6,500			5,95
	90,171			91,789			93,72
	134,131			132,111			133,99
	83,133			82,016			78,05
	29,270			29,223			27,47
	$ 53,863			$52,793			$50,58
	$0.80			$0.79			$0.
	$0.80			$0.78			$0.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report and pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness and design of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting information required to be disclosed by the Company, within the time periods specified in the Securities and Exchange Commission's rules and forms.

In addition and as of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f), as amended, of the Exchange Act) during the Company's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

The Report of Management on Financial Statements and Management's Report on Internal Control over Financial Reporting appear within Item 8, "Financial Statements and Supplementary Data." The independent registered public accounting firm, Ernst & Young LLP, has audited the financial statements included in Item 8 and has issued an audit report on the Company's internal control over financial reporting, which appears therein.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth under the headings "Election of Directors," "Executive Officers, "Insider Reporting," "Director Nominations," and "Risk Oversight and Audit Committee" in BOK Financial's 2008 Annual Proxy Statement is incorporated herein by reference.

The Company has a Code of Ethics which is applicable to all Directors, officers and employees of the Company, including the Chief Executive Officer and the Chief Financial Officer, the principal executive officer and principal financial and accounting officer, respectively. A copy of the Code of Ethics will be provided without charge to any person who requests it by writing to the Company's headquarters at Bank of Oklahoma Tower, P.O. Box 2300, Tulsa, Oklahoma 74192 or telephoning the Chief Auditor at (918) 588-6000. The Company will also make available amendments to or waivers from its Code of Ethics applicable to Directors or executive officers, including the Chief Executive Officer and the Chief Financial Officer, in accordance with all applicable laws and regulations.

There are no material changes to the procedures by which security holders may

recommend nominees to the Company's board of directors since the Company's 2007 Annual Proxy Statement to Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the heading "Compensation Discussion and Analysis," "Compensation Committee Interlocks and Insider Participation," Compensation Committee Report," "Executive Compensation Tables," and "Director Compensation" in BOK Financial's 2008 Annual Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information set forth under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Election of Directors" in BOK Financial's 2008 Annual Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding related parties is set forth in Note 14 of the Company's Notes to Consolidated Financial Statements, which appears elsewhere herein. Additionally, the information set forth under the heading "Certain Transactions," "Director Independence" and "Related Party Transaction Review and Approval Process" in BOK Financial's 2008 Annual Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under the heading "Principal Accountant Fees and Services" in BOK Financial's 2008 Annual Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

The following financial statements of BOK Financial Corporation are filed as part of this Form 10-K in Item 8:

Consolidated Statements of Earnings for the years ended December 31, 2007, 2006 and 2005

Consolidated Balance Sheets as of December 31, 2007 and 2006

Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2007, 2006, and 2005

Notes to Consolidated Financial Statements

Annual Financial Summary - Unaudited

Quarterly Financial Summary - Unaudited

Reports of Independent Registered Public Accounting Firm

(a) (2) Financial Statement Schedules

The schedules to the consolidated financial statements required by Regulation S-X are not required under the related instructions or are inapplicable and are therefore omitted.

(a) (3) Exhibits

Exhibit Number	Description of Exhibit
3.0	The Articles of Incorporation of BOK Financial, incorporated by reference to (i) Amended and Restated Certificate of Incorporation of BOK Financial filed with the Oklahoma Secretary of State on May 28, 1991, filed as Exhibit 3.0 to S-1 Registration Statement No. 33-90450, and (ii) Amendment attached as Exhibit A to Information Statement and Prospectus Supplement filed November 20, 1991.
3.1	Bylaws of BOK Financial, incorporated by reference to Exhibit 3.1 of S-1 Registration Statement No. 33-90450.
3.1(a)	Bylaws of BOK Financial, as amended and restated as of October 30, 2007, incorporated by reference to Exhibit 3.1 of Form 8-K filed on November 5, 2007.
4.0	The rights of the holders of the Common Stock and Preferred Stock of BOK Financial are set forth in its Certificate of Incorporation.
10.0	Purchase and Sale Agreement dated October 25, 1990, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.0 of S-1 Registration Statement No. 33-90450.
10.1	Amendment to Purchase and Sale Agreement effective March 29, 1991, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.2 of S-1 Registration Statement No. 33-90450
10.2	Letter agreement dated April 12, 1991, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.3 of S-1 Registration Statement No. 33-90450.
10.3	Second Amendment to Purchase and Sale Agreement effective April 15, 1991, among BOK Financial, Kaiser, and the FDIC, incorporated by reference to Exhibit 2.4 of S-1 Registration Statement No. 33-90450.
10.4	Employment and Compensation Agreements.
10.4(a)	Employment Agreement between BOK Financial and Stanley A. Lybarger, incorporated by reference to Exhibit 10.4(a) of Form 10-K for the fiscal year ended December 31, 1991.
10.4(b)	Amendment to 1991 Employment Agreement between BOK Financial and Stanley A. Lybarger, incorporated by reference to Exhibit 10.4(b) of Form 10-K for the fiscal year ended December 31, 2001.
10.4(c)	Amended and Restated Deferred Compensation Agreement (Amended as of September 1, 2003) between Stanley A. Lybarger and BOK Financial Corporation, incorporated by reference to Exhibit 10.4 (c) of Form 10-Q for the quarter ended September 30, 2003.
10.4 (d)	409A Deferred Compensation Agreement between Stanley A. Lybarger

and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4 (d) of Form 8-K filed on January 5, 2005.

10.4 (e) Guaranty by George B. Kaiser in favor of Stanley A. Lybarger dated March 7, 2005, incorporated by reference to Exhibit 10.4 (e) of Form 10-K for the fiscal year ended December 31, 2004.

10.4 (f) Third Amendment to 1991 Employment Agreement between Stanley A. Lybarger and Bank of Oklahoma, National Association, incorporated by reference to Exhibit 10.4 (f) of Form 10-K for the fiscal year ended December 31, 2006.

10.4.1(a) Employee Agreement between BOK Financial and V. Burns Hargis, incorporated by reference to Exhibit 10.4.1(a) of Form 10-K for the fiscal year ended December 31, 2002.

10.4.1(b) Amendment to Employee Agreement between BOK Financial and V. Burns Hargis, incorporated by reference to Exhibit 10.4.1(b) of Form 10-K for the fiscal year ended December 31, 2002.

10.4.2 Amended and Restated Deferred Compensation Agreement (Amended as of December 1, 2003) between Steven G. Bradshaw and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.2 of Form 10-K for the fiscal year ended December 31, 2003.

10.4.2 (a) 409A Deferred Compensation Agreement between Steven G. Bradshaw and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.2 (a) of Form 8-K filed on January 5, 2005.

10.4.2 (b) Employment Agreement between BOK Financial and Steven G. Bradshaw dated September 29, 2003, incorporated by reference to Exhibit 10.4.2 (b) of Form 10-K for the fiscal year ended December 31, 2004.

10.4.3 Amended and Restated Deferred Compensation Agreement (Amended as of December 1, 2003) between William Jeffrey Pickryl and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.3 of Form 10-K for the fiscal year ended December 31, 2003.

10.4.3 (a) 409A Deferred Compensation Agreement between William Jeffrey Pickryl and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.3 (a) of Form 8-K filed on January 5, 2005.

10.4.3 (b) Employment Agreement between BOK Financial and W. Jeffrey Pickryl dated September 29, 2003, incorporated by reference to Exhibit 10.4.3 (b) of Form 10-K for the fiscal year ended December 31, 2004.

10.4.3 (c) Amendment to Employment Agreement between BOK Financial and W. Jeffrey Pickryl dated August 30, 2004, incorporated by reference to Exhibit 10.4.3 (c) of Form 10-K for the fiscal year ended December 31, 2004.

10.4.3 (d) Supplemental Executive Income Agreement dated December 20, 2005 between W. Jeffrey Pickryl and BOK Financial Corporation, incorporated by reference to Exhibit 99 (a) of Form 8-K filed on December 22, 2005.

10.4.3 (e) Amendment to Employment Agreement dated November 27, 2007 between BOK Financial Corporation and W. Jeffrey Pickryl, incorporated by reference to Exhibit 99 (a) of Form 8-K filed on November 30, 2007.

10.4.4 Amended and Restated Employment Agreement (Amended as of June 14, 2002) among First National Bank of Park Cities, BOK Financial Corporation and C. Fred Ball, Jr., incorporated by reference to Exhibit 10.4.4 of Form 10-K for the fiscal year ended December 31, 2003.

10.4.5 409A Deferred Compensation Agreement between Daniel H. Ellinor and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.5 of Form 8-K filed on January 5, 2005.

10.4.5 (a) Employment Agreement between BOK Financial and Dan H. Ellinor dated August 29, 2003, incorporated by reference to Exhibit 10.4.5 (a) of Form 10-K for the fiscal year ended December 31, 2004.

10.4.5 (b) Deferred Compensation Agreement dated November 28, 2003 between Daniel H. Ellinor and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.5 (b) of Form 10-K for the fiscal year ended December 31, 2004.

10.4.6 409A Deferred Compensation Agreement between Mark W. Funke and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.6 of Form 8-K filed on January 5, 2005.

10.4.6 (a) Amended and Restated Deferred Compensation Agreement (Amended as of December 1, 2003) between Mark W. Funke and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.6 (a) of Form 10-K for the fiscal year ended December 31, 2004.

10.4.7 409A Deferred Compensation Agreement between Steven E. Nell and BOK Financial Corporation dated December 31, 2004, incorporated by reference to Exhibit 10.4.7 of Form 8-K filed on January 5, 2005.

10.4.7 (a) Amended and Restated Deferred Compensation Agreement (Amended as of December 1, 2003) between Steven E. Nell and BOK Financial Corporation, incorporated by reference to Exhibit 10.4.7 (a) of Form 10-K for the fiscal year ended December 31, 2004.

10.4.8 Employment Agreement dated August 1, 2005 between BOK Financial Corporation and Donald T. Parker, incorporated by reference to Exhibit 99 (a) of Form 8-K filed on February 1, 2006.

110

10.5 Director indemnification agreement dated June 30, 1987, between BOk and Kaiser, incorporated by reference to Exhibit 10.5 of S-1 Registration Statement No. 33-90450. Substantially similar director indemnification agreements were executed between BOk and the following:

	Date of Agreement
James E. Barnes	June 30, 1987
William H. Bell	June 30, 1987
James S. Boese	June 30, 1987
Dennis L. Brand	June 30, 1987
Chester E. Cadieux	June 30, 1987
William B. Cleary	June 30, 1987
Glenn A. Cox	June 30, 1987
William E. Durrett	June 30, 1987
Leonard J. Eaton, Jr.	June 30, 1987
William B. Fader	December 5, 1990

Gregory J. Flanagan	June 30, 1987
Jerry L. Goodman	June 30, 1987
David A. Hentschel	July 7, 1987
Philip N. Hughes	July 8, 1987
Thomas J. Hughes, III	June 30, 1987
William G. Kerr	June 30, 1987
Philip C. Lauinger, Jr.	June 30, 1987
Stanley A. Lybarger	December 5, 1990
Patricia McGee Maino	June 30, 1987
Robert L. Parker, Sr.	June 30, 1987
James A. Robinson	June 30, 1987
William P. Sweich	June 30, 1987

10.6 Capitalization and Stock Purchase Agreement dated May 20, 1991, between BOK Financial and Kaiser, incorporated by reference to Exhibit 10.6 of S-1 Registration Statement No. 33-90450.

10.7.3 BOK Financial Corporation 1994 Stock Option Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 33-79834.

10.7.4 BOK Financial Corporation 1994 Stock Option Plan (Typographical Error Corrected January 16, 1995), incorporated by reference to Exhibit 10.7.4 of Form 10-K for the fiscal year ended December 31, 1994.

10.7.5 BOK Financial Corporation 1997 Stock Option Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-32649.

10.7.6 BOK Financial Corporation 2000 Stock Option Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-93957.

10.7.7 BOK Financial Corporation 2001 Stock Option Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-62578.

10.7.8 BOK Financial Corporation Directors' Stock Compensation Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 33-79836.

10.7.9 Bank of Oklahoma Thrift Plan (Amended and Restated Effective as of January 1, 1995), incorporated by reference to Exhibit 10.7.6 of Form 10-K for the year ended December 31, 1994.

10.7.10 Trust Agreement for the Bank of Oklahoma Thrift Plan (December 30, 1994), incorporated by reference to Exhibit 10.7.7 of Form 10-K for the year ended December 31, 1994.

10.7.11 BOK Financial Corporation 2003 Stock Option Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-106531.

10.7.12 BOK Financial Corporation 2003 Executive Incentive Plan, incorporated by reference to Exhibit 4.0 of S-8 Registration Statement No. 333-106530.

10.8 Lease Agreement between One Williams Center Co. and National Bank of Tulsa (predecessor to BOk) dated June 18, 1974, incorporated by reference to Exhibit 10.9 of S-1 Registration Statement No. 33-90450.

10.9 Lease Agreement between Security Capital Real Estate Fund and BOk dated January 1, 1988, incorporated by reference to Exhibit 10.10 of S-1 Registration Statement No. 33-90450.

10.10 Asset Purchase Agreement (OREO and other assets) between BOk and Phi-Lea-Em Corporation dated April 30, 1991, incorporated by reference to Exhibit 10.11 of S-1 Registration Statement No. 33-90450.

10.11 Asset Purchase Agreement (Tanker Assets) between BOk and Green River Exploration Company dated April 30, 1991, incorporated by reference to Exhibit 10.12 of S-1 Registration Statement No. 33-90450.

10.12 Asset Purchase Agreement (Recovery Rights) between BOk and Kaiser dated April 30, 1991, incorporated by reference to Exhibit 10.13 of S-1 Registration Statement No. 33-90450.

10.13 Purchase and Assumption Agreement dated August 7, 1992 among First Gibraltar Bank, FSB, Fourth Financial Corporation and BOk, as amended, incorporated by reference to Exhibit 10.14 of Form 10-K for the fiscal year ended December 31, 1992.

10.13.1 Allocation Agreement dated August 7, 1992 between BOk and Fourth Financial Corporation, incorporated by reference to Exhibit 10.14.1 of Form 10-K for the fiscal year ended December 31, 1992.

10.14 Merger Agreement among BOK Financial, BOKF Merger Corporation Number Two, Brookside Bancshares, Inc., The Shareholders of Brookside Bancshares, Inc. and Brookside State Bank dated December 22, 1992, as amended, incorporated by reference to Exhibit 10.15 of Form 10-K for the fiscal year ended December 31, 1992.

10.14.1 Agreement to Merge between BOk and Brookside State Bank dated January 27, 1993, incorporated by reference to Exhibit 10.15.1 of Form 10-K for the fiscal year ended December 31, 1992.

10.15 Merger Agreement among BOK Financial, BOKF Merger Corporation Number Three, Sand Springs Bancshares, Inc., The Shareholders of Sand Springs Bancshares, Inc. and Sand Springs State Bank dated December 22, 1992, as amended, incorporated by reference to Exhibit 10.16 of Form 10-K for the fiscal year ended December 31, 1992.

10.15.1 Agreement to Merge between BOk and Sand Springs State Bank dated January 27, 1993, incorporated by reference to Exhibit 10.16.1 of Form 10-K for the fiscal year ended December 31, 1992.

10.16 Partnership Agreement between Kaiser-Francis Oil Company and BOK Financial dated December 1, 1992, incorporated by reference to Exhibit 10.16 of Form 10-K for the fiscal year ended December 31, 1993.

10.16.1 Amendment to Partnership Agreement between Kaiser-Francis Oil Company and BOK Financial dated May 17, 1993, incorporated by reference to Exhibit 10.16.1 of Form 10-K for the fiscal year ended December 31, 1993.

10.17 Purchase and Assumption Agreement between BOk and FDIC, Receiver of Heartland Federal Savings and Loan Association dated October 9, 1993, incorporated by reference to Exhibit 10.17 of Form 10-K for the fiscal year ended December 31, 1993.

10.18 Merger Agreement among BOk, Plaza National Bank and The Shareholders of Plaza National Bank dated December 20, 1993, incorporated by reference to Exhibit 10.18 of Form 10-K for the fiscal year ended December 31, 1993.

10.18.1 Amendment to Merger Agreement among BOk, Plaza National Bank and

The Shareholders of Plaza National Bank dated January 14, 1994, incorporated by reference to Exhibit 10.18.1 of Form 10-K for the fiscal year ended December 31, 1993.

10.19 Stock Purchase Agreement between Texas Commerce Bank, National Association and BOk dated March 11, 1994, incorporated by reference to Exhibit 10.19 of Form 10-K for the fiscal year ended December 31, 1993.

10.20 Merger Agreement among BOK Financial Corporation, BOKF Merger Corporation Number Four, Citizens Holding Company and others dated May 11, 1994, incorporated by reference to Exhibit 10.20 of Form 10-K for the fiscal year ended December 31, 1994.

10.21 Stock Purchase and Merger Agreement among Northwest Bank of Enid, BOk and The Shareholders of Northwest Bank of Enid effective as of May 16, 1994, incorporated by reference to Exhibit 10.21 of Form 10-K for the fiscal year ended December 31, 1994.

10.22 Agreement and Plan of Merger among BOK Financial Corporation, BOKF Merger Corporation Number Five and Park Cities Bancshares, Inc. dated October 3, 1996, incorporated by reference to Exhibit C of S-4 Registration Statement No. 333-16337.

112

10.23 Agreement and Plan of Merger among BOK Financial Corporation and First TexCorp., Inc. dated December 18, 1996, incorporated by reference to Exhibit 10.24 of S-4 Registration Statement No. 333-16337.

10.24 Purchase and Assumption Agreement between Bank of America National Trust and Savings Association and BOK Financial Corporation dated July 27, 1998.

10.25 Merger Agreement among BOK Financial Corporation, BOKF Merger Corporation No. Seven, First Bancshares of Muskogee, Inc., First National Bank and Trust Company of Muskogee, and Certain Shareholders of First Bancshares of Muskogee, Inc. dated December 30, 1998.

10.26 Merger Agreement among BOK Financial Corporation, BOKF Merger Corporation Number Nine, and Chaparral Bancshares, Inc. dated February 19, 1999.

10.27 Merger Agreement among BOK Financial Corporation, Park Cities Bancshares, Inc., Mid-Cities Bancshares, Inc. and Mid-Cities National Bank dated February 24, 1999.

10.28 Merger Agreement among BOK Financial Corporation, Park Cities Bancshares, Inc., PC Interim State Bank, Swiss Avenue State Bank and Certain Shareholders of Swiss Avenue State Bank dated March 4, 1999.

10.29 Merger Agreement among BOK Financial Corporation, Park Cities Bancshares, Inc. and CNBT Bancshares, Inc. dated August 18, 2000, incorporated by reference to Exhibit 10.29 of Form 10-K for the fiscal year ended December 31, 2000.

10.30 Merger Agreement among BOK Financial Corporation, Bank of Tanglewood, N.A. and TW Interim Bank dated October 25, 2002, incorporated by reference to Exhibit 2.0 of S-4 Registration Statement No. 333-98685.

10.31 Remote Outsourcing Services Agreement between Bank of Oklahoma, N.A.

and Alltel Information Services, Inc., dated September 1, 2002, incorporated by reference to Exhibit 10.30 of the September 30, 2002 10-Q filed on November 13, 2002.

10.32 Merger Agreement among BOK Financial Corporation, BOKF Merger Corporation Number Eleven, Colorado Funding Company, Colorado State Bank and Trust and Certain Shareholders of Colorado Funding Company dated July 8, 2003, incorporated by reference to Exhibit 10.32 of Form 10-K for the fiscal year ended December 31, 2003.

10.33 Merger Agreement between BOK Financial Corporation, BOKF Merger Corporation Number Eight, Valley Commerce Bank, and Valley Commerce Bancorp, Ltd. dated December 20, 2004, incorporated by reference to Exhibit 10.1 of the Form 8-K filed on December 22, 2004.

10.34 Merger Agreement among BOK Financial Corporation, BOKF Merger Corporation Number Twelve, Worth Bancorporation, Inc., and Worth National Bank dated March 9, 2007, incorporated by reference to Exhibit 99.2 of the Form 8-K filed on March 12, 2007.

10.35 Stock Purchase Agreement among BOK Financial Corporation, BOKF Stock Corporation Number Thirteen, United Banks of Colorado, Inc., First United Bank, NA and Baltz Family Partners, Ltd. dated May 23, 2007, incorporated by reference to Exhibit 99.2 of the Form 8-K filed on May 24, 2007.

21.0 Subsidiaries of BOK Financial, filed herewith.

23.0 Consent of independent registered public accounting firm - Ernst & Young LLP, filed herewith.

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

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

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, filed herewith.

99.0 Additional Exhibits.

99 (a) Credit Agreement dated December 2, 2005 between BOK Financial Corporation and participating lenders, incorporated by reference to Exhibit 99 (a) of Form 8-K filed December 6, 2005.

113

99.1 Undertakings incorporated by reference into S-8 Registration Statement No. 33-44121 for Bank of Oklahoma Master Thrift Plan and Trust, incorporated by reference to Exhibit 99.1 of Form 10-K for the fiscal year ended December 31, 1993.

99.5 Undertakings incorporated by reference into S-8 Registration Statement No. 33-79834 for BOK Financial Corporation 1994 Stock Option Plan, incorporated by reference to Exhibit 99.5 of Form 10-K for the fiscal year ended December 31, 1994.

99.6 Undertakings incorporated by reference into S-8 Registration Statement No. 33-79836 for BOK Financial Corporation Directors' Stock Compensation Plan, incorporated by reference to Exhibit 99.6 of Form

10-K for the fiscal year ended December 31, 1994.

99.7 Undertakings incorporated by reference into S-8 Registration Statement No. 333-32649 for BOK Financial Corporation 1997 Stock Option Plan, Incorporated by reference to Exhibit 99.7 of Form 10-K for the fiscal year ended December 31, 1997.

99.8 Undertakings incorporated by reference into S-8 Registration Statement No. 333-93957 for BOK Financial Corporation 2000 Stock Option Plan, Incorporated by reference to Exhibit 99.8 of Form 10-K for the fiscal year ended December 31, 1999.

99.9 Undertakings incorporated by reference into S-8 Registration Statement No. 333-40280 for BOK Financial Corporation Thrift Plan for Hourly Employees, Incorporated by reference to Exhibit 99.9 of Form 10-K for the fiscal year ended December 31, 2000.

(b) Exhibits

See Item 15 (a) (3) above.

(c) Financial Statement Schedules

See Item 15 (a) (2) above.

114

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

DATE: February 29, 2008 BY: /s/ George B. Kaiser

George B. Kaiser
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on February 29, 2008, by the following persons on behalf of the registrant and in the capacities indicated.

OFFICERS

/s/ George B. Kaiser

George B. Kaiser
Chairman of the Board of Directors

/s/ Stanley A. Lybarger

Stanley A. Lybarger
Director, President and Chief Executive Officer

/s/ Steven E. Nell

/s/ John C. Morrow

Steven E. Nell Executive Vice President and Chief Financial Officer	John C. Morrow Senior Vice President and Director of Financial Accounting and Reporting

DIRECTORS

/s/ Gregory S. Allen Gregory S. Allen	/s/ V. Burns Hargis V. Burns Hargis
C. Fred Ball, Jr.	/s/ E. Carey Joullian, IV E. Carey Joullian, IV
/s/ Sharon J. Bell Sharon J. Bell	Judith Z. Kishner
/s/ Peter C. Boylan, III Peter C. Boylan, III	/s/ Thomas L. Kivisto Thomas L. Kivisto
/s/ Chester Cadieux, III Chester Cadieux, III	/s/ Robert J. LaFortune Robert J. LaFortune
/s/ Joseph W. Craft, III Joseph W. Craft, III	/s/ Steven J. Malcolm Steven J. Malcolm
William E. Durrett	Paula Marshall
/s/ David F. Griffin David F. Griffin	